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Factors Influencing Young Consumers' Purchase Intention of Counterfeit Fashion Brands

Emergence of Workplace Spirituality as an Outcome of Calling with a Moderating Role of Career Commitment among Medical Professionals in Pakistan

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EDITOR'S NOTE

Welcome to Jinnah Business Review, Volume 3, No.1. A journey which we started three years back is gradually paying off with improved quality of journal, and its recognition by researchers in academia and international abstracting indexing agencies. The recent success was inclusion of Jinnah Business Review in the Ulrich's periodicals, which is an international abstracting and indexing agency.

This success would not have been possible without the support of Dr. Muhammad Mansoor Ahmed, Executive Vice President, Dr. Arshad Hassan, Dean Management Sciences, Mohammad Ali Jinnah University, Editorial Board members, reviewers, and Jinnah Business Review team comprising of Mr. Amir Khan Khattak, Mr. Bilal Saeed, Ms. Maria Mashkooor and Ms. Rumesa Pervez. Together, we are striving hard to make Jinnah Business Review a symbol of quality at both local and international level.

When reviewing the manuscript, it is generally observed that contributors overemphasize the contents and try to make an impression through excessive use of tables in data analysis. Tables, of course, are an important component of any research; however, excessive use of it generally confuses the reader when he/she is unable to identify a logical connection between objectives of the study and results being reported. It must be kept in mind that the strength of a research article is determined by its parsimony, which is simplest explanation of the findings rather than complex tables and analysis which are difficult to comprehend. The tables reported must be linked with the objectives of the study and hypothesis proposed. All the reported results should be analyzed in the light of the literature again, to find out if they are conveying a different message than usual.

In the end, I would request the community of researchers to submit their quality papers to Jinnah Business Review, to make a substantial contribution to the early development and success of the journal.

Prof. Dr. Sajid Bashir
Editor in Chief
Jinnah Business Review

TABLE OF CONTENTS

1.	Impact of Transformational Leadership on Job Satisfaction & Turnover Intention, Moderating Role of Organizational Culture: A Study of Banking Sector in Pakistan	1
2.	Do Stock markets welcome signs of changing ruling set-up? An empirical investigation on the impacts of General and Presidential Elections on KSE	8
3.	Impact of Impression Management on Job Satisfaction, Mediating role of Leader Member Exchange, Moderating role of Political Skills	19
4.	Impact of Skill Enhancing HR Practices on Employee Performance; Moderating Role of Centralization	29
5.	Antecedents of Risk Perception of various Financial Investment Products in Pakistan	36
6.	Impact of Low Quality Performance Appraisal on Job Satisfaction, Organizational Commitment, and Turn over Intention, Moderating Role of Locus of Control	47
7.	Factors Influencing Young Consumers' Purchase Intention of Counterfeit Fashion Brands	58
8.	Emergence of Workplace Spirituality as an Outcome of Calling with a Moderating Role of Career Commitment among Medical Professionals in Pakistan	67

IMPACT OF TRANSFORMATIONAL LEADERSHIP ON JOB SATISFACTION & TURNOVER INTENTION, MODERATING ROLE OF ORGANIZATIONAL CULTURE: A STUDY OF BANKING SECTOR IN PAKISTAN.

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ABSTRACT

The aim of this study was to find out the impact of Transformational Leadership Style on job satisfaction and turn over intention moderated by organizational culture in the banking sector of Pakistan. Data was collected from 135 working employees of two foreign and seven local banks of Pakistan. Results indicated that transformational leadership had a positive and significant impact on job satisfaction, while turnover intention was not directly affected by transformational leadership. Results also indicated that organizational culture did not moderate the relationship between transformational leadership and job satisfaction, but the combined effect of transformational leadership and existing organizational culture reduce the turnover intention of employees in the banking sector of Pakistan. and organizational citizenship behavior, and doesn't moderate the relationship between PCB-Affective Commitment and PCB- Job Satisfaction.

INTRODUCTION

In the last one decade or so, transformational leadership theory got central position in leadership literature. Concept of transformational leadership is universally recognized (Bass, 1999). As per theory of transformational Leadership, leaders strongly influence followers by creating meaningful work (Purvanova, Bono, & Dziewieczynski, 2006). A large number of studies have been conducted on leadership theories specifically on transformational leadership, its impact on individuals and on organizations as well. Transformational leaders strengthen the motivation and morals of their followers (Bass, 1999). It is evident from the past literature that leadership and organizational culture is significantly linked with employees and organizations. Studies suggest that transformational leaders enjoy more benefits than non Transformational leaders (Bolkan & Goodboy, 2011).

Despite other researches, little attention has been devoted on exploring the link between transformational leadership and its impact on followers specifically in Pakistan, and it is also noticed from previous studies, that moderating role of organizational culture in the link between transformational leadership & employee behavior has not being studied yet. Business leaders often experience increased retention and reduced employee turnover by providing training opportunities for their employees that engage them in co-creating the

vision and objectives for the organization in providing excellent customer service (Maier, 2011). Tactical and strategic thinking and culture building by leaders are the key requirements of effective organizations (Bass & Avolio, 1993)

Impact of transformational leadership on organizations and followers is widespread. This is motivational to test its impact on employee attitude moderated by organizational culture. There is a positive link between manager's transformational leadership behavior and employee's behavior (Nguni, Slegers, & Denessen, 2006). Job satisfaction is the most important element of work environment (Ali & Sabri, 2001).

This study intends to test the relationship between transformational leadership, organizational culture and employee attitude in banking sector of Pakistan. The objective of this study is to check the said impact of leadership style in the banking sector of Pakistan. This study could be helpful for leaders to determine how their leadership traits can influence employee attitude. Transformational leadership occurs when leaders get hold of their employees to recognize the mission of the group, and when they motivate and intellectually inspire employees to be their best (Bolkan & Goodboy, 2011).

Transformational leadership is intense on development and progress, solidity, authorization and self-confidence, and in this way transformational leadership is different from transactional leadership (Mohammad, AL-Zeaud, & Batayneh, 2011).

REVIEW OF LITERATURE

Job Satisfaction

Job satisfaction is defined as “the extent to which a job provides general satisfaction to the worker, meets personal and/or professional needs and goals and is congruent with personal values (Aktaruzzaman, Clement & Hasan, 2011). Job satisfaction can also be defined as the emotional reaction of employees towards work based on the comparison of the actual results and the expected ones (Mohammad et al., 2011)

Job satisfaction directly affects productivity of employee and organizational performance. Any job that fulfills one's expectations the person is satisfied with his/her job (Aktaruzzaman et al., 2011). Intrinsic & extrinsic satisfactions are two facets of job satisfaction. Intrinsic satisfaction is related to job itself, and extrinsic satisfaction is related to the environment in which the job is performed (Bogler, 2001). In this study, job satisfaction will be considered as a general concept. Job satisfaction can be effected by numerous factors including salaries, fringe benefits, self-independence, recognition, achievement, working conditions, communication, colleagues, organizational climate, importance of work, mutual personal contacts and many others (Mohammad et al., 2011).

Turnover Intention

Studies of turnover intention focus on members leaving the organization rather than entering it. Turnover intention is being indirectly affected by job stress leading to job dissatisfaction (Karsh, Booske & Sainfort, 2005). There is an unfavorable implication of turnover intention in human service professions for clients and for companies as well (Ducharme, Knudsen, & Roman, 2008). Turnover intention can directly or indirectly be reduced by coworker support (Roman et al., 2008). Affective commitment and job satisfaction have negative relationship with turnover intention (Carmeli & Weisberg, 2006).

Transformational Leadership

The concept of transformational leadership emerged, when Burns started work on Leadership in 1978. In it he attempted to create a link between the leaders & followers (Mary, 2005). Transformational leadership creates positives changes in followers. Bass and Avolio finally divided leadership into three forms, laissez-faire, Transactional and Transformational leadership. Bass argued that Transformational and Transactional leadership are two different concepts and the best

leaders are those who have mixed characteristics of transactional and transformational leadership styles (Judge & Piccolo, 2004). There are four basic dimensions of transformational leadership which are idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Idealized influence deals with the degree to which the leader behaves in admirable ways which creates identification of followers with the leader. Inspirational motivation deals with the leadership trait of motivating employees by providing meanings and challenges at work (Tsai, Chen & Cheng, 2011). Followers are motivated by their inspirational leaders. Intellectual simulation involves behaviors that enable followers to view problems in new perspectives and increases the awareness of the problems; individualized consideration includes the availability of coaching, encouragement and support to the employees (Kark, Shamir & Chen, 2003). An effective leader supports team member's decisions by ensuring the team members that they have the authority to implement policies by empowering the employees (Carless, Wearing, & Mann, 2000).

Organizational Culture

Organizational culture is defined as “A pattern of shared basic assumptions invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration that have worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems” (Schein, 1988). The qualities and characteristics of an organizational culture adopted by the followers are being taught by the leader of the organization (Bass & Avolio, 1993). Organizational culture is influenced by the diverse collection of variables (Witte & Muijen, 1999). Relationship between Organizational culture and overall job satisfaction could be described as a universal pattern (Zavyalova & Kucherov, 2010). Researches consider the concept of organizational culture as an important topic for discussion (Witte & Muijen, 1999). There is a direct relation between level of organizational culture strength and level of job satisfaction (Zavyalova & Kucherov, 2010). In different societies, the connotation of culture is different and its impact on organizations and their development is different as well (Khan & Afzal, 2011). In order to enhance the organizational performance and develop competitive advantage, dynamic organization should consider organizational culture as an important aspect (Khan & Afzal, 2011). Organizational culture and national culture are two different things, but it is not

clear that which one is more important to understand the organization (Ruigrok & Achtenhagen, 1999). Organization’s ability to function and perform is being affected by the organizational culture (Khan & Afzal, 2011). For the head office unit and in-unit relationships organizational culture is an important coordination mechanism (Ruigrok & Achtenhagen, 2010). Ogbonna and Harris (2000) measured organizational culture in four dimensions i-e Innovative, competitive, Bureaucratic and community culture. But in this study only innovative and competitive culture will be considered. Organizational performance is directly linked with innovative and competitive culture (Ogbonna & Harris, 2000).

Transformational Leadership and job Satisfaction

Leadership plays a central role in affecting job satisfaction (Mohammad et al., 2011). Organizational leadership have an impact on job satisfaction (Elpers & Westhuis, 2008). Research suggests that employees have higher perceived satisfaction level with transformational leadership style (Hsu & Chen, 2011). School teachers having leader with leadership traits such as information sharing, authority delegation, open channels of communication with teachers, reports greater satisfaction in their jobs (Denessen et al., 2006). Research suggests that the relationship of transformational leadership and work related outcomes such as organizational commitment, perceptions of organizational withdrawal behaviors, and facets of job satisfaction have moderating effect of collectivism (Walumbwa & Lawler, 2003).

Transformational Leadership and Turnover Intention

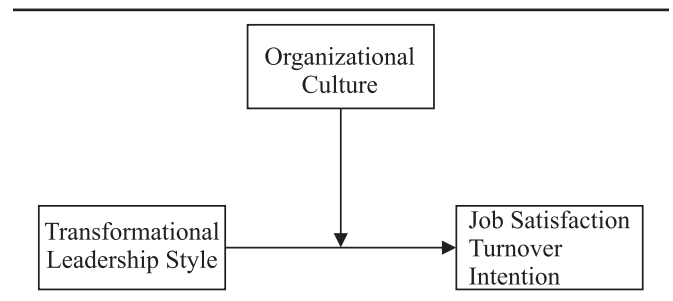
Higher intention to leave is being caused by lower supervisory support, higher job tension, and lower income (Fakunmoju, Woodruff, Kim, LeFevre, & Hong, 2010). If employees get stressed and they don't find support by their leaders they will be burn out which results higher turnover intention. Turnover intention can be reduced by greater satisfaction and by implication of some leadership qualities (Furtado, Batista, & Silva, 2011).

Organizational Culture as a Moderator between Transformational Leadership and Job Satisfaction/ Turnover Intention

Turnover intention is predicted by satisfaction and commitment, while satisfaction and commitment is predicted by job and organization factors (Karsh, Booske, & Sainfort, 2005). Leadership and culture

are linked with organizational performance (Ogbonna & Harris, 2000). Certain deeply fixed models of management behaviors are reflected by corporate culture (Wei, Liu, & Herndon, 2011). Implementation of successful organization practices such as SHRM could be facilitated by an appropriate culture (Wei et al., 2011). Organizational learning culture can moderate the relationship of psychological empowerment and organizational commitment (Joo & Shim, 2010). Fakunmoju et al., (2010) suggested in their study to explore the intervening factors between supervisory support and turnover intention. Cultural forces can moderate the impact of transformational leadership on outcomes (Walumbwa & Lawler., 2003). Based on the literature of previous studies, moderating effect of organizational culture between transformational leadership and job satisfaction/turnover intention will be tested in this study.

THEORETICAL FRAMEWORK



Hypothesis 1. Transformational leadership is significantly and positively correlated with job satisfaction.

Hypothesis 2. High transformational leadership is negatively correlated with turnover Intention

Hypothesis 3. Organizational culture moderates the relationship of transformational leadership and job satisfaction

Hypothesis 4. Organizational culture moderates the relationship of transformational leadership and turnover intention

METHODOLOGY

Data was collected from eight banks in Pakistan, including six local and two foreign banks. Convenience sampling method was used. 200 questionnaires were distributed and 150 were received, out of which 135 were properly filled, so the response rate was 67.5%. All variables were measured by five point likert scale (having end points: 1= strongly disagree, 5= strongly agree). Questionnaire consisted of four variables Transformational Leadership (16 items), Job satisfaction (3 items), Turnover (3 items) and Organizational

Culture (8 items). Scales for all variables were adopted. Correlation and regression analysis was used to analyze the data. Descriptive statistics was used to analyze the demographics of the sample.

Research Instruments

Constructs	Items	References
Transformational Leadership	16	Sosik & Godshalk, 2000
Job Satisfaction	03	Rokhman,(2010)
Turnover Intention	03	Rokhman,(2010)
Organizational Culture	08	Ogbonna & Harris (2000)

TABLE 1
Demographics analysis

Demographic variable	Ranges	Frequencies	%Age
Age	20 or below	11	8.1
	21-25	28	20.7
	26-30	33	24.4
	31-35	29	21.5
	36-40	15	11.1
	41 or above	16	11.9
Gender	Male	81	60
	Female	49	36.3
Education	Bachelors	62	45.9
	Masters	59	43.7
	MS/Phil	11	8.1
	PhD	1	0.7
Tenure	1-5	68	50.4
	5-10	37	27.4
	10 or above	28	20.7
Income level	10000-20000	34	25.5
	20000-30000	48	35.6
	30000-40000	29	21.5
	40000 or above	19	14.1
Marital status	Married	77	57
	Unmarried	51	37.8

n=135

Table 1 shows the demographics composition of respondents. In this study the majority of respondents were males, i.e. 60% and rest of respondents were females. 50% of respondents were having experience in between one to five years, 27.4% are with experience between 5-10 years while the rest of respondents were more than 10 years experienced. Most of the respondents were holding bachelor degree. Majority of respondents were married and fell in age limit of 26-30. 57% were married and most of respondents were getting salaries in

between Rs. 20,000 to Rs. 30,000.

RESULTS

TABLE 2
Correlation Analysis

Variable	Mean	SD	1	2	3	4
1. Transformational Leadership	3.57	.79	(1)			
2. Job Satisfaction	3.77	.94	.720**	(1)		
3. Turnover Intention	2.89	.86	.084	-.111	(1)	
4. Organizational Culture	3.41	.78	.770**	.676**	.121	(1)

p≤0.05, *N*=135; *Alpha* reliability values are in Parenthesis

Table 2 shows the correlations of independent and dependent variables; transformational leadership is strongly associated with job satisfaction (*p*≤0.05, *r*=0.720**). Same was found by Bogler (2001), (*p*≤0.01. *r*=0.56**) which shows that more the transformational leadership style in banking sector of Pakistan, the more the employees are satisfied with their job. Similarly organizational culture is also positively associated with transformational leadership (*p*≤0.05, *r*= 0.770**), whereas there is no association between transformational leadership and turnover intention (*p*≤0.05, *r*=0.084**). This means, employees want to stay in that particular bank if we consider some external factors constant like real salary and better working conditions. The same results were found by Furtado et al., (2011).

TABLE 3
Moderating Analysis

Dependent Variable: Job Satisfaction			
	β	R ²	Δ R ²
Direct Effect: TL	0.720**	0.519	
Moderation			
Step 1			
TL	0.491		
OC	0.298	0.557	
Step 2			
TLxOG	0.266		0.002

Dependant Variable: Turnover Intention			
	β	R ²	Δ R ²
Direct Effect: TL	0.084	0.007	
Moderation			
Step 1			
TL	-0.20		

OC	0.136	0.203
Step 2		
TLxOG	-2.553**	0.188

In Table 3 the Regression matrix shows that there is a direct relationship between transformational leadership and job satisfaction ($\beta=0.720^{**}$, $R^2=0.720$, $\text{sig}=0.000$), but moderation results of organizational culture and transformational leadership indicate that organizational culture has no moderating effect on job satisfaction. Regression analysis shows that there is no direct effect of transformational leadership and turnover intention ($\beta=0.084$, $R^2=0.007$, $\text{sig}=0.330$) but moderation results ($\beta=-2.553^{**}$, $\Delta R^2=0.188$, $\text{sig}=0.000$) indicates that organizational culture is playing a moderating role on the relationship between transformational leadership and turnover intention.

DISCUSSION

Leadership is an important phenomenon in the field of human resource management. Leaders play a vital role in employee satisfaction, transformational leadership and transforms the skills and behavior of the followers, but there are factors which can strengthen or weaken the relationship between transformational leadership and employee satisfaction, e.g. organizational culture. Previously culture has been tested in four dimensions i.e. Innovative, competitive, Bureaucratic and community culture, but in this study only innovative and competitive culture has been assessed. Prevailing organizational culture is a power by which employees are more satisfied with their jobs (Ali & Sabri, 2001). There is significant relationship between transformational leadership style and positive outcomes (Mary, 2005). In this study, the results show the positive and significant relationship between transformational leadership and employee job satisfaction, while the moderator variable i.e. organizational culture does not exist in this relationship. Past studies show that employee task performance can be indirectly influenced by transformational leadership (Tsai, et al., 2011). If a leader talks hopefully about the future, looks at the problems of others in many different angles, help followers in successful accomplishment of their tasks, helping them to develop their strengths, it will definitely enhance employee satisfaction.

Leaders can enhance the satisfaction level of employees by applying transformational leadership style (Hsu & Chen, 2011). In the banking sector of Pakistan, employees get stressed due to extensive work timings. In such situation the managerial support plays a very important role in followers' satisfaction. In the

banking sector of Pakistan, organizational culture is as important as leadership support, but due to high ratio of unemployment innovative and competitive culture does not matter to a lot for employees. Different types of cultures can determine different levels of job satisfaction in different organizations (Zanyalova & Kucherov, 2010).

Results also show that there is no direct impact of transformational leadership on turnover intention specifically in Pakistani banking sector. The reason is again the high unemployment ratio in Pakistan. Employees in Pakistan try to continue their jobs because there are no sufficient jobs available for educated people, so transformational leadership style does not have reportable impact on turnover intention. As far as moderating variable is concerned, organizational culture moderates the relationship of transformational leadership and turnover intention. Transformational leadership style, along with the effects of innovative and competitive culture, has a negative and significant impact on turnover intention in the banking sector of Pakistan. Leaders have more transformational traits, and branches have more innovative and competitive culture, which helps to minimize the turnover intention of employees.

LIMITATIONS OF THIS STUDY

This study has some limitations. First, although the random sample of banking was collected but due to some economic problems like inflation and unemployment, employees seems to be satisfied with their jobs and they are reluctant to respond according to their true feelings. If we encourage respondents to respond in a natural way, the results can be more specific. The second major problem is related with sampling; data which was collected from 135 working employees of seven local and foreign banks located in Rawalpindi, we could have expanded the sample to more banks and other cities as well. Another limitation is that the cultures of foreign and local banks are different and this study does not assess the impact of these different cultures on employee satisfaction and their turnover intention.

CONCLUSION AND FUTURE RECOMMENDATIONS

The main purpose of this study was to examine the impact of transformational leadership style on job satisfaction and turnover intention via organizational culture. Results of this study show that the said leadership style has positive and significant results on employees' job satisfaction and organizational culture does not exist between these two variables. Results also indicate that

transformational leadership style has no direct impact on turnover intention of employees of banking sector of Pakistan but the combined effect of transformational leadership and innovative and competitive culture minimizes the turnover intention. Managers of banking sector of Pakistan should adopt more transformational leadership traits to increase job satisfaction of employees, and to reduce turnover intention in employees. Managers should facilitate them with innovative and competitive culture within the organization, so that employees can excel in their respective field. In future, the comparative study should be carried out to examine the impact of varying culture in foreign and local banks.

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DO STOCK MARKETS WELCOME SIGNS OF CHANGING RULING SET-UP? AN EMPIRICAL INVESTIGATION ON THE IMPACTS OF GENERAL AND PRESIDENTIAL ELECTIONS ON KSE

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ABSTRACT

This study was an attempt to analyze the impact of general and presidential elections on stock market returns of Karachi Stock Exchange. The event study methodology was employed and the data from 1997 to 2013 was used to identify the impact. This study investigated the impact of general and presidential elections held in Pakistan individually and collectively. The results established that there was a significant impact of elections on stock market returns of Karachi Stock Exchange.

INTRODUCTION

Stock markets play a critical role in economic development. These provide a platform for raising funds, trading securities and help investors to generate profits. These markets also serve as a mechanism for price discovery and information dissemination. Stock markets are also used to implement privatization program; hence, they play an important role in development of emerging economies (Lee, 1998). The performance of stock market of an economy is of interest to various parties, including investors, capital markets, stock exchanges and governments. Stock market performance is influenced by a number of factors. One important factor is the impact of activities of government on performance of the economy. Economic activities, in turn, affect the performance of stock markets. Other factors that affect stock market performance are availability of assets, change in composition of investors and market sentiments. (Mendelson & Robbins, 1976)

Investors are always concerned about returns. While making capital budgeting decisions, the risk premiums and discount rates are considered. Risk is therefore an important topic for investors. Political risk may occur at international, national and individual level, and are random. Therefore, scholars must evaluate, predict and interpret political risk using different methods and perspectives. A number of studies examined the relationship between political risk and stock market and discussed how stock market responds to different elections periods. Lobo (1999) discovered risk in the rate

of U.S stock returns during presidential and congressional elections. However, other studies examined the “efficient market” theory (Herron et al, 1999). Gemmil (1992) reported that the results of parliamentary pre-elections survey were consistent with price index of FTSE100. When the survey favors the labor party, the stock price drops, and when the survey favors conservative party, the stock prices sky rocked. Gwilym and Buckle (1999) further discovered that pre-election surveys’ results regarding the 1992 British parliament elections were closely correlated with stock prices index.

In general, politics influence financial markets. Stock markets respond to new information regarding political decisions that may affect domestic and foreign policy. As such, market efficiency requires stock market to absorb trends into stock. Positive stock returns are expected following resolution of political uncertainty. In contrast, if outcomes of political uncertainty do not allow investors to immediately measure the negative impact on stock market returns, then the political outcomes constitute an uncertainty, thus inducing surprise. Political uncertainty takes different shapes such as transition of ruling party, changes in its fiscal policy, and various political events. Markets are known to be a suitable institution for efficient allocation of assets. Efficient market hypothesis states that all the available and relevant information about assets in financial market is reflected in its market price (Fama, 1970). According to this theory, if new information is available, then the market adjust prices so that no one can earn profit by using inside information.

Financial markets are often believed to be “informationally efficient” which means that the prices reflect all the available information, and reaction on new information is very quick and precise in aggregate. Efficient market hypothesis in-fact applies the concept of rationality to financial markets. Fama (1970) recognizes three forms of market efficiency, depending on what information is assumed to be incorporated in prices. Weak form means that only historical assets prices are reflected in stock market expectations. Under this assumption, technical analysis might not lead to abnormal profits, whereas fundamental analysis might still be profitable. Semi-strong form assumes that prices reflect all publically available information (historical prices, earning announcements, business condition etc.). Strong form, on top of that, allows for insider or private information to be included in price, and is the highest level of efficiency.

The information regarding the time of election is costless and publically available; therefore, there should be no effect on stock returns. Likewise, the result of election is publicly known immediately after it (if not earlier), so there should be no partisan cycle either. In other words, investor should expect pre-electoral boom and adjust expectations so that elections can have no effect on returns at all. Capital market theory by Fama (1970) states that market requires fulfilling four conditions to achieve efficiency. Efficient capital market ensures that nobody earns profit by trading the same contract at different prices in different markets simultaneously. The second condition concerns the use of historical prices information for building trading rules. In efficient markets, it should not be possible to infer future contract prices from historical data. The third condition concerns the possibility of making trading profits based solely on publically available information. It should not be possible to earn profits by using information. The fourth condition concerns the possibility of making profits by using private information. This condition is rarely met in prediction markets as it requires all individuals to guarantee a sufficient level of market efficiency. Observed evidence suggests that markets which fail to meet the mentioned requirements can achieve a high level of prediction accuracy. Chen and Plott (2002) observed a violation of non-arbitrage conditions in twelve different markets. In the market with small number of participants and little liquidity, the no-arbitrage condition is often violated.

Before understanding the objective of this study, it is necessary to have a look at the summary of events surrounding the last three multiparty General elections held in Pakistan in 2002, 2008 and 2013. This section provides the background against which performance of stock market is evaluated before and after elections.

The General elections of 2002 were held in Pakistan on October 10, 2002 to elect the National Assembly and the provincial assemblies. The election was held under the watchful scrutiny of the military government of General Pervez Musharraf. This election featured the multiparty democracy, and Pakistan again returned to democracy. More than 70 parties contested the elections; the main parties were the Peoples Party Parliamentarians, Pakistan Muslim League-Nawaz Group, Muttahida Quami Movement (MQM), Pakistan Muslim League-Quaid-i-Azam also called the "King's Party" for its unconditional support to the government, and the Muttahida Majlis-i-Amal (MMA), alliance of six religious political parties. Other known parties contesting at the national level included the six-party National Alliance led by former caretaker Prime Minister Ghulam Mustafa Jatoi, Imran Khan's Pakistan Tehrik-i-Insaaf and Tahir-ul-Qadri's Pakistan Awami Tehrik. Pakistan Muslim League (Quaid-e-Azam) won the majority seats in the parliament.

A general election was held in Pakistan on February 18, 2008, after being postponed from January 8, 2008. The original date was intended to elect members of the National Assembly of Pakistan, the lower house of the Majlis-e-Shoora (the nation's parliament). Pakistan's two main opposition parties, the Pakistan People's Party (PPP) and the Pakistan Muslim League (N) (PML (N)) won the majority of seats in the election. The PPP and PML (N) formed the new coalition government with Yosaf Raza Gillani as Prime Minister of Pakistan. Afterwards General elections were held in Pakistan on May 11, 2013 to elect the members of the 14th National Assembly. Pakistan Muslim League (N) (PML (N)) won the majority of seats in the election. Many studies are undertaken to explain the relationship between performance of stock exchange and political activities in some countries. Most of these studies were conducted in developed stock exchanges. Studies on the effect of political activities on the performance of emerging capital markets are very important as more and more investors are participating in these markets. The investors in emerging markets are either local or foreign, thus contributing to economic development. The performance of stock market following general elections and its relationship with market performance is documented in United Kingdom and United States of America. (Stovall, 1992: Hudson, Keasey, & Dempsey, 1998).

The objective of the study is to examine the impact of Pakistani General elections on the stock market performance. The contribution of this study will be two folds. First, it will add to the academic literature present on EMH. Secondly, this study will hold evidence that whether the elections in a country could affect stock returns or not. This evidence would be helpful for

the investors in understanding the behavior of market and adjust their positions accordingly. The study will contribute to the existing literature in a few ways. First, it will provide support for the famous Efficient Market Hypothesis by Fama. In addition, it would add to the understanding that how the markets in a developing country like Pakistan respond to the elections conducted in that country. Last, but not the least, this study will provide an idea to the investors who want to invest in developing economies, of what might happen in the stock market during elections in those countries.

REVIEW OF LITERATURE

There are many empirical evidences that demonstrate the impact of elections on stock markets. Studies by Nordhaus (1975), MacRae (1977), Allvine and O’Niell (1980), and Herbest and Silkman (1984) are among the few researchers who explored the importance of political elections and their relationship with financial markets. There are also considerable evidences showing US presidential elections, in particular, to have a huge impact on both US and foreign markets. Studies by Hobbs and Riley (1984) and Homaifar, Randolph, Helms and Haddad (1988) showed that US presidential elections provide profit opportunities to corporate stockholders.

Foerster (1994) examined the impact of Canadian and U.S. elections on stock markets in Canada and reports that although Canadian markets follow four-year Presidential cycles, they also react to Canadian political factors. Markets react favorably to changes in their own government and Canadian markets react even strongly to U.S. regime changes.” Longin and Solnik (1995) studied major international markets and reported that, “of all the major markets, Canada and the U.S. are the most correlated. The Mexican stock market is also highly integrated with the U.S. market”. In another study, Foerster and Schmitz (1997) showed that international pervasiveness and importance of the four-year U.S. election cycle. They also showed that a variable related to the U.S Presidential election cycle has predictive ability beyond the well-known set of economic and seasonal variables.

In a study by Pantzalis, Stangel and and Turtle (2000), the behavior of stock market indices around political dates was examined. They reported positive abnormal returns leading up to elections week. The positive abnormal returns were shown to be a function of a country’s degree of political, economic and press freedom and a function of election timing and success of the incumbent. Kehoe (2001) showed that the U.S. NASDAQ index and the Mexican IPC moved together to a much greater extent than either moved with the U.S. DowJones. The study mentioned that, "A perusal of

financial headlines, however, suggests that the Mexican and U.S. stock markets are well integrated: Headlines like "Mexican bourse drops on NASDAQ woes “and "Mexican stocks hold modest gains ahead of Fed meeting are commonplace”. Bialkowski, Gottschalk and Wisniewski (2008) conducted a study on Stock Market Volatility around National Elections on a sample of 27 OECD countries event study, and E-Garch was used to test whether national elections induced higher stock market volatility. It was reported that the country specific component of index return variance easily doubled during the week around an Election Day, which showed that investors get surprised by the election outcome.

Wang and Lin (2007) studied the political uncertainty and stock market behavior in emerging democracy. Their study examined the congressional effect between the pre- and post-democratization on the stock market by the asymmetric Generalized Autoregressive Conditional Heteroscedesticity (GARCH) model for the period from 1984 to 2004. The results indicated that the congressional effect has a negative effect on stock returns, but volatility was not found to be significant. Liu (2007), in a study analyzed the affect of Presidential Elections on Stock Market in Taiwan, South Korea, Singapore, Philippine, and Indonesia. He examined the return pattern around presidential election period in the stock markets during the sample period from 1996 to 2005. An event study analysis was used. It was reported that stock markets generate positive abnormal returns fifteen-day period before and after the presidential elections. Kithinji and Ngugi (2008) analyzed the performance of Nairobi stock exchange before and after General elections. The NSE month end indices for the period between 31st January 1991 and 30th September 2008 were obtained from the NSE, and were analyzed using line graphs, percentages, mean, variance and Pearson correlation coefficient. The findings of the study indicated that the NSE performance was influenced by political activities and expectations around the election period in the short term.

In a study by Oehler, Walker, and Wendt (2011), evidence from U.S. presidential elections from 1976 to 2008 with focus on party-specific favoritism was used to explain abnormality in Stock prices. The results showed statistically significant (positive or negative) Cumulative abnormal price returns for most industries. Most effects appeared to be related to the individual presidents and changes in their political decision making irrespective of the underlying political ideology. Opare (2012) investigated the behavior of stock markets in thirteen European Countries around Elections from 1990 - 2012. It was reported that during the 15- day period before elections, there were positive market reactions. A general rise in the market reflects in positive abnormal returns. However, a negative reaction was observed in 15 days

after the release of election outcomes.

After the review of the literature, it is evident that limited work is done on the relationship between Elections and Stock market especially with reference to Pakistan. In Pakistan, it is very important to address the relationship between Elections and Stock market. This research is an attempt to fill the existing gap. The aim of this study is to find the impact of elections on stock market performance. The study tests the following hypothesis:

Hypothesis OA. There is no difference in the performance of the stock market for the period before and after a General Election.

Hypothesis IA. There is a difference in the performance of the stock market for the period before and after a General Election.

Hypothesis OB. There is no difference in the performance of the stock market for the period before and after a Presidential Election.

Hypothesis 1B There is a difference in the performance of the stock market for the period before and after a Presidential Election.

METHODOLOGY

An event study methodology was used in the study. Election information including election date and election outcome was available on the website of Election Commission of Pakistan. Daily data from 1997 to 2013 was used in this study.

The first step in conducting an event study is to define the event of interest. In this study the effect of General and Presidential elections on stock markets was examined, so the event of interest can be defined as the elections in the country. Since the election date in every country has been set in advance and is public and fixed, the calendar date for all the individual elections is the event date which becomes time zero (t=0). The event window is the period in which the Equity return of stock market in the event was observed. Event window is that time period in which we expect that market will get effected by information. Since the event is the election; event day, the day in which information come into the market is theoretically the polling day. However, in order to investigate the effects on stock market before and after the elections, the event window was expanded in this study. The present study had taken an event window of 31 days in total i.e. the first half of the event window was composed of 15 days stock prices (-15) and the second half of the event window was also composed of 15 days stock prices (+15). This event window was chosen because it is the period that the uncertainty of an election has the most potential to be resolved because the

majority voters had decided which candidate they will poll for, and thus it provided the least incentive for the ruling party to manipulate the stock market (Pantzalis et al., 2000; Cho, 2004). The polling day was not included in event window because elections were conducted on weekend, or stock market was closed on polling day.

The daily returns were calculated over estimation period by using equation

$$R_{it} = \ln(P_t/P_{t-1}) \dots\dots\dots (3.1)$$

Where,

P_t = value of index at end of day T.

P_{t-1} = value of index at end of day T-1.

The normal return is the expected return if the event does not happen. The expected return calculated in this study was through moving average method. Expected return is calculated through following equation.

$$E(R_{it}) = \sum_n^{i-1} (R_{it}/n) \dots\dots\dots (3.2)$$

The impact of an event can be estimated by measuring the abnormal return. The abnormal return is the difference between actual and normal return of security over event window. In this study the abnormal return was calculated by following equation.

$$AR_{it} = R_{it} - E(R_{it}) \dots\dots\dots (3.3)$$

Where;

R_t = actual return of equity index on t day during event period.

T-Statistic value tells us about level of significance. To find out whether AR is significant or insignificant t-values were calculated through following equation.

$$T = \frac{AR}{\sigma} \dots\dots\dots (3.4)$$

σ = standard deviation

T-value tells us about level of significance. If t-value is greater than 1.96, it means AR is significant, and if less than 1.96 it means it is insignificant. Cumulative abnormal return (CAR) is the sum of all abnormal returns in the t period. It captures all the equity index abnormal returns over examined period of time.

$$CAR = \sum AR \dots\dots\dots (3.5)$$

Where,

∑AR = Sum of all Abnormal Return

To check either CAR is significant or insignificant, t-value can be calculated through following equation.

$$T = \frac{CAR}{\sigma} \dots\dots\dots (3.6)$$

Where,
 σ = standard deviation.

T-value tells us about level of significance. If t-value is greater than 1.96 it means CAR is significant and vice versa.

$$AAR = \frac{\sum AR}{N} \dots\dots\dots (3.8)$$

Where,
 $\sum AR$ = Sum of all Abnormal Return

T-statistic was used in this study to find the significance of AAR .T-statistic shows us that either the average abnormal return is significant or insignificant. If the t value is greater than 1.96 the abnormal returns are significant during the event or particular day.

$$T = \frac{AAR}{\sigma/\sqrt{n}} \dots\dots\dots (3.9)$$

Where,
 σ = standard deviation

Cumulative average abnormal return was calculated to explain the cumulative impact of events on return over event window. CAAR has been calculated by using following equation

$$CAAR = \frac{\sum CAR}{N} \dots\dots\dots (3.10)$$

Where,
 $\sum CAR$ = Sum of all Cumulative Abnormal return.
 N = Number of events.

CAAR was checked by calculating t- statistic for all event window to know whether it is significantly different from day 0 or not throughout the window, assuming that abnormal return were independent and identically distributed.

$$T = \frac{CAR}{\sigma/\sqrt{n}} \dots\dots\dots (3.11)$$

RESULTS AND DISCUSSION

The values for 31 days event window of 2002 General election Abnormal Return (AR) and Cumulative Abnormal Return (CAR) are given below. As shown 15 days were taken before Election Day and 15 days were taken after Election Day to find the effects of election on KSE 100. Table 4.1 presents the AR and CAR of 2002 General Election. Positive and significant abnormal returns were observed on the -2nd, -5th and -11th day 0.009648049, 0.005882458, 0.008138458 respectively in pre event window before election. Positive and insignificant abnormal return 0.00150108 was observed

on 8th day of pre event window. Whereas negative and insignificant abnormal return -0.001023586 was found on the -7th day. On the event day, 0 positive and significant abnormal return 0.032225995 was found. This means that return of the event days is different from all other days. Mostly values before event day are positive, but after the event day they start decreasing and sign becomes negative. This positive stock price changes result from the government’s intervention in the stock market to pull-up the stock price before elections. Chang et al. (2006) also provided evidence about this phenomenon in their study while investigating the impact of presidential elections on Taiwan’s stock market. They reported that the ruling party may manipulate the stock market before elections by investing government funding in some stocks sector, such as bank, in order to win re-election. Therefore, it was found that stock market generates significant and positive returns months before elections.

TABLE 4.1
AR and CAR of 2002 General elections

DAYS	AR	t-statistic	CAR	t-statistic
-15	-0.0115	-9.63609*	-0.0114646	-9.63609*
-14	0.00572	4.809868*	-0.005742	-4.82622*
-13	-0.0023	-1.89447	-0.007996	-6.72069*
-12	-0.0061	-5.15027*	-0.0141236	-11.871*
-11	0.00588	4.944253*	-0.0082411	-6.92671*
-10	-0.0077	-6.50458*	-0.01598	-13.4313*
-9	-0.001	-0.86033	-0.0170036	-14.2916*
-8	0.0015	1.26167	-0.0155025	-13.03*
-7	0.00814	6.840439*	-0.007364	-6.18951*
-6	-0.0104	-8.75589*	-0.0177814	-14.9454*
-5	0.00965	8.109263*	-0.0081333	-6.83614*
-4	-0.0057	-4.81173*	-0.0138581	-11.6479*
-3	-0.0075	-6.3399*	-0.0214011	-17.9878*
-2	-0.0077	-6.49869*	-0.0291329	-24.4864*
-1	-0.0135	-11.3825*	-0.0426754	-35.869*
0	0.00322	27.08621*	-0.0104494	-8.78277*
1	0.00037	0.30993	-0.0100806	-8.47284*
2	-0.00957	-8.04372*	-0.0196507	-16.5166*
3	-0.00744	-6.25509*	-0.0270927	-22.7716*
4	-0.00332	-2.78867*	-0.0304106	-25.5603*
5	-0.00721	-6.06178*	-0.0376226	-31.6221*
6	-0.0013	-1.13256	-0.0389701	-32.7547*
7	-0.00908	-7.63289*	-0.0480514	-40.3875*
8	-0.0104	-8.7416*	-0.0584517	-49.1292*
9	-0.00962	-8.08894*	-0.0680756	-57.2181*
10	-0.017	-14.288*	-0.0850749	-71.5061*
11	0.01527	12.83165*	-0.0698084	-58.6745*
12	-0.001	-0.843	-0.0708113	-59.5175*

13	-0.01484	-12.4731*	-0.0856513	-71.9906*
14	-0.0093	-7.81995*	-0.0949551	-79.8105*
15	-0.00485	-4.07656*	-0.0998052	-83.8871*

Note: * shows significance level.

Positive and insignificant Abnormal return 0.000368741 was found on 1st day after the event, whereas, negative and insignificant abnormal return -0.001002968 was observed on 12th day of post event window. Cumulative abnormal return (CAR) is the sum of all abnormal return in the t period. It captures all the equity index abnormal returns over examined period of time. On day 0 negative and significant CAR -0.01008062 was observed. Both in pre window (-15) and post window (+15) significant and negative cumulative abnormal return were observed. The values for 31 days event window of 2008 General election AR and CAR are given below. 15 days were taken before Election Day and 15 days were taken after Election Day to find effect of election on KSE 100. Table 4.2 presents the AR and CAR of 2008 General election. Negative and insignificant AR, -0.00102, -0.00121, -0.00066, -0.00078, -0.00022, -0.00112, -0.00103, were observed on -14th, -11th, -9th, -8th, -3rd, 1st and 15th day respectively.

TABLE 4.2
AR and CAR of 2008 General Election

Days	AR	t-statistic	CAR	t-statistic
-15	-0.00924	-11.1755*	-0.00924446	-11.17547756*
-14	-0.00102	-1.23174	-0.01026337	-12.4072166*
-13	-0.00843	-10.191*	-0.01869346	-22.59821449*
-12	0.00214	2.588873*	-0.01655192	-20.00934174*
-11	-0.00121	-1.46034	-0.01775993	-21.46967811*
-10	0.00386	4.670573*	-0.01389638	-16.79910544*
-9	-0.00066	-0.79758	-0.01455615	-17.59668487*
-8	-0.00078	-0.93999	-0.01533372	-18.53667287*
-7	0.00265	3.197141*	-0.01268901	-15.3395322*
-6	0.0049	5.925199*	-0.00778763	-9.414332761*
-5	0.00483	5.835386*	-0.00296054	-3.578946386*
-4	-0.01426	-17.2378*	-0.01721978	-20.81670288*
-3	-0.00022	-0.26581	-0.01743966	-21.08251052*
-2	-0.01077	-13.0175*	-0.02820788	-34.10003835*
-1	-0.00407	-4.91542*	-0.03227397	-39.01546261*
0	-0.02906	-35.1313*	-0.06133495	-74.1468009*
1	-0.00112	-1.35792	-0.06245824	-75.50472418*
2	-0.00839	-10.1464*	-0.07085143	-85.65111648*
3	0.00056	0.670447	-0.07029683	-84.98066955*
4	0.00332	4.015344*	-0.0669753	-80.96532577*
5	-0.00602	-7.27391*	-0.07299235	-88.23923624*
6	0.00354	4.276885*	-0.06945447	-83.96235174*
7	-0.00277	-3.34997*	-0.07222559	-87.31231722*

8	0.01091	13.19072*	-0.0613141	-74.12159551*
9	0.00908	10.97807*	-0.05223294	-63.14353001*
10	0.00629	7.608211*	-0.04593935	-55.5353191*
11	-0.01349	-16.3018*	-0.05942437	-71.83713154*
12	-0.01121	-13.5512*	-0.07063405	-85.38833089*
13	0.00566	6.83845*	-0.06497722	-78.54988097*
14	0.01224	14.79419*	-0.05273933	-63.75569528*
15	-0.00103	-1.24445	-0.05376875	-65.00014184*

Note: * shows significance level.

Positive and insignificant abnormal return, 0.000555, was found on 3rd day after the event day. Negative and significant abnormal return -0.02906 was observed on day 0. On subsequent day after day 0, negative and insignificant abnormal return -0.00112 was observed. On day -12, -10, -7, -6, and -5, positive and significant abnormal returns 0.002142, 0.003864, 0.002645, 0.004901 and 0.004827 were observed, respectively in pre event window. On day 4, 6, 8, 9, 10, 13, and 14 positive and significant abnormal return were observed. Cumulative abnormal returns were calculated to capture the effect all the index abnormal returns over examined period of time. On the event day 0, negative and significant cumulative abnormal returns -0.06133495 was observed. Also, on subsequent day after day zero (i.e. 1) negative and significant CAR was found. The CAR decreased up to day 4 and then increased; however, negative and significant CAR was observed over the entire event window. The values for 31 days event window of 2013 General election Abnormal Return and Cumulative Abnormal Return are given below. 15 days were taken before Election Day and 15 days were taken after Election Day to find effect of election on KSE 100. Table 4.3 present the Abnormal and Cumulative Abnormal Return. On day zero (0) negative and significant abnormal return -0.01467 was found. The level of significance tells that the abnormal return of the day zero is significantly different from other days. On day 1, negative and significantly abnormal return -0.00962 was observed and it increased up to day 2, while it remained negative but decreased on 3rd day. Positive and significant abnormal returns 0.002516, 0.006358, 0.001061, 0.007443, 0.009076, 0.004758, 0.017392 and 0.004727 were observed on -14th, -9th, -4th, 3rd, 8th, 9th, and 12th day respectively. On day 15th insignificant abnormal return 0.000171 was found which means that the market does not respond to news on that day but the very next day -14th significant abnormal return 0.002516 is observed which means market respond to news. Negative and significant CAR -0.062921465 is observed on day 0, means cumulative abnormal returns are significantly different from others days, showing that election effect abnormal and cumulative abnormal

returns during event window.

TABLE 4.3
AR and CAR of 2013 General Election

Days	AR	t-statistic	CAR	t-statistic
-15	0.00017	0.375285	0.000171402	0.375284913
-14	0.00252	5.509486*	0.002687715	5.884770679*
-13	-0.00111	-2.42305*	0.001581052	3.461724551*
-12	-0.00593	-12.9898*	-0.00435172	-9.528113681*
-11	-0.00439	-9.61668*	-0.00874389	-19.14479526*
-10	-0.00045	-0.98585	-0.00919415	-20.13064602*
-9	0.00636	13.92062*	-0.00283627	-6.210021243*
-8	-0.00712	-15.5789*	-0.0099515	-21.78888148*
-7	-0.00149	-3.26595*	-0.01144314	-25.05483468*
-6	-0.0087	-19.0486*	-0.02014311	-44.10348175*
-5	-0.0002	-0.43228	-0.02034055	-44.53575754*
-4	0.00106	2.32295*	-0.0192796	-42.21280728*
-3	-0.00943	-20.6503*	-0.0287111	-62.86313396*
-2	-0.00823	-18.0216*	-0.03694199	-80.88473116*
-1	-0.01131	-24.7704*	-0.04825522	-105.6551196*
0	-0.01467	-32.1118*	-0.06292147	-137.766963*
1	-0.00962	-21.0612*	-0.07254063	-158.8281928*
2	-0.00279	-6.10104*	-0.07532713	-164.9292365*
3	0.00908	19.87295*	-0.06625067	-145.0562858*
4	-0.00418	-9.15741*	-0.07043308	-154.2136936*
5	-0.0116	-25.3932*	-0.08203078	-179.6069372*
6	-0.01489	-32.6085*	-0.09692387	-212.215462*
7	-0.01167	-25.5603*	-0.10859787	-237.7757472*
8	0.00744	16.29562*	-0.10115527	-221.4801293*
9	0.00476	10.41826*	-0.096397	-211.0618688*
10	0.01739	38.07882*	-0.07900549	-172.9830492*
11	-0.02343	-51.2955*	-0.10243339	-224.2785862*
12	0.00473	10.34952*	-0.09770652	-213.9290673*
13	-0.00502	-10.9812*	-0.10272191	-224.9102916*
14	-0.0087	-19.0558*	-0.11142514	-243.9660857*
15	-0.00966	-21.1565*	-0.12108782	-265.1225844*

Note: *shows significance level.

The values of 2002, 2008 and 2013 General election Average Abnormal Return and Cumulative Average Abnormal Return are given below in table 4.4. Table 4.5 present values of Average Abnormal return and Cumulative Abnormal Return. The Average abnormal return was calculated to examine effect of all three events of General elections on stock market performance. Cumulative Abnormal Returns were calculated to find cumulative impact of events on stock market performance. On day zero, positive and significant AAR 0.007872754 was observed. Also significant CAAR -0.09382 was observed on day zero (0). The t-statistic value 8.974958* of AAR shows that average abnormal

return on day zero (0) is different from others days. And insignificant AAR was observed on -15th day, but on very next day i.e. -14th, positive and significant AAR 0.00789925 was observed. Throughout the pre and post event window positive and negative significant AAR and CAAR were observed. The findings illustrate that the announcement of general elections causes Abnormal Return; however, this change in abnormal return is not permanent and the market adjust the stock prices after some days. The results show us that general elections have a significant impact on stock market performance.

TABLE 4.4
AAR and CAAR of 2002, 2008 and 2013 General Elections

Days	AAR	t-statistic	CAAR	t-statistic
-15	-0.014374691	-16.3872*	-0.01437	-16.38718*
-14	0.00789925	9.005163*	-0.00648	-7.38201667*
-13	-0.006170648	-7.03455*	-0.01265	-14.4165688*
-12	-0.011346489	-12.935*	-0.02399	-27.3515921*
-11	0.001087621	1.239891	-0.0229	-26.1117014*
-10	-0.006901286	-7.86748*	-0.02981	-33.9791835*
-9	0.005114375	5.830399*	-0.02469	-28.1487848*
-8	-0.005873347	-6.69563*	-0.03057	-34.8444135*
-7	0.007528387	8.582378*	-0.02304	-26.262035*
-6	-0.017483552	-19.9313*	-0.04052	-46.1933237*
-5	0.011059648	12.60802*	-0.02946	-33.5853002*
-4	-0.009416915	-10.7353*	-0.03888	-44.3206043*
-3	-0.017047727	-19.4344*	-0.05593	-63.7550517*
-2	-0.019552158	-22.2895*	-0.07548	-86.0445562*
-1	-0.02621103	-29.8806*	-0.10169	-115.92519*
0	0.007872754	8.974958*	-0.09382	-106.950233*
1	-0.009624855	-10.9724*	-0.10344	-117.922589*
2	-0.015154295	-17.2759*	-0.11859	-135.198521*
3	0.001819286	2.073991*	-0.11678	-133.12453*
4	-0.006393069	-7.28811*	-0.12317	-140.412644*
5	-0.02081543	-23.7296*	-0.14398	-164.142281*
6	-0.015061264	-17.1699*	-0.15905	-181.312157*
7	-0.021678985	-24.7141*	-0.18072	-206.026249*
8	0.000679383	0.774498	-0.18005	-205.251752*
9	-0.001838547	-2.09595*	-0.18188	-207.347699*
10	0.002490075	2.838691*	-0.17939	-204.509008*
11	-0.012656368	-14.4283*	-0.19205	-218.937296*
12	-1.27E-05	-0.01443	-0.19206	-218.951724*
13	-0.017969735	-20.4855*	-0.21003	-239.437262*
14	-0.013927775	-15.8777*	-0.22396	-255.314958*
15	-0.014855935	-16.9358*	-0.23882	-272.250757*

Note: * shows significance level.

The values for 31 days event window of 2007 presidential election Abnormal Return and Cumulative

Abnormal Return are given below. 15 days were taken before Election Day and 15 days were taken after Election Day to find effect of election on KSE 100. Table 4.5 presents the value of AR and CAR of 2007 Presidential election. Negative and insignificant AR -0.00011974 and CAR -0.00012 were observed on -15th day, which shows that market did not respond to the election news on first day, while negative and significant abnormal return -0.01156488 were observed on day -14 showing that market responded to the news, and the AR on day 14, was significantly different from other days. On day zero (0) negative and significant Abnormal Return -0.0131191 and Cumulative Abnormal Return -1.197 were observed, which were different from all others days. The abnormal return increased up to day 3 but on day 4 it decreased. On day 11 insignificant abnormal return -0.00072825 was found.

TABLE 4.5
AR and CAR of 2007 Presidential Election

Days	AR	t-statistic	CAR	t-statistic
-15	-0.00012	-0.1673	-0.00012	-0.1673
-14	-0.01156	-16.1576*	-0.01168	-16.3249*
-13	-0.02293	-32.04*	-0.03462	-48.3649*
-12	-0.03433	-47.9653*	-0.06895	-96.3302*
-11	-0.0456	-63.7118*	-0.11455	-160.042*
-10	-0.0569	-79.4943*	-0.17145	-239.536*
-9	-0.06811	-95.1531*	-0.23956	-334.689*
-8	-0.0794	-110.932*	-0.31896	-445.622*
-7	-0.09048	-126.413*	-0.40944	-572.034*
-6	-0.1016	-141.944*	-0.51103	-713.978*
-5	-0.11264	-157.366*	-0.62367	-871.344*
-4	-0.1236	-172.692*	-0.74727	-1044.04*
-3	-0.13458	-188.028*	-0.88185	-1232.06*
-2	-0.14555	-203.353*	-1.02741	-1435.42*
-1	-0.15647	-218.615*	-1.18388	-1654.03*
0	-0.01312	-18.3291*	-1.197	-1672.36*
1	-0.00237	-3.31237*	-1.19937	-1675.67*
2	0.006963	9.727819*	-1.19241	-1665.95*
3	0.006927	9.677654*	-1.18548	-1656.27*
4	-0.00303	-4.2321*	-1.18851	-1660.5*
5	-0.00543	-7.58791*	-1.19394	-1668.09*
6	0.003453	4.824237*	-1.19049	-1663.26*
7	0.018506	25.85523*	-1.17198	-1637.41*
8	0.010573	14.77146*	-1.16141	-1622.64*
9	0.024145	33.73421*	-1.13726	-1588.9*
10	-0.00159	-2.22454*	-1.13886	-1591.13*
11	-0.00073	-1.01745	-1.13958	-1592.15*
12	0.009113	12.7314*	-1.13047	-1579.41*
13	0.031707	44.29816*	-1.09877	-1535.12*
14	-0.01511	-21.1061*	-1.11387	-1556.22*

15	0.033326	46.56006*	-1.08055	-1509.66*
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The values for 31 days event window of 2008 presidential election Abnormal Return and Cumulative Abnormal Return are given below. 15 days were taken before Election Day and 15 days were taken after Election Day to find effect of election on KSE 100. Table 4.6 presents AR and CAR of 2008 presidential election. Positive and significant abnormal return 0.00745941 and Cumulative Abnormal return 0.156496 were observed on event day zero (0), showing that return on day zero(0) was different from all other days. On day 1 positive and significant AR 0.00398757 was found, which was less than day zero. On day 2 insignificant abnormal return was observed, which shows us that Presidential election causes Abnormal returns, however this change is not permanent in nature and the market adjust itself. Positive and significant abnormal return 0.00711129 was observed on day 3, while after day 3 insignificant AR was observed till day 15 in pre event windows.

TABLE 4.6
AR and CAR of 2008 Presidential Election

Days	AR	t-statistic	CAR	t-statistic
-15	-0.03912679	-20.5747*	-0.03913	-20.5747*
-14	-0.01426736	-7.50246*	-0.05339	-28.0772*
-13	0.04132782	21.73215*	-0.01207	-6.34506*
-12	0.03212176	16.89116*	0.020055	10.54611*
-11	0.02809352	14.77292*	0.048149	25.31902*
-10	0.02199989	11.5686*	0.070149	36.88762*
-9	0.0442122	23.24889*	0.114361	60.13652*
-8	0.03451658	18.15047*	0.148878	78.28699*
-7	-0.00324189	-1.70474	0.145636	76.58225*
-6	0.00272193	1.431324	0.148358	78.01357*
-5	0.00300126	1.578205	0.151359	79.59178*
-4	0.00105687	0.555753	0.152416	80.14753*
-3	0.00201839	1.061365	0.154434	81.2089*
-2	0.00290388	1.526997	0.157338	82.73589*
-1	-0.00830115	-4.36514*	0.149037	78.37075*
0	0.00745941	3.922517*	0.156496	82.29327*
1	0.00398757	2.096856*	0.160484	84.39012*
2	-0.00202648	-1.06562	0.158457	83.3245*
3	0.00711129	3.739459*	0.165569	87.06396*
4	0.00202264	1.063601	0.167591	88.12756*
5	0.00274595	1.443952	0.170337	89.57151*
6	0.00097609	0.513276	0.171313	90.08479*
7	0.00017686	0.093001	0.17149	90.17779*
8	0.00022957	0.120719	0.17172	90.29851*
9	-0.00179081	-0.9417	0.169929	89.35681*
10	-0.00201574	-1.05997	0.167913	88.29684*
11	-0.00201428	-1.05921	0.165899	87.23763*

12	-0.00113323	-0.59591	0.164766	86.64172*
13	-0.00136637	-0.7185	0.163399	85.92322*
14	-0.00197774	-1.03999	0.161422	84.88323*
15	-0.00183258	-0.96366	0.159589	83.91958*

Note: * shows significance level.

The values for 31 days event window of 2013 presidential election Abnormal Return and Cumulative Abnormal Return are given below. 15 days were taken before Election Day and 15 days were taken after Election Day to find effect of election on KSE 100. Table 4.7 presents the value of AR and CAR of 2013 presidential election. Positive and significant Abnormal Return 0.00315733 and Cumulative Abnormal Return 0.012835 were found on event day (0). On subsequent day, after day 0, insignificant AR 0.00065396 was found. On day 2, 3 and 4 positive significant AR were observed, whereas negative and significant AR was observed on day 5,6,7 and 8.

TABLE 4.7
AR and CAR of 2013 Presidential Election

Days	AR	t-statistic	CAR	t-statistic
-15	-0.01384889	-29.7544*	-0.01385	-29.7544*
-14	-0.00963022	-20.6906*	-0.02348	-50.4451*
-13	0.01234997	26.53402*	0.00272	5.843417*
-12	-0.01074068	-23.0764*	0.001609	3.457585*
-11	-0.00395995	-8.50799*	-0.0147	-31.5844*
-10	0.00236605	5.083475*	-0.00159	-3.42452*
-9	0.00909716	19.54533*	0.011463	24.6288*
-8	-0.00336202	-7.22334*	0.005735	12.32199*
-7	-0.01154545	-24.8055*	-0.01491	-32.0288*
-6	-0.00774684	-16.6442*	-0.01929	-41.4497*
-5	0.00087681	1.883827	-0.00687	-14.7603*
-4	-0.00197	-25.395	-0.00109	-2.34873*
-3	0.01050543	22.571*	0.008535	18.33845*
-2	0.00514758	11.05962*	0.015653	33.63063*
-1	0.00967786	20.79296*	0.014825	31.85258*
0	0.00315733	6.783542*	0.012835	27.5765*
1	0.00065396	1.405048	0.003811	8.188589*
2	0.01141027	24.51506*	0.012064	25.9201*
3	0.019013	40.84959*	0.030423	65.36464*
4	0.00525607	11.29271*	0.024269	52.1423*
5	-0.02473975	-53.1536*	-0.01948	-41.8609*
6	-0.00674206	-14.4854*	-0.03148	-67.6389*
7	-0.0055985	-12.0284*	-0.01234	-26.5138*
8	-0.00130576	-2.80544*	-0.0069	-14.8339*
9	0.00249092	5.351758*	0.001185	2.546317*
10	0.00496903	10.67601*	0.00746	16.02777*
11	0.00667208	14.33503*	0.011641	25.01104*
12	0.02232875	47.9735*	0.029001	62.30853*

13	0.01498584	32.19721*	0.037315	80.17071*
14	0.00166735	3.582306*	0.016653	35.77952*
15	-0.00741191	-15.9245*	-0.00574	-12.3422*

Note: * shows significance level.

The values of 2002, 2008 and 2013 General election Average Abnormal Return and Cumulative Average Abnormal Return are given below. Table 4.8 presents the values AAR and CAAR of all the three events of presidential elections. Negative and significant AAR -0.04386283 was observed on the first day (-15th) of pre event window AAR increased to day 3 but on day 4 it decreased. Negative and significant AAR -0.00460725 and CAAR -0.16616 were observed on day zero (0). On the very next day, insignificant AAR 0.001834722 was found. Positive and significant increasing AAR was found on day 2 but on day 4 it became insignificant. On day 10 insignificant AAR -0.00195162 was found. Throughout the event window positive and negative significant AAR and CAAR were observed except 1st, 4th and 10th day on which insignificant AAR were observed. Results show that announcement of presidential election causes abnormal return but this change in Abnormal Return was not permanent. On the 10th day significant abnormal return was observed as market react instantaneously to positive information but the stock prices reversed on the next day. Hence, the result proves that presidential election has significant effect on stock market performance. So, the hypothesis that there is a difference between performance of stock market before and after a Presidential Election is supported by the results.

TABLE 4.4
AAR and CAAR of 2007, 2008 and 2013 Presidential Elections

Days	AAR	t-statistic	CAAR	t-statistic
-15	-0.04386283	-36.4455*	-0.04386	-36.4455*
-14	-0.02904232	-24.1312*	-0.07291	-60.5767*
-13	0.02251172	18.70493*	-0.00653	-5.42626*
-12	-0.00578979	-4.81072*	0.01672	13.89421*
-11	-0.01882841	-15.6445*	-0.02462	-20.4552*
-10	-0.03410979	-28.3417*	-0.05294	-43.9862*
-9	-0.02086156	-17.3338*	-0.05497	-45.6756*
-8	-0.04600426	-38.2248*	-0.06687	-55.5587*
-7	-0.09757078	-81.0713*	-0.14358	-119.296*
-6	-0.10145703	-84.3004*	-0.19903	-165.372*
-5	-0.10934179	-90.8518*	-0.2108	-175.152*
-4	-0.12320474	-102.371*	-0.23255	-193.222*
-3	-0.12906153	-107.237*	-0.25227	-209.607*
-2	-0.14093111	-117.099*	-0.26999	-224.336*
-1	-0.16155002	-134.232*	-0.30248	-251.331*

0	-0.00460725	-3.82815*	-0.16616	-138.06*
1	0.00183472	1.524466	-0.00277	-2.30368*
2	0.00873966	7.261766*	0.01057	8.786233*
3	0.02037578	16.93019*	0.02912	24.19195*
4	0.00074552	0.619455	0.02112	17.54964*
5	-0.01093171	-9.08313*	-0.01019	-8.46368*
6	0.0021817	1.812773	-0.00875	-7.27036*
7	0.01681666	13.97293*	0.019	15.7857*
8	0.01036704	8.613949*	0.02718	22.58688*
9	0.02318487	19.26426*	0.03355	27.87821*
10	-0.00195162	-1.6216	0.02123	17.64266*
11	-0.0005185	-0.43082	-0.00247	-2.05242*
12	0.01542223	12.81429*	0.0149	12.38347*
13	0.03533548	29.36017*	0.05076	42.17446*
14	-0.01652869	-13.7337*	0.01881	15.62652*
15	0.02902232	24.11457*	0.01249	10.38092*

Note: * shows significance level

CONCLUSION AND RECOMMENDATIONS

This study focused on examining effect of general and presidential on stock market performance during election period in Pakistan. All the hypothesis found support. The findings illustrate that the announcement of general elections causes Abnormal Return, but this change in abnormal return is not permanent and the market adjust the stock prices after some days. The results show us that general elections have a significant impact on stock market performance. The results also show that during presidential election event, there are significant abnormal and average abnormal returns; hence it can be said that presidential election effect stock market performance. The results show that general and presidential election causes abnormal returns but are not permanent in nature. With the general pattern of abnormal returns around elections, the question arises as to what action should an investor take or not take? What is significance of these results to the investors? Firstly, investors seeking to cash in on the uncertain information reflection in the market should do so before Election Day since returns begin to fall afterwards. It is, however, a highly risky strategy to adopt, taking into consideration the fact that different countries may experience different kinds of political shocks which may alter the behavior of stock market. As such this strategy may be well suited for non- risk averse investors.

This research study investigated the impact of elections on stock market returns. The current study only discusses theoretically and empirically the general and presidential elections in Pakistan and its impact on Karachi stock market. Although the study gives important contribution to the field, but there are also

some limitations. One of main limitation of this study was that the sample size was too small; there were only three General and three presidential elections held in the test period. Therefore, further researches which can collect more election samples are required. This study also examines the period of financial crises in 2007 and 2008. These crises deeply influenced the behavior of stock market and thus the test on election period in this period may be ambiguous. Future study can be conducted which can take into consideration not only political election but also other political events like resignation of president and prime ministers. The study was conducted for Pakistani stock market. Other Asian developing countries like India; Bangladesh and Sri Lanka researchers may take these countries as a sample for future research study on comparative basis. This study only considered the election period; one can also study the period before and after elections on comparative basis. The research study only discussed election, but there are also other factors like constitutional amendments and legislation change etc., that could be included in future studies.

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IMPACT OF IMPRESSION MANAGEMENT ON JOB SATISFACTION, MEDIATING ROLE OF LEADER MEMBER EXCHANGE, MODERATING ROLE OF POLITICAL SKILLS

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ABSTRACT

This study investigates the relationship between impression management and job satisfaction, examining the moderating role of political skills between impression management and Leader Member Exchange (LMX); LMX being the mediator between impression management and job satisfaction. Data was gathered, using convenient sampling technique, from 120 employees working in private sector organizations in Pakistan. Significant results were found for the proposed model. Practical implications were also discussed.

INTRODUCTION

“Politics is the process, the action, the behavior through which potential power is utilized and realized” (Pfeffer, 1981). Politics is inherent in organizations as claimed by many researchers (Ferris & Judge, 1991; Ferris & Kacmar, 1992). Traditionally, it is viewed negatively as political behaviors are assumed to have unsanctioned influence that focus on self-interest at the expense of organizations, and are related to negative outcomes such as job dissatisfaction, job anxiety and low commitment (Ferris & Judge 1991; Ferris & Kacmar 1992). Organizational politics is the fact of organizational life and to survive with this reality, political skills and developments of influential relationships are two possible ways (Ferrius & judge, 1991; Kimura, 2012).

Prior research suggests that a political skill is a positive trait necessary for survival in today’s political environment (Ferris et al., 2007). Political skill is “the ability to effectively understand others at work and to use such knowledge to influence others to act in ways that enhance one’s personal and/or organizational objectives” (Ferris et al., 2005). High political skilled individual has the ability to adapt according to the situation in a better manner and think rationally about their exchanges to well engage in most beneficial behaviors to achieve personal and organizational goals (Harrius.K, Harrius.R, & Brouer, 2009).

When employees perceive that politics is inherent in their organization, they may use impression management. Impression management is a specific type of political behavior that employees adopt to enhance their influences (Ferrius & Judge, 1991). It has recently been argued

that employees may also use impression management to convince their supervisors that they are willing to go an extra mile for their organizations by in putting extra efforts (Bolino, Varela, Bande & Turnley, 2006), that supervisors view them as good soldiers (Bolino, 1999). Many studies support that politically skilled employees can form favorable impressions for themselves (Blickle, Schneider, Liu & Ferrius, 2011; Ferris, Perrewe, Anthony, & Gilmore, 2000). Considerable research exists to support the viability of using political skills and impression management to secure desired outcomes but likelihood of any one individual skillfully employing impression management tactics in a political environment remains uncertain, and thus require further research (Harris et al., 2009). This study aims to fill this gap by examining how subordinates’ political skills impact the relationship between impression management and LMX, to overcome negative outcomes of organization politics, e.g. job dissatisfaction.

The LMX have received wide attention in previous studies because exchanges are often the most important workplace relationships. There is need to identify the factors responsible for development of high quality LMX; individuals at workplace keep trying to manage their impressions through use of many influence tactics to develop high-quality relationships (Goffman, 1955). Employees who are politically skilled can develop and enjoy more benefits of high-quality work relationships (Laird, Zboja, & Ferrius, 2012) by choosing the right influencing tactics on their supervisors and the situations. Research has recognized the importance of high quality exchange relationships as it is one of the important determinants to job performance, satisfaction with

supervision, overall satisfaction, commitment, member competence (Wayne, Shore, & Liden, 1997; Bauer & Green, 1996; Gerstner, Charlotte, & David, 1997; Chen & Fang, 2008; Volmer, Niessen, Spurr, Linz & Abele, 2011). Employees enjoying high LMX are more likely to be satisfied with their jobs due to favors they get from their supervisors.

Job satisfaction is the level of contentment an employee feels concerning his job. Employee job satisfaction is derived from a number of factors, and researched has placed high quality interpersonal relationships between supervisors and employees as one important factor (Graen, Novak, & Sommerkamp, 1982). Social Exchange Theory supports the exchange relationship in a way that subordinates in high quality exchanges have increased access to share ideas with their supervisors, and communicate frequently. They are provided more support by their supervisors, share higher levels of trust, and in exchange the in-group members work harder, are more committed to their work, share more responsibilities, show better performances, and exhibit lower turnover intentions (Graen et al., 1982). Consequently, subordinates feel more satisfied with their jobs (Gerstner & Day, 1997; Harris, K., Harris, R. & Eplicon, 2007)

Concerning the culture in Pakistan where power distance is high (Hofstede, 1983) and power is worshipped, to be an in-group member, individuals have to strive an extra mile, thus, the development of high quality relationship between leader and member in Pakistan needs more attention. This study focuses on private sector organizations where there are factors like higher job insecurity, pay and promotion based on degree of relationship with supervisors, which forces employees to present positive image and show loyalty, sincerity and trust, which in return strengthen their relation with supervisors (Blau, 1964). Secondly, LMX literature focuses strongly on the outcomes of high-quality leader-member exchange, but less attention has been given on how to build high-quality exchange relationships in organizations; this paper focuses on the development of high quality LMX which is imperative to employee job satisfaction. Previous research shows negative relationship between organizational politics and job satisfaction, but this study stresses that this relationship differs depending on the degree to which employee is politically skilled and engage in political behavior.

REVIEW OF LITERATURE

Impression management and LMX

According to Goffman (1959) impression

management is “individuals attempt to shape others' images of oneself”. Many researchers defined Impression management as an attempt by individuals to have control over their images in social interaction, and enhance their self-image and others' perception of them (Wayne & Liden, 1995; Bolino, 1999). This objective is achieved by tactically exhibiting behavior that will lead others to view them as more favorable (Bozeman & Kacmar, 1997). Many frameworks have been developed to categorize impression management (e.g Jones & Pittman, 1982; Tedeschi & Melburg, 1984; Wayne & Ferris, 1990). Jones and Pittman (1982) identified five impression management strategies; ingratiation tactic make an individual appear more likeable and attractive through self-enhancement, other-enhancement, opinion conformity and favor doing behaviors. Self-promotion tactic make individual appear more competent. Intimidation tactic gives an image of the individual as dangerous and fearful. Exemplification tactic portrays an image of being admired, disciplined and honest. Through Supplication tactic, a person promotes his weaknesses in order to get sympathy.

Gordon (1996) found that ingratiatory behaviors were positively related to performance evaluations; likewise, Stevens and Kristof (1995) suggested that self-promotion may lead to favorable outcomes as they are likely to be seen as likeable, competent, and dedicated by others. A supervisor who perceives his subordinate as honest, competent and respectful, he/she will be more attracted to that subordinate (Wayne & Liden, 1995). Some more studies have also shown that these behaviors enhance the supervisors' likings towards their employees (Wayne & Ferris, 1990; Wayne & Liden, 1995).

The Leader-Member Exchange is a dyadic relationship between supervisors and subordinates. In-group enjoys support, help, access to supervisor, access to information and resources. In exchange these in-group members work harder, are more committed to their work, share more responsibilities, exhibit better performances, exhibit lower turnover intentions, feel greater satisfaction at work (Graen et al., 1982). In order to develop a quality relationship, and to be an in-group member, it is likely that subordinates will go beyond required in-role behaviors (Ilies, Nahrgang, & Morgeson, 2007), and impression management in organizational settings is a most commonly used behavior (Kacmar, Wayne, & Wright, 1996). Through impression management, subordinates convince their supervisors that they will go the extra mile for their organizations (Bolino et al., 2006). Numerous studies highlight its significance as impression management is a behavior that employees usually adopt to enhance their relationship with supervisors, and in return they

enjoy higher performance ratings, better salary, and better chances at promotions (Wayne & Ferris, 1990; Wayne & Liden, 1995; Higgins, Judge, & Ferris, 2003). On the basis of prior research and theory, it is hypothesized that:

Hypothesis 1. There is a positive relationship between impression management and development of high quality LMX.

Political skill as a moderator between impression management and LMX

Political skill is defined as: “The ability to effectively understand others at work and to use such knowledge to influence others to act in ways that enhance one’s personal and/or organizational objectives” (Ferris et al., 2005). Politically skilled individuals are socially alert and adjust their behaviors according to the situational demands in a better manner (Ferris et al., 2005). Those who practice these skills behave in a polite and engaging manner that develop a feeling of sincerity, trust, respect and genuineness (Ferris et al., 2005) and these factors aid in development of high quality relationship (Graen & Uhl-Bien, 1995). Subordinate high in political skill can develop high-quality relationship and choose the right influencing tactic on the supervisor and the situation (Harris et al., 2009). Political skill is an important determinant of leadership, career advancement and early career success (Blickle et al., 2011). Political skill of an employee aids in scanning the environment, and make a better fit in the organizational environment. This skill enhances the strength of impression management by adopting the most appropriate tactic that best suit the situation, and develop a favorable impression in front of supervisors.

Impression management plays an important role in the development of high quality LMX, but use of deceptive impression management tactics would likely result in the supervisor viewing subordinate as a deceiver (Carlson, J, Carlson, D, & Ferguson, 2011). Conversely, those individuals who use logic in exhibiting influence tactics have a greater chance of success (Higgins et al., 2003). Therefore, it is suggested that political skills moderates the relationship between using impression management and developing high quality relationship; impression management being a valuable tool which, if used skillfully, helps in enhancing employee satisfaction and commitment to its organization (Singh & Vinnicombe, 2001). Prior studies support the moderating role of political skills, e.g. research conducted by Brouer, Duke, Treadway and Ferris (2009) illustrated political skills as a significant moderator on LMX relationship quality between racially dissimilar supervisor–subordinate

dyads. Another study by Treadway, Hochwarter, Kacmar and Ferris (2005) showed political skills as a significant moderator between political behavior and emotional labor. Yet another study focusing on interactive moderating effects of political skills and quality of leader–member exchange (LMX) on the relationship between perceptions of organizational politics and affective commitment was analyzed (Kimura, 2012). On the basis of past literature, it is hypothesized that:

Hypothesis 2. Subordinate Political skill moderates the relationship between Impression management and development of high quality LMX.

Impression management and job satisfaction

Job satisfaction is simply how content an individual is with his or her job. It is the most widely investigated job attitude. One of the important factors to influence job satisfaction is the quality of relationship between supervisors and their subordinates (Meller & Kim, 2008). The way in which subordinates perceive their supervisor’s behavior can positively or negatively influence his job satisfaction. Subordinates who enjoy high quality relationship with their supervisor are more likely to be satisfied with their job and work environment, therefore, in working environment subordinate try to build better relation by managing their images in front of their supervisor, and impression management is used to portray the positive image. Many studies has shown that employee engage in impression management to receive results like getting a job, receiving a good performance evaluation and promotion (Wayne & Kacmar 1991; Wayne & Liden, 1995), and these self-presentation tactics are positively related to work outcomes like job satisfaction and career success (Higgins et al., 2003; Hosoda, Stone-Romero, & Coats, 2003). When individuals perceive that they have control over their work environments and images, it can be source of satisfaction for employees (Harrell Cook, Ferris, & Dulebohn, 1999; Vigoda, 2000).

Research shows that engaging in impression management is positively related to getting promotion, and high ratings (Dansereau, Graen, & Haga, 1975) Employees show dedication to the organization in hope of getting promotions (Ligen & Feldman, 1983). Hence, when subordinates are successful in portraying their positive image in the workplace, it becomes a source of satisfaction for them.

Hypothesis 3. Impression Management is positively related to job satisfaction of employees.

Mediating role of LMX between impression Management and Job satisfaction

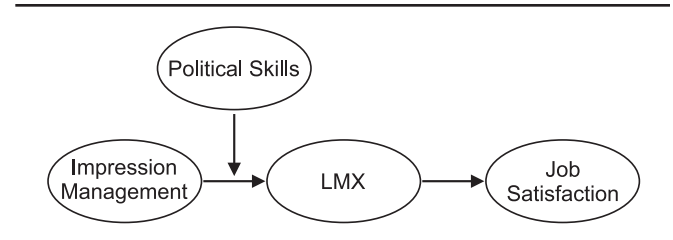
Theory of LMX states that leaders form different relationships with different subordinates (Liden & Graen, 1980), the quality of these relationships is dependent on the amount of effort and social support exchanged between the supervisor and the subordinate (Liden, Sparrowe, and Wayne, 1997). Greater the effort and energy invested by both, higher would be the quality of the relationship, such that there would be a greater degree of mutual understanding, loyalty, respect and sincerity between them (Liden & Maslyn, 1998). Therefore, subordinates attempt to build strong relationship with their supervisors by applying different influential tactics to create their positive image in front of their supervisors by showing them that they are very hard working and committed (Kipnis & Vanderveer, 1991). They often engage in OCB (Bolino, 1999), and impression management helps in portraying a positive image (Wayne and Liden 1995; Lunenburg, 2010). When supervisor view them as hard workers, committed good soldiers, honest, competent and respectful, they are attracted more towards those subordinates (Wayne & Liden, 1995; Bolino, 1999), and make them members of in-group. Leaders have power and influence over their subordinates, and they help them achieve their goals, and provide them rewards. These benefits are enjoyed more by in-group members as compared to out-group members.

Numerous prior studies emphasized the importance of high quality relationships. Employees who have high-quality exchange relationships with their supervisors have higher job satisfaction, career success, high performance ratings and higher productivity. They are more motivated and often engage often in OCB (Graen et al., 1982; Bauer & Green, 1996; Lunenburg, 2010). Strength of the relationship also depends on how followers view their relationship with their leader. By means of high-quality LMX relationships, employees get access, help and support from their supervisors. As the LMX theory argues that leaders often develop close relationship with trusted followers, as a result of high quality relationship employees are given more favors by their supervisors, and in this way LMX could be a useful mean for employees' commitment and satisfaction, thus resulting in positive outcomes for leaders, followers and the entire organization (Graen & Uhl-Bien, 1995; Liden & Maslyn, 1998). On the other hand, employees experience the feeling of deprivation that have low-quality LMX (Bolino & Turnley, 2009), and are less satisfied with their

jobs. Therefore, it can be concluded that impression management helps in creating a positive image and development of highly quality LMX, which becomes a source of job satisfaction for the subordinates.

Hypothesis 4. High quality LMX will mediate the relationship between use of impression management tactics and job satisfaction.

FIGURE 1
Theoretical framework



RESEARCH METHODOLOGY

Data was collected from a sample size of 120 respondents from three major telecom companies in Pakistan including Mobilink, Telenor and Warid, and from three different regions: Islamabad, Lahore and Quetta. Data was collected using convenient sampling technique. There were 77.4 percent males and 22.5 percent female respondents. Mean of tenure in the organization was 1.6 years (s.d.0.608). Education levels ranged from high school completion to receiving a Ph.D degree, 41.9 percent of the respondents were graduates, 51.6 percent were having masters degree, and 6.5 percent were having post graduate degree.

Measures

Data was obtained through online and self-administered questionnaire. Participation was entirely voluntary. All responses were kept strictly confidential and individual results were not reported to the organization. Response rate was 77 percent.

Impression Management

In order to measure impression management practiced by subordinates, 22-items scale developed by Bolino and Turnley (1999) was used. Based on Jones and Pittman Taxonomy, subordinates reported how often they had engaged in 5 types of impression management behavior on a five-point scale where 1=Never behaved this way and 5=Often behave this way. Example items included "Make people aware of your talents or qualifications". The Cronbach

alpha reliability of this scale for this study was alpha=0.71.

Leader-Member Exchange

A 7-item scale developed by Graen and Uhl-Bien (1995) was used. Responses were noted on a 5 point likert scale where 1 = rarely and 5 = Very Often. Example items included “Do you know where you stand with your leader”, “do you usually know how satisfied your leader is with what you do”. The Cronbach alpha reliability of this scale for this study was alpha 0.773.

Political Skills

Ferris et al.’s (2005) 18-item measure was used to measure employee political skill. Sample items included “I am particularly good at sensing the motivations and hidden agendas of others” and “I always seem to instinctively know the right things to say and do to influence others”. Subordinates rated their agreement with the items using a five-point scale where 1= strongly disagree and 5= strongly agree .The alpha reliability for this study was 0.883.

Job Satisfaction

The measure used was developed by Schriesheim and Tusi (1980) comprising of six items. Sample items included: “how satisfied are you with the nature of work you perform”. Responses were obtained on a 5 point likert scale where 1= strongly disagree and 5= strongly agree. The alpha reliability for this study was .801.

Control Variable

Tenure, gender, work experience, work with other organizations were used as control variables as previous empirical studies have shown that these variables are related to job satisfaction.

RESULTS

Descriptive statistics, correlations, and internal reliability estimates, i.e., cronbach alphas’ among the variables are shown in Table 1. The mean and standard deviation for variables were Impression Management = 3.19 (S.D=.458), Political Skills = 3.96 (S.D = 139), LMX = 3.8(S.D = .167) and Job Satisfaction = 3.90(S.D=.1466).The bivariate correlation matrix gave provisional support for hypotheses as correlation between impression management and job satisfaction= .470, which gave support to the third proposed hypothesis, whereas LMX correlated with job satisfaction at .870.

Several hierarchical regression analyses were performed to formally test the hypotheses. Age, tenure, gender and occupational experience with organization were used as control variables in the first step of regression analysis. One of the hypothesis predicted that impression management is directly related to job satisfaction; to check this, a linear regression analysis was run. As a result $\beta=0.443$ and $p < .015$, which supported hypothesis 3 as shown in Table 2.

Impression Management on LMX was regressed, the results supported the first hypothesis ($\beta=.389$ and $p=.032$).

TABLE 1
Means, Standard Deviations, Correlations, and Reliabilities

Variable	Mean	S.d.	1	2	3	4	5	6	7	8	9
1. Gender	1.22	0.42	1								
2. Qualification	1.64	0.6	-0.196	1							
3. Job Status	2.9	0.9	-0.028	-0.185	1						
4. Work Other Orga	2.77	0.84	0.24	0.228	-0.203	1					
5. Work Experience	2.7	0.97	0.003	0.158	-.37*	-0.123	1				
6. Impression Management	3.19	0.45	0.088	0.125	-0.038	-0.099	0.347	1			
7. LMX	3.8	0.16	-0.132	-0.252	-0.054	-.400*	0.285	.409*	1		
8. Political Skill	3.96	0.13	-0.238	0.03	-0.223	-0.312	0.161	.559**	.780**	1	
9. Job Satisfaction	3.9	0.14	-0.003	-0.231	-0.131	-0.346	0.307	.470**	.870**	.806**	1

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

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

TABLE 2
Results of Regression Analyses for Outcomes

Predictors	Job Satisfaction			LMX		
	β	R ²	ΔR^2	β	R ²	ΔR^2
Step 1						
Control Variable		0.25			0.278	
Step 2						
Impression Management	.443*	.416*	.166*	.389*	.406*	.128*
Predictor: Political Skills						
Step 1					0.278	
Control Variable						
Step 2						
Political Skill				.774***	.751***	.473***
Predictor : LMX						
Step 1						
Control		0.25				
Step 2						
LMX		.779***	.528***			

n=120, control variable=tenure, gender, other organization, occupational experience with organization

p* < .05, *p* < .01, ****p* < .001

TABLE 3
Result of moderation and mediation Regression Analyses

Predictor	LMX			Job Satisfaction		
	β	R ²	ΔR^2	β	R ²	ΔR^2
Moderation:						
Step1						
Control Variable		0.278				
Step 2						
Impression Management	-0.67					
Political Skills	.548*	.763***	.485***			
Step 3						
IM × Political Skills	.438***	.867***	.104***			
Mediator Analyses						
Step 1						
Control Variable					0.25	
Step 2						
LMX				.794***	.779***	.528***
Step 3						
Impression Management				0.134	0.791	0.012

n=120, control variable= tenure, gender, other organization, occupational experience with organization

p* < .05, *p* < .01, ****p* < .001

Moderated regression analysis as shown in table 3 was used to examine the interactive effects of impression management and political skills on LMX. Firstly, control variables were entered into the model, in the second step the impact of impression management and political skills were controlled, then, in the last step, the interaction term was entered, and the result was significant as shown in table 3. The result of interacting factor ($\beta = .438$ and $p = .000$) shows that political skill moderates the relationship between impression management and LMX. Hence, it provided support to the second proposed hypothesis that political skill moderates the relationship between impression management and LMX.

The fourth hypothesis stated that LMX mediates the relationship between impression management and job satisfaction. To find the mediating role of LMX between impression management and job satisfaction, a three steps linear regression analysis, adopted from Barren and Kenny's method was used. In the first step, job satisfaction was regressed on independent variable impression management, and the relationship was found significant ($\beta = .443$ and $p = .031$). In the second step, the mediating variable LMX was regressed on independent variable impression management, significant relationship was found as $\beta = .855$ and $p = .000$. Finally, a hierarchical regression analysis was performed when job satisfaction was regressed on the impression management, controlling the impact of LMX such that β value reduced ($\beta = 0.134$, $p = .254$), which showed the mediating role of LMX between impression management and job satisfaction, hence supporting the fourth hypothesis.

DISCUSSION

Overall, the proposed theoretical model was supported. Concluding, political skills moderate the relationship between impression management and development of high quality LMX, and LMX mediates the relationship between impression management and job satisfaction.

As Organizations are considered a political arena, Mintzberg (1985) argued that an individual needs political behavior and political skills to be successful. The current study represented the empirical attempt to integrate Mintzberg's notion, the role of political skill in the workplace for development of high quality LMX. The results indicate that impression management is a powerful tool if, used rationally, helps in development of high quality relationship with supervisors, which tends to increase job satisfaction for employees.

Researchers have argued that political skill act as a moderator on the politically influenced behavior-

work outcomes (Perrewe et al., 2000; Ferrius & judge 1991; Kimura, 2012). The current study represents an attempt to empirically evaluate this relationship, and demonstrate the moderating role played by political skills. Employees make attempt to be in-group member and develop high quality relationships with their supervisors as in-group members have greater access to supervisors, to information and resources, and enjoy more of supervisors' favors. In this regard they attempt to shape their image in front of their supervisors by applying different impression management tactics. Thus, employees high in political skills would be better able to adjust themselves in this political arena, as political skilled employee have the ability to effectively understand others at work and use such knowledge to influence others to act in ways that enhance their personal and organizational objectives. Political skilled employees are better at selecting the most suitable impression management tactic, hence, a politically skilled employee is more aware of its surroundings. Thus, as hypothesized, impression management behavior alone is not enough; for impression management to be successful, it must be matched with a high level of political skill (Harris et al., 2007).

While previous studies have established the negative relationship between organizational politics and job satisfaction, the role of political behavior in those studies have been ignored. However, in this study it was found that when individuals perceives their organizational environment to be highly political, they engage in political behavior like impression management to overwhelm negative consequences of organizational politics. In managing impressions, people make an attempt to have control over their image in social interactions and enhance their self-image and others' perception of them (Wayne & Liden, 1995; Bolino, 1999). In this regard, impression management leads to development of high quality LMX, furthermore, as a result of high quality relationship; subordinates are given more favors by their supervisors, consequently resulting in higher commitment and satisfaction with their jobs. Hence, LMX mediates the relationship between impression management and job satisfaction, as supported by the findings.

A study conducted in this context by Bashir, Nasir, Saeed, and Ahmed (2011) also depict that in high power distance countries like Pakistan, employees are aware that survival in the organizations is associated with using political tactics. In private sector organizations of Pakistan, where pay and promotion is based on degree of relationship with supervisor, it forces employees to present positive image and show loyalty, sincerity and trust in their relationships which, in return, strengthen

their relationship with supervisors (Blau, 1964). Thus, employees make efforts to be in-group members and gain supervisors' favors by applying different impression management tactics. Hence higher the quality of LMX, more satisfied the employee will be.

Limitations

The significance of this study comes with fulfilling the gap in literature as the relationship between subordinate's political skill and its impact on development of high quality LMX has rarely been studied, especially keeping culture of Pakistan in context where power distance is high. Emphasis on development of high quality LMX is the foremost concern for organizations and requires extra efforts; this study emphasizes the importance of enhancing subordinate's political skills.

Two of the limitations that were faced during collection of data were time and resource constraint; therefore all of the five telecom companies operating in Pakistan were not covered. Secondly, in reporting impression management behavior, people may have been reluctant in reporting if they were really involved in such behaviors.

Implications

There appear to be two obvious implications of this work for managers in the field. First, these results point to the utility of implementing training programs that serve to enhance employees' political skills. as political skill is most often conceptualized as a trait that can be improved or developed (Ferris et al, 2005). The results of this study would suggest that political skill has the potential to reduce the negative consequences of organizational politics; use of political skill is a source of developing high quality of LMX which is as an integral component of job satisfaction.

Secondly, political behavior like impression management is not necessarily detrimental to the organization or the employee, this study is unique in a way that it depicts the positive impact of using impression management as employees who are success full in maintaining their impression at their work place are more contempt and satisfied with their work.

From the employee's perspective, individuals who desire to create a favorable image in the eyes of their supervisors would benefit from this study as they would know how best to achieve this goal. Use of impression management tactics can lead to either positive or negative impressions depending on an individual's political skill. Individuals who have better political skills have the ability to create better impressions on

the supervisors.

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IMPACT OF SKILL ENHANCING HR PRACTICES ON EMPLOYEE PERFORMANCE; MODERATING ROLE OF CENTRALIZATION

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ABSTRACT

Bundles of HR practices and job performance relationship is very essential to understand for any organization as better the job performance, better would be the organizational performance. The main purpose of this study was to explore the impact of skill enhancing bundle (training, effective recruitment and selection, effective job description) on employees' job performance in the public sector tourism industry in Pakistan; to what extent skill-enhancing bundle would influence employees' job performance when centralization is low or high in the organizational structure. The data was collected (using a questionnaire) from both supervisors and employees working in tourism corporations under provincial and federal government of Pakistan. The sample size was 222. The findings indicate that employees working in service organizations like that of tourism, that follow a centralized authority structure are more likely to exhibit lower job performance because of ineffective implementation of skill enhancing HR practices.

INTRODUCTION

Managing a successful organization requires a clear and an effective performance management, and an improved system so that everyone in the organization can perform well (Russell, 2008). There are many functions, practices, monetary & non-monetary rewards, cognitive, psychological, and personal factors identified by researchers as predictors of employee's job performance in an organization. Performance is also contingent on ability and skills to perform; therefore, skill-enhancing practices like job description and training, if practiced, can have a positive impact on employee job performance (Peter & Henry, 1962; Talbert, Carroll and Ronan, 1976).

It is important to measure the job performance of employees in order to know whether the task/job assigned to each individual is achieved in successful manner. Ridely (2007) identified seven important job performance elements using Human Factor Approach, which clearly demonstrate the significance of measuring job performance for the success of the organization. In this regards, HR practices are one of essential tools for facilitating and making the grounds available for the employees to perform the job/task effectively. HR practices are the kind of investment on staff, and it demonstrates the organization's commitment to them and their well-being.

HRM practices and bundles of high performance work practices, if appropriately implemented, translate

into superior organizational outcomes (Bowen and Ostroff, 2004), along with individual outcomes in the form of effective job performance. This kind of performance can be translated into a competitive advantage for the organization. Therefore, the role of HRM is established as a source of competitive advantage (Barney & Wright, 1998). HPW practices are the important factors to generate employee commitment, which proves to be a predictor of better job performance (Indridason & Wang, 2008) and even beyond, i.e., citizenship behavior.

Employee's job performance measures are found to be the means for accountability and transparency in public sector organizations (Wickersham, 2012). The Public sector organizations are the good examples of bureaucracies, mostly having tall hierarchies. Centralization is one of the dimensions of these organizations, identified by Pugh (1968). Previously, centralization was known for improved efficiency, coordination, and control, which ultimately resulted in improved performance both at individual and organizational level (Atherton, 1977). Most of the organizations in public sector around the world are decent cases of centralization. However, due to globalization and continuous changes in business environment, today's organizations can perform only if they have the capacity to align with its environment (Caruana, Morris & Vella, 1998). This alignment, in some cases, is achieved by having centralized authority structures, or decentralized authority structures. Now a

days, centralization in service sector is considered to be an obstacle in delivering quality services.

This study investigates the moderating role of centralization on the relationship of skill enhancing HR practices (training, effective recruitment and selection, effective job description) and job performance in public sector tourism corporations. In academic research, the effect of HRM practices on employee attitude/performance is mainly focused on the experience of private sector workers, while in the case of the public sector workers it is mostly unexplored (Legge 1995; Wood 1999). This study deals with the task aspect of job performance that requires skills, and competencies to perform the job. The study will answer the question: "are skill enhancing HR practices influenced by the centralized authority structure in tourism corporations in Pakistan?" Tourism industry is on the verge of risk and initial stage of development in Pakistan. Tourism is the most neglected sector from the viewpoint of research in management. This study will bring on the surface the underlying problems related to skill enhancing HRM practices and the role of suitable organizational structure for effective implementation of these practices that will ultimately result in enhanced performance of employees and the organizations.

REVIEW OF LITERATURE

Job performance

Performance is carrying out the actions or accomplishment of some task (Madgett, 2005). Job performance is the multifarious phenomenon, which is influenced by many human, cognitive, physical, emotional and organizational factors. It is considered as the building blocks for the existence of any type of profit or non-profit organization. It is the function to performed number of activities, complexity level, responsibilities and so on (Peter & Henry, 1962). It is an important construct in industrial and organizational psychology. Hughes, Ginneth and Curphy (2009) regarded performance as a behavior that is directed towards the organization's mission or goal. Similarly, McShane and Glinow (2005) documented the opinion that performance is goal directed behavior controlled by the individual that support organizational objectives. Job performance theorists have developed a range of latent dimensions of performance which includes, generally, extensive range of jobs (Campbell, McCloy, Oppler, & Sager, 1993; Borman & Motowidlo, 1997; Campbell, McHenry & Wise, 1990). Campbell et al., (1993) developed the most comprehensive model of the job performance, which included eight factors: (1) job-specific task proficiency, (2) non-job-specific task proficiency, (3) written and

oral communication, (4) demonstrating effort, (5) maintaining personal discipline, (6) facilitating peer and team performance, (7) supervision/leadership, and (8) management/administration. In this way it is evident that such factors enhances the skills of the employees which ultimately lead them to perform better. Fine and Wiley (1971) suggested three core-job factors that redirect the extent to which employees execute interpersonal activities, intellectual activities or physical activities as compulsory job duties.

HRM and Job Performance

Human Resource Management is a philosophy and system of practices that can affect the behavior, attitudes and performance of employees (Gerhart, & Wright, 2010). HR personnels are recognized as strategic partners of the business (Wright & McMahan, 1992). Therefore, business strategy and the HR strategy must complement each other in order to enhance the employees' job performance and the overall organization performance.

HRM practices are considered to fulfill employees' needs, which enhance positive attitudes, and subsequently improve performance outcomes (Kuvaas, 2008; Edgar & Geare, 2005; Meyer & Allen, 1997). Particularly, effective recruitment and selection practices provide the organization with the right candidate for the right job (Ramlall, 2003). Likewise, training and development enhances knowledge, skills and abilities, coupled with employee's experience, which are predictive of better job performance (Tubre, 2000). Olorunsola (2013) identified that professional knowledge and skills as important job component that contributes in predicting job performance. Teclmichael and Soeters (2006) found selection, training and compensation as some of the most important HR practices effecting employee outcomes.

Besides effective recruitment, selection, Training and development, effective job descriptions are also very essential, contributing towards better job performance. Effective job descriptions are the scheme of job design; it is the statement of desired performance outcomes to be achieved along with means to achieve those performance outcomes. Often job descriptions are vulnerable to be incomplete and most often it lacks the task aspect of job performance. It also plays key role in execution of other HR practices like selective hiring and Training (Grant, 1997). Hence, implementing skill-enhancing practices, preferred by employees, would make the employees feel obligated to the organization; thus, will result in progressive change in discretionary efforts (Williams, 2003). Therefore, organizations must have an adequate recruitment and selection process with adequate training to enhance the employee's performance that will help employees nurture their career in the organization as

well. Employees should also be providing information about their work performance (Apella'niz, Sa'nchez, & Vines 2013); it will also predict the improvement (if any) in performance.

Different human resource practices are linked and related to each other in the way that resulting HRM programs in any organization contribute to the improved organization performance (MacDuffie, 1995; Arthur, 1994). This integration of particular HR practices is known as bundling of HR practices, like skill enhancing, motivation and empowerment enhancing grouped together in a bundle. Thus, high performance work system (HPWS) are the source of concern for employee-centered climate, which turn the employee's attitude in favor of the organization (Takeuchi, Chen & Lepak, 2009) which has a positive effect on performance. High performance work systems works through the employee job performance to enhance the organizational performance (Ramsay, Scholarios & Harley, 2000). Bundles of HR practices are being implemented rapidly because complimentary HR practices, when grouped in particular combinations enhance the employee's outcome/performance. Likewise, effective selection and hiring programs can result in effective training programs output (Toh, Campion & Morgeson, 2008).

Based on the above literature, the following hypothesis is proposed:

Hypothesis 1. Skill enhancing HR practices are positively related to Job performance.

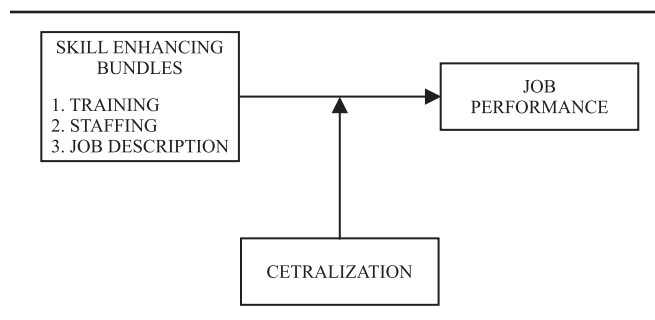
Centralization, HRM Practices and Job Performance

Organizations of all kinds have some structure. Structure of the organization functions in two ways: "first, structures regulate the influence of individual on the organization," and "secondly, structure is the setting in which power is exercised, decisions are made, and the organization's activities are carried out" (Hall, 1997). When the power is concentrated relatively to a few individuals, the structure is considered as centralized. However the degree of centralization can be determined with the diffusion of decision making power in the organization (Dalton, Todor, Spendolini, Fielding & Porter, 1980). The degree of centralization for HRM can be determined by environmental factors along with unionization in the organization (Fenton-O'Creevy, Gooderham & Nordhaug, 2008). Centralization and formalization also have an effect on human resource management practices like training (Dastmalchian & Blyton, 1992). In addition, the relation of centralization with job performance at subunit level has been reported negative in the past studies (Miller, 1967; Harrison, 1974; McMahan and Ivancevich, 1976). Another study of Kim

and Lee (2006, 2010) reported the negative association of centralization with knowledge acquisition and application capabilities of employees. Centralization is positively associated with job stress (Aizzat, Ramayah & Yeoh, 2006) and stress always effect the job performance negatively. It is therefore evident from the literature that centralization has an association with HRM practices and with the job performance. Therefore, the following hypothesis can be proposed:

Hypothesis 2. Centralization moderates the relationship between skill enhancing HR practices and job performance.

THEORETICAL FRAMEWORK



METHODOLOGY

Sample and Procedure

Data was collected through self-administered questionnaires using 5-point likert scale ranging from "strongly disagree" to "strongly agree". The unit of analysis for the study was dyadic i.e. employees and supervisors. The data was collected from the tourism corporations working under the provincial and federal government of Pakistan. The sample size was 222. The convenient sampling technique was used and data is collected single time from respondents during the winter season 2014. A total of 350 questionnaires were distributed and 222 returned were usable making the response rate to be 63%. The Cronbach's alpha value for Job performance is 0.825, HR practices is 0.828 and Centralization is 0.793.

Measure

Skill Enhancing HR Practices

The presence of skill enhancing HR practices: training, staffing, and job description were measured by adapting scale by Patel, Messer Smith and Lepak (2013), which consists of eleven items. Some sample items include: "employees will normally go through training

programs every few years”, “considerable importance is placed on the staffing process”, “the job description for a position accurately describes all of the duties performed by individual employees”. The Cronbach’s alpha value of this measure for this study was 0.828.

Centralization

Centralization was measured using scale by Ferrel and Skinner (1988), which consists of five items. Some sample items include “any major decision that I make, has to have the company's/boss approval”, “I have to ask high authority before I do almost any-thing in my business”, “in my dealings with this company, even quite small matters have to be referring to higher authority”. The Cronbach’s alpha value of this measure for this study was 0.793.

Performance

Performance was measured using scale by Podsakoff and MacKenzie (1989), which consists of five items.

Some sample items include “this worker fulfills all responsibilities required by his/her job”, “this worker never neglects aspects of the job that he/she is obligated to perform”, “this worker often fails to perform essential duties”. The Cronbach’s alpha value of this measure for this study was 0.825.

RESULTS

The data for the proposed model of the study was analyzed using SPSS simple regression method. Skill enhancing HR practices bundle was taken as co-variant while performance acted as the dependent variable for the study, and centralization was used as a moderator in the model.

Table.1 shows the mean, standard deviation, correlation and reliabilities for all the constructs. The mean for HR practices is 3.65 and job performance is 3.71, the correlation among them is 0.320, which shows that HR practices are significantly and positively correlated with job performance. Moreover, the correlation among centralization and job performance is also significant.

TABLE 1
Means, Standard Deviation & Correlation

Variables	Means	S.D.	1	2	3
1 HR Practices	3.65	0.608	1		
2 Centralization	3.62	0.64	.404**	1	
3 Job Performance	3.71	0.75	.320**	.148*	1

*N=222; Reliabilities in parenthesis; * $P>0.05$, ** $p>0.01$ & *** $p>0.001$*

Regression Analysis

The regression test was applied to measure the impact of HR practices on job performance. The results showed β value of .382 indicating that HR practices significantly predicts the job performance with value of $t=4.80$ and $F=7.74$. Therefore H_1 : HR practices are positively associated with job performance is accepted.

TABLE 2
Regression for Outcome

Predictors	Performance		
	β	R^2	ΔR^2
Step 1			
Control variables		.032***	
Step 2			
HR	.382***	.125***	.093

Control variables: Experience, Gender, Qualification
*N=222, *** $p<0.01$, ** $p<0.05$*

Regression for Moderation

For testing the second Hypothesis H_2 : centralization moderates the relation of HR practice and job performance, interaction term HRxCent was developed and moderation regression test was applied. In the 3rd step the introduction of moderator made the relation of HR and job performance insignificant; whereas, with the introduction of interaction term, the relation became significant and negative moderation was observed as β was improved and became negative at -1.63, which shows that centralization moderates and weaken the relation. Therefore, H_2 is also accepted.

TABLE 3
Moderation

Predictors	Performance		
	β	R^2	ΔR^2
Step 1			
Control variables		.032	
Step 2			
HR	.382***	.125	.093***

Step 3			
Cent	.020**	.125	.000
Step 4			
HRxCent	-1.631**	.156	.031**
<i>Control variables: Experience, Gender, Qualification</i>			
<i>N=222, ***p<0.001, **p<0.01, *p>0.05</i>			

DISCUSSION

The results supported all proposed hypothesis. Performance varies with various types of environment, systems, procedures, and actions of the management in any organization. In this study, the impact of skill enhancing HRM practices on performance was explored in the public sector tourism corporations of Pakistan. It was found that the HR practices were significant contributors towards better performance of the employees. This link of skill enhancing practices and performance was already established by many previous studies (for example, Teclmichael & Soeters, 2006; Ramlall, 2003), but this study also explains the role of centralized decision making authority while implementing the skill enhancing HR practices like training, effective recruitment & selective hiring and effective job descriptions. Through this study it is established that centralization negatively moderates the relationship of HR practices and job performance.

Pakistan in the Asia pacific region is known for its natural beauty and cultural heritage attractions, but as it is one of the developing economy facing serious economic downfalls due to the unstable political activities and terrorism in the country, the tourism industry of the country is very under developed. However, the private sector of the industry is somewhat contributing in the industrial growth, but the public sector tourism corporations in Pakistan are still the good example of old bureaucracy with centralized authority and timeworn concept of personnel management.

Tourism sector is purely the service sector, and decentralization and authority delegation throughout the organization is crucial for the service sector to perform well (Bowen & Lawler,1995; Doughlas & Judge 2001).However, unfortunately the public sector tourism corporations in Pakistan are having highly centralized structure as found by results of this study and interviews with managers there. Therefore, this contraction of authority to very few people at top is adversely affecting the tourism corporation and preventing it from growth. This study is concerned with the effects of centralized decision making for

execution of HR practices like training and staffing. The results indicates that HR practices are augmenting the job performance of employees but when intervened by centralization, the level of effectiveness decreases, because employees want their involvement and a kind of say in the decisions like training, staffing and about job description. Job description and training are recognized by the employees as essential practices in which they consider their involvement in decision making important.

Job performance of employees rated by supervisors was satisfactory, but employees and managers wanted innovation and gave impression of change and growth. Unfortunately, they are bound to follow just what ultimate authority floats. Therefore, centralization can be considered as a big hurdle for the growth and development of public sector tourism corporations. Similarly, there is no concept of motivation, empowerment in the organization; top management just adhere the personnel management concept and the employee development is ignored to a large extent.

LIMITATIONS & FUTURE RESEARCH

The study was cross sectional and limited to one type organization i.e., public. A comparative study of public and private sector organizations with different authority structures can give clearer picture of the impact of centralization on HR practices and performance.

The study was limited to just tourism industry, the similar model can be tested in other industries as well. In this study, only one dimension i.e. degree of centralization of organizational structure, identified by Pugh (1968), was included in the model; however, a study where all other dimensions like span of control, degree of formalization and hierarchical distance can also be included in the model for a more comprehensive understanding.

IMPLICATIONS

The study has significant implication for the government ministries running the tourism corporation in Pakistan. This study has shown the need for decentralization overall and specifically the human resource management and development practices. Similarly, the study also realizes the urgency for implementation of HRM practices like empowerment enhancing and motivation-enhancing practices because, if employed, would double the improvement in the performance and overall growth and service quality of the tourism sector.

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ANTECEDENTS OF RISK PERCEPTION OF VARIOUS FINANCIAL INVESTMENT PRODUCTS IN PAKISTAN

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ABSTRACT

This study aimed to explore the relationship between psychological biases and risk perception of investors. It employed primary data that was collected by using a questionnaire. The data was collected from individual investors and persons serving in Islamabad stock exchange, corporate offices, and other institutions. Results indicated that psychological biases like, Familiarity bias, Home bias, Gender and Affect do influence the individual investor's risk perception about financial products.

INTRODUCTION

Traditional finance theories are of the view that financial investors are rational and they always act according to efficient market hypotheses. However, recently there has been a new debate that considers the behavioral aspect of investors and argues that financial investors, even the smallest ones, are influenced by their psychological biases when they are making their investment decisions. Since 1970's the efficient market hypothesis presented by Fama has been extensively discussed in finance, which states that financial markets are efficient, instantaneously process all the available information and reflect it in the stock prices. Due to this efficient nature of market, any individual investor cannot predict and outperform the market patterns, whatever source of information they use. This EMH gives an idea that all investors are rational and follow efficient investment decision making process. However, the existence of market inefficiencies puts a question mark on the efficiency of the financial markets. If investors are able to outperform the market, it means that due to some irrational judgment they make those investment decisions; thus, opposing EMH (Shiller, 2003). Therefore, it can be said that there is some other driving force that enables them to act in a particular way. This force can be due to some cognitive or affective factors of investor's psychology, and investors are sometimes overwhelmed by these psychological factors, and their ability of making rational decisions is also affected in the process.

Every individual has several options to choose from, whether deciding about education, job, or even investment. These choices put a lot of pressure on an individual while trying to find answers to questions like

what is the maximum loss they would have to bear if anything goes wrong, what is the risk involved, etc. In simple words, risk is defined as "uncertainty about future outcome" or "probability that actual outcome will be different from desired one". Yates and Firer (1996) stated that the risk of wrong financial investment is more than any other type of loss because all of your wealth is at stake, that is why most of the time individuals are worried about total risk of the decision, not just the systematic risk.

The individual's risk-taking behavior changes according to the perception of benefits and risks that developed due to own nature and circumstances (Weber, Blais & Betz, 2002). Risk perception is mainly influenced by individual's background, personal understanding and experiences which further formulate certain beliefs and preferences of individuals, and then exhibit a biased financial investment decision behavior. This biased behavior can be due to feelings of hope and fear (affective influence), using heuristics and biases to process information and selecting choices on the basis of fear, greed, security, conformity and safety to attain certain psychological motives (Sahi, Arora & Dhameja, 2013). By becoming a victim of these biases, sometimes investors take those risks which they may have to regret later, and sometimes they blame their financial advisors for that (Kahneman & Riepe, 1998).

The failure of past research to explain how these biases shape the risk perception of financial investor creates a vacuum in the literature that is waiting to be filled. For that purpose this study will examine how these biases affect the investor risk perception about investment options in Pakistan. Weber and Hsee (1998) argued that different countries of the world exhibit different cultures. Due to these cultural differences the

risk perceptions of individuals vary accordingly. Western and Asian cultures have a lot of differences, thus a behavior exhibited in west does not necessarily hold true for Asian countries. As a result it is very important to investigate these psychological biases in Asian culture as well (Baker & Nofsinger, 2002).

Among all the known biases the chosen ones are significant to study due to their relatively higher importance in the literature. Thus the biases selected for current study are familiarity bias, home bias, gender and affect or emotions. The primary research question of this research paper is that whether the selected biases for the current research affect the risk perception of investors. Do familiar products effect the risk perception of investors? Are domestic products perceived differently as compared to international ones? Does gender of the investor influences the perception of risk? Do investors come under influence of emotions in investment decisions which affects their risk perception? The focus of this research is to investigate how these psychological biases affect the risk perception of various financial investment products and as a result how investors decide where to invest.

The outcomes of study will be helpful for the investors, financial advisor, and students. Understanding these biases is important to get insight of how investors deviate from the path of rationality. This study will not only uncover the existing biases among the investors, but it will also enable them to understand themselves even better and will enable them to make balanced financial judgments. This study will enable financial advisors and financial institutions to learn the psychology of their clients and investors, and guide them better in order to save them from losing all their wealth due to wrong choices under the influence of these biases. The study will also contribute in the existing literature by exploring the relationship of selected biases with the risk perception of investors, which will shape their investment decision. Students can also use these results for academic purposes and for future references.

REVIEW OF LITERATURE

People like to think themselves as rational and logical individuals in their daily decision making activities. But in actual we all are victims of our emotional and psychological inclinations in our perception of the world and decision making process. This affect of emotion and psychological barriers are not only confined to routine life, but also the investment decisions. Thus, the field of behavioral finance deals with this tendency of individuals to make irrational investment decisions. It takes into account those psychological factors which are responsible for this irrationality. This concept of

behavioral finance is contradictory to the traditional theories of finance which assumes that people are rational in their decisions and they make the best out of the opportunities available to them at a point in time. However, behavioral finance argues otherwise, that financial decisions of people are affected by how they interpret and act on the information available to them for any financial decision, and their actual behavior will not be according to rationality but on the basis of their own attitude and preferences. Having said that, it is difficult to say what is actually irrational, market or the investor (Subrahmanyam, 2008). Kahneman and Tversky (1986) demonstrated that the emotional biases and the cognitive errors of an individual can lead them to make poor decisions; hence, their research opened a new way by providing them models for studying how investors make decisions. By understanding that individuals are in a better position to understand their hurdles for rational decision making, and can refrain themselves from poor financial decisions (which they think are rational but actually they are not) can pose a great threat to their overall wealth and in worse situations can lead to an overall financial crisis (Robb, 2013). Therefore, it is the duty of the financial advisors to increase the financial literacy, trust of products and providers, also the understanding of risk among individuals which would help them make better decisions (Diacon & Ennew, 2001).

Cassidy and Franklin (1996) suggested that increasing the financial literacy can increase the likelihood of understanding and managing the risk in a far better way. It will also improve the investor's judgment of risk so that they can get rid of behavioral "traps" (Linciano, 2010). Also, by providing correct guidance a lay investor can take fruitful financial decisions (Ackert, Church & Tkac, 2010). The field of behavioral finance is still in its infancy; recently academic finance has accepted it as a possible model to explain how participants of financial markets make their decisions. According to De Bondt, Mayoral and Vallelado (2013) there are several factors which shape individual's financial decisions, such as habits, emotions, reasons, and social interactions. Numerous studies have considered demographics of investors to find out their perceived risk patterns. Apart from using demographics for evaluating risk perception, Hoffmann, Shefrin and Pennings (2010) suggested that other factors should also be considered for perceived risk evaluation like investment objectives and strategies. However, one cannot deny the importance of these demographics, personality traits and psychological aspects of investors in evaluating their riskiness. Since long, psychologists are trying to uncover the determinants of this judgment and decision making. So, it is very important to study these irrationalities in decision making in Asia as well, because Asian people can be suffering from these biases

differently or it may happen that they do not exist here at all, so it is essential to explore biases present in Asian culture which might be different from other cultures (Kim & Nofsinger, 2008). According to Wildavsky and Dake (1990), using culture to explain the decision making process of individuals broadens the criteria for evaluation of rationality of their decisions, because culture may not influence the characteristics of individuals but it may affect their social meanings, which in result would shape their fears and favors, molding their investment choices. Most of the times investors are not aware of what options are beneficial for them. Using what combination in their portfolio will maximize their returns and minimize the risk. This is why people normally compare their progress in investment by comparing with their initial investment or the market return (Veld & Veld-Merkoulova, 2008).

Risk perception

Risk is a relative term, it depends on the individual that what he considers to be a risk and how he perceives it. Risk is typically defined as uncertainty of the outcome and is not conceived only according to technical and scientific parameters but the psychological, social and cultural context. Experts and individuals perceive risk very differently. Diacon (2004) highlighted the importance of understanding risk perception by arguing that it's an important aspect to consider in an environment where limited information is available and from which no generalized conclusion can be derived by investors. He further explained that the experts are more confident about their choices; hence, more risk lover along with the development of positive attitude towards known as compared to a lay investor. Perception of a risk ends in an action or a decision. The greater the risk perceived, greater will be the compensation demanded for that risk (Sjöberg, 2000). This is why mostly investors become risk averse if they perceive risk to be very high (Sitkin & Weingart, 1995). Individuals consider risk to be a multidimensional and thus evaluate and perceive it on different parameters instead of using only one abstract idea. To assess this multidimensional nature of risk perception, most researchers in finance use the well-known the methodology "psychometric paradigm" presented by Slovic (1972). According to Slovic, Fischhoff, and Lichtenstein (1986) these psychometric techniques are very useful in finding out how individuals are concerned with risk and its management. These techniques help them to cope up with those risks and ensure its effective management. Vlaev, Chater and Stewart (2009) showed that the multi facets of the risk perception, if tapped carefully, can be stimulated in right direction. Similarly, judging individuals in one situation and deciding about how they perceive risk is also not

good.

Individuals as well as experts perceive risk and risky situations differently in different situations (MacCrimmon & Wehrung, 1985). Therefore it is important to understand factors which shape this perception. Schmidt (2004) highlighted some major factors of risk perception. They are voluntariness (the risk taken voluntarily is more acceptable than an imposed one even if it's more riskier), controllability (risk which are considered to be under one control are viewed as less risky to those controlled by others), delay effect (the more prolong are the results of a decision, the more it is considered to be risky, natural vs. manmade (if the risk actually occurs or developed intentionally), familiarity and habituation (known and familiar risk gradually loses its shocking impact), and media (risk declared in media is considered to be more important and genuine).

Familiarity bias and risk perception

Before making any investment decision people normally check its available information. The investment decisions are normally taken on the basis of experience, past experiences, and knowledge about the investment option (Hon-snrir, Kudryavtsev & Cohen, 2012). Familiarity is the phenomenon in which people tend to invest in known assets. Because of this familiarity with the assets, people become comfortable with them assess their risk and benefit accordingly. People are always comfortable in investing in familiar assets, even at the expense of ignoring the benefits diversification (Huberman, 2001). Under the influence of familiarity bias, individuals become more confident about familiar options and underestimate the risk related to particular investment option; thus resulting in misestimating and wrong perception of risk related to it. This will, in longer run, causes serious problems for investors (Seiler, Seiler, Harrison, Lane, 2013); over investment without proper consideration is one of the consequences (Hiraki, Ito & Kuroki, 2003).

According to Toshino and Suto (2004) individuals as well as institutional investors are normally more familiar with the domestic market. As they have abundance information about domestic market they underestimate the risks associated with domestic market on the basis of this information. This misleading information leads them to be more optimistic about domestic market than for any less familiar foreign market. Thus familiarity (either geographically or professionally) is driven by information available (Massa & Simonov, 2006). After having enough experience with investment decisions individuals tend to think that they do better in situations which are familiar and about which they are knowledgeable. They feel more motivated for those investment options which are

familiar over the unfamiliar ones even if their chances of winning are otherwise (Heath & Tversky, 1991). As the level of familiarity increases, individual's level of confidence increases (Park & Lessig, 1981). Thus he feels more competent about his chosen option. Lai and Xiao (2010) showed that becoming the victim of familiarity bias investors make inefficient investment decision. However, if the consumers have sufficient competencies they can overcome these biases and be a rational decision maker. The judgment of risk and return is also affected by this familiarity. According to Ganzach (2000) whenever familiar financial assets are judged on risk return criteria, individuals normally use psychological constructs to evaluate their performance. Also, if the asset is unfamiliar, the perception of risk related to it is very high even if that is not the actual case (Song & Schwarz, 2009).

Hypothesis 1. If an individual is prone to familiarity bias, the risk perception of that investor will also be affected.

Home bias and risk perception

Individuals hold a set of financial products to form a portfolio of their investment. This portfolio consists of domestic as well as foreign ones. The portfolio is diversified when they have a combination of assets. The finance literature has numerous examples which show that including foreign financial products in the portfolio results in profit maximization. However, contrary to this, actual investors prefer the domestic financial products over the foreign ones, and forego the potential benefits of international diversification (Tesar & Werner, 1995). This behavior of individuals in which they hold too little of their portfolio assets in foreign products is known as home bias (Lewis, 1999).

The behavioral explanation of this home bias has the notion of mitigating risk. The foreign assets are unfamiliar to individuals; this unfamiliarity induces a fear of unknown among the individuals and they are reluctant to invest in them. In literature, there are three main reasons for home bias; transaction cost of foreign assets, hedging and information asymmetry. These factors induce a home bias in individuals because they perceive higher returns and less risk for domestic assets (Cooper & Kaplanis, 1994). This perception of domestic assets to be less risky is the reason why individuals are confident about domestic assets and are too optimistic about them. Due to this, investor's portfolio remains undiversified and this is actually the result of investor's choice (French & Poterba, 1991). Having an undiversified portfolio is sometimes due to fact that in case of foreign investment, investor has to incorporate

the effect of exchange rate in the estimation of profits from the foreign assets because international portfolio analysis is quite difficult as compared to domestic ones (Buckley, Buckley, Langevin & Tse, 1996).

According to Barber and Odean (2011), preferring local and familiar stocks result in undiversified portfolio. Due to this undiversification, investors over invest in local assets, considering them to be safe and less risky. This home bias can take many forms. It can be preference of domestic over foreign assets as well as preference of locally situated foreign firms as well. Coval and Moskowitz (1999) provided evidence for preference of locally situated firms. The information asymmetry among the investors about local and foreign firms induces the preference of less risky option, which is the domestic one. The consequences of this undiversification are explained by Nordén (2010) that home bias results in bad financial performance. There are ample evidences from researches that individual investors as well as institutions prefer local asset classes over the foreign ones, (Ke, Ng & Wang, 2010; Imazeki & Gallimore, 2009; Chan, Covrig & Ng, 2005; Kilka & Weber, 2000).

Real world investment portfolios show that individuals hold higher degree of domestic assets in their portfolios. Oehler, Rumber and Wendt (2008) claimed that apart from home bias in their mutual funds, individuals also display 'European Bias' that equities from European countries which are strongly overrepresented. Furthermore, the managers are unable to overcome the overall home bias effect. According to Baltzer, Stolper and Walter (2011) the basic reason for home bias can be ambiguity aversion. And in uncertain situations, using geographical closeness as proxy individuals tend to put their assets in familiar ones. However, recent researches are showing a new trend emerging in the portfolio formation. Investors are now accepting the importance of a diversified portfolio with the inclusion of foreign assets and reaping its benefits. A contrasting finding is by Niszczota (2013) in which he claimed that international diversification is strong in individuals who are open to experience (a personality trait). This trait increases the risk taking tendency of individuals; they perceive risk to be less in spite of information asymmetry and unfamiliarity. Another research which produced distinct result from the traditional ones is by Rubbiani, Lelyveld and Verschoor (2013) which showed that all the mature pension funds are internationally diversified and home bias have fallen. Larger portfolios are using international diversification at the expense of fixed income domestic options.

Hypothesis 2. Individuals who show higher preference of domestic financial assets over

the foreign ones will directly influence their perceived risk as well.

Gender and risk perception

Literature in finance suggests that women make more conservative investment decisions as compared to men because of their risk averse nature. Thus, they are typically stereotyped as more risk averse than man in any financial decision making. A number of studies in literature are supporting this belief (Zinkhan & Karande, 1991; Watson & McNaughton, 2007; Jianakoplos & Bernasek, 1998; Felton, Gibson & Sanbonmatsu, 2003; Fehr-duda, Gennaro & Schbert, 2006). According to Bayyurt, Karışık and Coşkun (2013) the nature of investment of men and women differs because of their particular risk preferences. Men being more risk takers prefer common stock and real investments while women being risk avoiders take conservative decisions and go for funds, time deposits and gold. Weber et al. (2002) developed a psychometric measure and assessed the risk perception of men and women in five different domains. They were financial, health/safety, recreational, ethical, and social decisions. Women are ranked risk averse in four out of five domains. Thus, concluding that males are more risk taker increase the likelihood of engaging in risky decisions. Previous researches in finance show some different findings. Embrey and Fox (1997) showed that in certain circumstances women tend to hold risky assets if there is an expectation of inheritance, employment or higher net worth. Overall, gender was not considered to be a critical determinant of financial investment decision.

According to Powell and Ansic (1997) women are less risk takers than males because they adopt different strategies according to the financial environment in which they are making decisions, but overall it doesn't affect the performance of both genders. However, as strategic decisions are more evident than risk preferences outcomes, women are labeled to be risk averse on this basis. Olsen and Cox (2010) in their research provided evidence that professional as well as non professional women appear to be risk avoiders when they face any social or technical hazard. This situation occurs even if both men and women have the same level of experience and expertise. He, Inman and Mittal (2008) provided a new relation between gender and risk perception. They argued that risk perception of men and women is highly contingent; it depends on how they perceive themselves to be competent and resourceful to solve a particular issue. The more a gender thinks itself to be resourceful, more will be its risk taking capacity. A study by Wang (2009) explained that mostly past researches have examined the perceptions of gender in financial

decision making rather than their actual experiences. So, direct experiences should be considered for evaluation. Women exhibit less financial knowledge and confidence about their investments. As financial knowledge is positively related to behavior, women show poor financial behavior. The major problem for researchers who want to study gender preferences of financial risk is the lack of gender-disaggregated data. All the available financial data is totally gender blind. No discrimination of men and women savings data, investment patterns, etc., this is why it is very difficult for researchers to find any obvious patterns of risk preferences among women (Staveren, 2001).

Hypothesis 3. Gender of an investor will affect its perceived risk of financial product.

Affect and risk perception

In the past decision making was treated as a purely cognitive process in which individuals evaluate a situation and take decision entirely to maximize their utility. However, recently affect and feeling has made its place in the decision making paradigm. Paul Slovic and his colleagues had presented the concept of affect heuristics as a theory to explain the fact that how people assess risk under the influence of feelings. These authors argued that while making any decision people are influenced by the images and feeling they had developed throughout the process of decision making. These feelings also influence the perceived risk and return of the activity (Alhakami & Slovic, 1994; Finucane et al. 2000). The perceived risk and return of an activity is dependent on the type of affect related to it. They also found out that the risk and benefit analysis of an activity liked by people is different from the one which is disliked. The risk of liked activity is treated as low and its benefit as high.

Affect influences the decision making process by playing two roles, expected affect and immediate affect. As the name suggests, expected affect predicts the feeling of an individual when decision outcome occurs in future, while immediate affect are the feelings experienced at the time of making decision. In the past, only expected affect has been taken into consideration for decision making and risk benefit analysis. Immediate affect has the power to influence or change the perceptions and judgment of a person about risk benefit outcomes. If these emotions intensify, they alter the perceptions very strongly, change the decision making course and take priority over the rationality (Loewenstein & Lerner, 2003). Loewenstein, Weber, Hsee and Welch (2001) also explained that the affect experienced at the time of decision making often diverge the individuals from the

rational assessment of risk. This divergence enables the emotional assessment to drive behavior. However, this is not the case all the time. Slovic, Finucane, Peters and Mcgregor (2004) explained that affect heuristic sometimes form the neural and psychological substrate of utility, thus enabling the individuals to be rational in many important situations. It works when, in the light of the experience, individuals predict correctly that whether they will like the outcomes of their choices or not, but in situations where consequences are different and individual expectations fail, it can be a disaster.

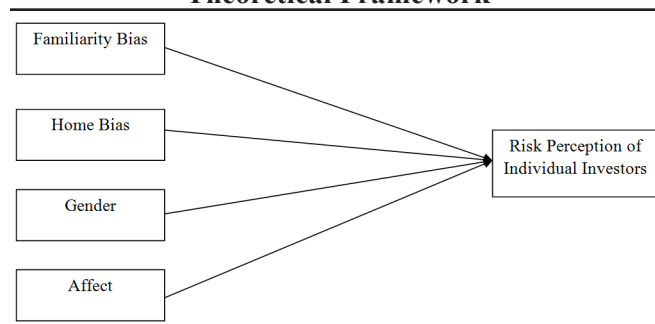
Investor's sentiments are driven by both rational and irrational factors, so it is important to see what determinants individual use in a particular situation (Fernandez, Gonçalves & Vieira, 2013). Numerous studies have tried to explain how this affect heuristic influence the risk benefit judgment, risk perception and decision making process. Kuhnen and Knutson (2011) explained that the area of brain which deals with emotion, risk, reward, punishment is same suggesting that expected emotions affect the decision making process. In positive emotional state, people are induced to be more confident about their capabilities of investment and prone to take risks. Decisions taken under the influence of emotions and affect are fast and efficient in some situations, but that is not the case all the time (Grable & Roszkowski, 2008). Aspara (2009) demonstrated that investment decision is partly cognitive and partly aesthetic or affect based. Individuals choose those financial products or institutions which show a positive attitude overall as compared to others who have similar risk and returns pattern. Considering financial decision to be rational, feelings are considered to be negatively affecting the rationality in the past. However, Seo and Barrett (2007) showed that how feelings affect the decision making process entirely depends on how individuals experience, perceive and use them. They found out that people with more intense feelings achieved higher performance in decision making when they were able to identify and use them efficiently.

Aspara and Tikkanen (2011) demonstrated that most investors feel and extra motivation for their investment decision when they include affect component in decision making. Individual will make extra investment in the company or the financial product for which they have a positive attitude. Macgregor, Slovic, Dreman and Berry (2000) explored that this affect is also a vital factor in determining the pricing of an asset. In securities which lack any history, individuals use their affect and imagery to judge their worth and then decide about their investment. Similarly, Fong, Lean and Wong (2008)

claimed that people tend to use their sentiments in investment decision when they do not have proper and sufficient information about the investment. When sentiments are higher, people become more risk lover, perceive the risk to be lower than it actual is. This sentiment based motivation also enables investors to decide which options to choose and which to ignore. Rubaltelli, Pasini, Rumiati, Olsen and Slovic (2010) verified that individuals tend to select those financial investment options which pose a positive attitude. Like in their research, people tend to select those funds which were socially responsible as compared to others. They have an overall positive attitude about them, show a higher degree of confidence and positive reaction to it, price them accordingly.

Hypothesis 4. The more positive an individual affect towards a financial product, the more perceived risk of that product will be affected.

FIGURE 1
Theoretical Framework



METHODOLOGY

Sample and procedure

Sample consisted of individuals investing in various financial products, like cash equivalents, stocks, bonds, property, funds, and insurances. Surveys were distributed to different financial institutions including banks, stock exchange, corporate offices and professional business schools. Over all, from 250 questionnaires distributed, usable were 155 in number representing a response rate of 62% and a sample size of 155. Out of 155 respondents, 94 were males and 61 were females, 67.1% in paid employment, 27.1% were not in paid employment and rest were retired. A large portion of respondents were in early investment experience range of 0-5 years with 52.9%. 27.7% were in 6-10 years and rest was in other ranges with minimal differences. Majority of respondents were investing in property i.e., 25.8% of total sample. 20.6% in fixed income bonds, 19.4% were investing in cash equivalents, 12.3% in life insurance, 8.4% in both equity and commodity, 3.9% in mutual funds and a

minimal of 1.3% in pension funds.

Measures

The primary data was collected using a 35-item self-reported questionnaire. Except for certain particular items where highest value shows highest value of construct in question, likert scale anchored by 1= strongly disagree and 5= strongly agree was used. Questionnaire for measuring risk perception was adopted by McGregor et al. (1999), containing 19 items. Examples of item include “Overall, how risky is investing in this specific type of investment”, “To what degree are financial professionals able to predict the future performance of that type of investment?” The reliability analysis showed a value of 0.770 for this variable. The familiarity bias was measured using a 3 item questionnaire adopted by Wang, Keller and Siegrist (2011), examples of item include “Do you have the feeling, that investment product is easy or difficult to understand?”, “Are the risks of this investment

product familiar to experts?”. Alpha reliability of this questionnaire was 0.453 which was then adjusted to 0.517 after deleting one item. Home bias was measured by adopting a 3 item questionnaire from Graham, Harvey and Huang (2009). Examples of item include “Investing in domestic financial products is less risky and less costly as compared to foreign alternatives”, “Domestic financial products will perform better in future than any comparable foreign substitute?” Alpha reliability of initial analysis showed a value of 0.303 which was increased to 0.627 after deleting one item. Risk aversion was measured by adopting a SOEP 7 item questionnaire from Dohmen et al. (2005) study. Alpha reliability for this variable showed a value of 0.719. Affect of an individual was measured using a 3 item questionnaire by Aspara and Tikkanen (2011). Examples of item include “When you invested in any financial product, on what basis did you make the investment decision?”, “What kind of attitude did you have towards any financial product?” Alpha value for this was 0.552.

TABLE 1
Means, Standard Deviations, Correlation

		Mean	SD	1	2	3	4	5
1	RP	2.9759	0.53112	1 (0.770)				
2	FAM	3.1	0.89261	.321**	1(0.517)			
3	HB	3.3065	0.99085	.347**	0.134	1(0.627)		
4	GEN	3.1336	0.6958	.506**	.282**	.229**	1(0.719)	
5	AFF	2.8516	0.841	.456**	.210**	.217**	.276**	1(0.552)

*n=155, **p<.01, Alpha values are reports in parentheses.*

Table 1 represents the descriptive statistics and correlation values between the independent and dependent variables. The mean for risk perception is 2.9759 (s.d = 0.53112), for familiarity bias mean value is 3.1000 (s.d = 0.89261). Home bias shows a mean value of 3.3065 (s.d = 0.99085) and Gender mean value is 3.1336 (s.d = 0.69580). The mean for affect is 2.8516 (s.d = 0.84100). The correlation matrix indicates a positive relationship between RP and FAM having the value 0.321**. The correlation values between RP and HB is 0.347** showing HB is positively related to RP. GEN is positively related to RP with a correlation value of 0.506**. The correlation value between RP and AFF is 0.456** showing RP is positively related to AFF.

Regression analysis

Linear regression was performed to finally test the hypotheses. The hypotheses predicted that familiarity

bias, home bias, gender and affect would have a positive impact on risk perception of individuals. To test these predictions, risk perception was regressed on these variables, (with no control variables). Regression analysis showed that familiarity bias has a beta value of 0.082 at p<0.05, explaining that familiarity bias has the significant positive relationship with risk perception. The beta value between home bias and risk perception was 0.1 at p<0.05 showing that home bias has the significant positive relationship with risk perception. The beta value for gender was 0.262 at p<0.001 depicting a significant positive relation with risk perception. Beta value for affect was 0.184 at p<0.001 showing that affect is significantly and positively related to risk perception. So according to results, hypotheses H1, H2, H3, H4 are accepted. Overall a good support for model was obtained with a significant value of R2= 0.416. The value of R2 showed that the model has 41.6% predictive power of explaining variation in risk perception due to the Familiarity bias, Home bias, Gender and Affect.

TABLE 2
Regression analysis for outcomes

Predictors	RP	
	β	R ²
FAM	0.082*	
HB	0.100*	
GEN	0.262***	
AFF	0.184***	0.416

DISCUSSION

Previously risk and uncertainty were considered to be a statistical or mathematical concept, but now it's been proved that it has also a psychological construct. Risk perception is a multi dimensional construct and decisions on this base are also affected in the process. However, as compared to professionals, lay investors are more sensitive to potential losses. Risk perception was treated as cognitive process earlier, but now the psychological component of investors is also taken into account while measuring. Literature of previous studies showed mixed views regarding whether risk perception is dependent on psychological biases or not. The present survey also focuses on identifying if these psychological components affect the investors in Pakistan.

The results of this survey show a full support for the hypothesized relationships between the biases and the risk perception. The familiarity bias which means that investors have a sweet tooth for the known and familiar products have a direct and significant positive effect on risk perception. The greater the familiarity, the greater it affects the risk perception. The major reason for this can be that people develop positive feelings or emotions for the familiar ones and tend to prefer them over non-familiar ones, and as a result affect the investment choices of the individuals. The results of present study are also in line with the findings of Toshino and Suto (2004) that people tend to fall for the familiar assets, and as a consequence their perceived risk is changed and they forego the benefit of diversification by incorporating the benefits of having multiple assets of multiple risks and returns, and have their portfolios undiversified (Huberman, 2001).

As shown by present survey, the risk perception is also affected by home bias and gender. As explained by different psychologists people tend to prefer familiar ones over unknown, the fear of unknown and dread is a common factor in identifying risk. This might be because the current situation of Pakistan is very crucial economically as well as politically. Investors too are very sensitive on how to secure their investments. Due to volatile nature of the country, it is a major goal of every investor to save their investments from losses.

The main reason for this can be derived from Hofstede's cultural dimensions theory. Society as a whole tries to minimize the risk to cope up with anxiety and potential losses. That is why investor's perceived risk is subject to a number of factors like familiarity, home bias etc; thus, results are in line with the study of Barber and Odean (2011). Taking gender as a determinant, it is also an important factor for perceiving any level of risk. It has been in finance literature that men and women do not respond similar to financial decisions. This can be because the structure of society has a major effect on how much they liberalize their women in their decision making. Pakistan, being a male dominating society, does not allow women to be independent in their decisions. Even if some of them are able to secure a safe and independent spot for themselves still they are subject to different criteria thus affecting their performance. How people perceive risk is also dependent on their gender. Men and women perceive risk in different ways, since women and men have different roles in economies and societies, thus confirming the results of Bayyurt, Karışık and Coşkun (2013). The last hypothesis of the survey is also confirmed by the results; thus suggesting that when investors are undergoing the risk perception process, emotional component sometimes deviates the decision maker from path of rationality, and they make the financial decisions under the influence of feelings and emotions. If an investor feels a positive attitude towards a financial product, it is very much obvious that he will invest in that due to extra motivation caused by this affect. This extra motivation does not only influence him to perceive risk differently, but also to invest over and beyond the expectations of risk and return for that product, (Aspara & Tikkanen, 2011). In general, it is concluded that traditional finance theory no more holds a sacred spot in finance. Now individuals are not rational all the time, they become a victim of these biases in the process. Their perceived risk is affected by certain factors which were not taken into consideration before. Eventually, sometimes they tend to take those decisions which are not in their favor. In Pakistani context, this study opens a new gate for research. Present study has provided a platform by exploring that the stated variables can affect the perceived risk of financial products.

Limitations and future direction

There were certain limitations in the present study. First the survey was intended to get a general notion if the mentioned variables affect risk perception or not, it does not show how these variables affect perceived risk. Secondly, data collected was very limited and sample size was very small. Data was collected only from Rawalpindi and Islamabad. Moreover these relationships

can be further probed by using advanced techniques.

Future researchers can further extend this study by finding out how familiarity bias, home bias, gender and affect, effect risk perception of financial products. For example, if an individual is prone to familiarity or home bias and affect, research should be to find out whether he will overstate its benefits and understate the risks or not. Similarly, research should be to find out if women are more risk averse than men or not. Further research can be done by collecting a large sample data and from various areas of the country. Other variables as independent, mediator and moderator can also be used to expand the relationship to get the exact picture of process.

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IMPACT OF LOW QUALITY PERFORMANCE APPRAISAL ON JOB SATISFACTION, ORGANIZATIONAL COMMITMENT, AND TURN OVER INTENTION, MODERATING ROLE OF LOCUS OF CONTROL

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ABSTRACT

The purpose of this paper was to examine the effect of low quality performance appraisal on three human resource management outcomes (job satisfaction organizational commitment and turnover intention); the moderating role of locus of control was also examined. Using data from 150 private sector employees, different outcomes were identified. Regression analysis indicated that low quality performance appraisal was negatively related to job satisfaction and affective commitment, whereas positively related to turnover intention. However, low quality performance appraisal was not found to have an effect on continuous commitment and normative commitment. Locus of control was found to have moderated all the relationships between independent and dependent variables.

INTRODUCTION

Performance appraisal has gained the attention of researchers since many decades (Boachie-Mensah & Seidu, 2012; Cawley, Keeping, & Levy, 1998; Dulebohn & Ferris, 1999; Ferris, Judge, Rowland, & Fitzgibbons, 1994; Ferris, Munion, Basik, & Buckley, 2008; Lee, 1985; Martin & Bartol, 2003; Wright, 2004). It is considered to be a reliable source to make managerial decisions (Brown, Hyatt, & Benson, 2010; Cleveland, Murphy, & Williams, 1989; Latham, Almost, Mann, & Moore, 2005; Lee, 1985). Its importance is not simply because it leads to improvement in performance (Larson, 1989; McConkie, 1979), it also leads to motivating individuals, and direct their behavior towards achieving the objectives of the organization (Houry & Analoui, 2004; West et al., 2002). It can be concluded from the existing body of knowledge that increasing employee performance and productivity is mostly because of the quality that performance appraisal process preserves (Brown et al., 2010).

Performance appraisal, as a critical managerial decision tool, must provide the objective and accurate ratings of an employee's performance (Boachie-Mensah & Seidu, 2012). It is extensively deemed that performance appraisal is most likely to be unfair because of high level of inaccuracy, thus users go doubtful and are reluctant in accepting the results (Banks & Roberson, 1985). There are evidences which show that performance

appraisal is affecting many organizations such that it leads to decreasing performances instead of increasing them (Latham et al., 2005). The results of performance appraisals are not always positive (Giangreco, Carugati, Sebastiano, & Tamimi, 2012), either because of biasness in the evaluation process (Banks & Roberson, 1985), or due to weak evaluation content (Ilgen & Favero, 1985), or it can be because of wrong use by managers to consolidate their grip over employees (Klaas & DeNisi, 1989), or raters would mind to provide accurate ratings due to conflict between their best interest and the ratings that are accurate (Poon, 2004). As subjectivity factor is increasing in performance appraisal systems (Boachie-Mensah & Seidu, 2012; Choon & Embi, 2012; Longenecker, Sims, & Gioia, 1987; Treadway, Ferris, Duke, Adams, & Thatcher, 2007), it is decreasing the accuracy of performance appraisals, creating negative outcomes such as decrease in organizational efficiency because of decline in the motivation of employees to perform their work. As, in existing literature, it is indicated that performance appraisal is sometimes linked to increase in job dissatisfaction and intention to quit (Kammerlind, Dahlgaard, & Rutberg, 2004; Poon, 2004; Silverman & Wexley, 1984; Wright, 2004), as a result organizations suffer, making it important to understand the implications of low quality performance appraisal systems (Brown et al., 2010).

This study differs from previous works in a way that this study includes a moderating role of locus of control

which has not been proposed previously to examine its moderating effect on, e.g. job satisfaction, organizational commitment, & turnover intention combined.

Using psychological variable such as locus of control in a moderating role can come up with different and clearer results which would be useful to understand the said relationships (Brown et al., 2010). The variations in employee attitude (e.g. job satisfaction, organizational commitment) are related with employee's locus of control (Ng, Sorensen, & Eby, 2006).

Employees having internal locus of control believe that the events can be controlled by them, while employees with external locus of control believe that they can't control their attitudes, perceptions and behaviors that are generated by an external environment (Chiu, Chien, Lin, & Hsiao, 2005). When a person believes that some happening or event has happened because of luck, fate, or out of self-control, that person is said to have external locus of control, whereas if some event is perceived to have occurred because of self-characteristics, he/she is said to have internal locus of control (Rotter, 1966). Some past researches indicate that employees with internal locus of control are more satisfied with their jobs as compared to employees with external locus of control (Mitchell, Smyser, & Weed, 1975).

The aim of this study is to examine the impact of low quality performance appraisal on three factors of organizational efficiency: job satisfaction, organizational commitment and turnover intention. Past researches have typically focused on single outcome of performance appraisal such as job satisfaction (Cawley et al., 1998; Jawahar, 2006b), other studies have focused on two outcomes e.g. job satisfaction and turnover intention (Poon, 2004). Little research has been done in the past to evaluate the effect on all the three factors combined (Brown et al., 2010; Jawahar, 2006a). In addition, this study is focused on analyzing the moderating effects of locus of control on the relationship between performance appraisal and its outcomes. It is expected that different results will be established. On the basis of the results, some ways may be identified to bring improvement in the current traditional way of the evaluation process.

REVIEW OF LITERATURE

Assessing the quality of performance appraisal

Performance appraisal can be described as a process of evaluation of employee performance often examined by the supervisor or a peer (DeNisi, Cafferty, & Meglino, 1984). Performance appraisal is used for a range of purposes such as administrative and developmental uses, and is linked with organizational productivity (Behn, 2003; Cawley et al., 1998; Cleveland et al., 1989; De

Andres, García-Lapresta, & González-Pachón, 2010; Larson, 1989; McConkie, 1979; Mount, 1984). There are evidences that employee acceptance and satisfaction with the performance appraisal process is necessary to get maximum benefits out of it (Cawley et al., 1998; Latham et al., 2005; Mount, 1984). The main focus should be to motivate employees to improve their performance, and to make it certain that appraisal ratings are unbiased, fair and are based on actual performance (Inderrieden, Keaveny, & Allen, 1988). There are evidences that subjectivity and politics are dominant elements in performance appraisal process, which generates negative outcomes such as decrease in performance (Longenecker et al., 1987). Evaluation process mostly depicts the biasness of the appraiser, rather than the actual performance of the employee (Latham et al., 2005). From the above discussion it can be concluded that performance appraisal is a key practice that either makes the organization have enthusiastic and productive workforce, or low and demotivated employees. When positive results, such as improved performance, are not produced, then it is often attributed to the low quality of performance appraisal process (Choon & Embi, 2012; Johnson, Batey, & Holdsworth, 2009).

From the above discussion it can be concluded that low quality performance appraisal refers to the condition when appraiser fails to elicit in his/her ratings the actual performance of the employee, which may be due to unintentional biasness, or due to politics as a deliberate attempt to manipulate the appraisal ratings.

In sum, quality of the performance appraisal can be determined by its overall impact on HRM outcomes. Currently three HRM outcomes are included in the study, which are job satisfaction, organizational commitment and turnover intention.

Low quality performance appraisal and job satisfaction

Job satisfaction is the employee attitude or orientation which indicates the degree to which he or she likes the job (Agho, Price, & Mueller, 1992; Beer, 1964; Brooke, Russell, & Price, 1988; Currivan, 2000), and has been a measuring source of employee wellbeing (Green, 2004). Performance appraisal relationship with job satisfaction has been extensively studied (e.g., Blau, 1999; Cropanzano, Howes, Grandey, & Toth, 1997; Jawahar, 2006a, 2006b; Levy & Williams, 1998; Poon, 2004; Vigoda, 2000). Feelings of self-worth, achievement, positive attitude towards the job, and feelings of a positive standing in the organization are the outcomes of a high quality performance appraisal (Lind & Tyler, 1988). Past studies suggest that high quality performance appraisals are likely to generate higher

levels of job satisfaction (Byrne & Zinta, 2005; Fried & Ferris, 1987; Masterson, Lewis, Goldman, & Taylor, 2000). Feedback accuracy about performance has been observed as a key factor to an employee's ability to perform more effectively in the organization (Nathan, Mohrman, & Milliman, 1991). There is evidence that employee satisfaction with performance appraisal is positively related with overall job satisfaction (Jawahar, 2006a), whereas on the other hand, Blaue (1999) found that dissatisfaction with performance appraisal leads to job dissatisfaction. Literature indicates that biasness in appraisal is considered to be unjust and unfair, hence it leads to lower job satisfaction (Baird, 1977; Poon, 2004; Taylor, Tracy, Renard, Harrison, & Carroll, 1995; Vigoda, 2000). If an employee, who gives value to the organization, receives negative ratings, this would result in conflicts and lower job satisfaction. Therefore, it can be hypothesized that:

Hypothesis 1. Low quality performance appraisal is negatively related to job satisfaction.

Low quality performance appraisal and organizational commitment

Organizational commitment refers to the extent to which an employee feels loyal, attached and involved in the particular organization (Allen & Meyer, 1990; Mueller, Wallace, & Price, 1992). The main purpose of performance appraisal is to elevate organizational commitment which may ultimately lead to increase in organizational productivity (Fletcher & Williams, 1996). Employees who are contented with performance appraisal feedback tend to have higher levels of commitment (Jawahar, 2006a). Past studies suggest that two dimensions of organizational commitment are definite such as continuance and affective commitment (Allen & Meyer, 1990). The continuance commitment entails that an employee seeks to remain with a particular organization either due to fear of losing his/her investment in that organization, time and the effort exerted for better outcomes, or because of lack of any other job possibility (Mayer & Schoorman, 1992). Quality performance appraisal gives an employee recognition for his/her contributions to the organization. As a result, continuance commitment may be expected to strengthen due to increase in satisfaction with performance appraisal process. The affective commitment refers to employee's strong emotional attachment and involvement with the organization for its welfare (Allen & Meyer, 1990). Satisfaction with performance appraisal gives an employee feelings of equity and gratitude which may lead to developing emotional attachment with the organization (Lind & Tyler, 1988). The third form of commitment,

the normative commitment refers to employee's feelings of obligation to be persistent in the organization, and avoid leaving the organization despite the availability of alternatives (Allen & Meyer, 1990). Previous studies suggest that when an employee experience high quality performance appraisals, a feeling of obligation towards the employer and the organization gets generated, which ultimately leads to the positive attitude and behavioral change (Hetidrix, Robbins, Miller, & Summers, 1999). Employee's organizational commitment is very much dependent on its trust on appraisal system (Robinson, Kraatz, & Rousseau, 1994). A high quality performance appraisal should make the employee feel valued and gratified to the organization (Brown et al., 2010). There is evidence which suggests that employees who believe that their contribution are appreciated and acknowledged are more committed to the organization (Masterson et al., 2000; Pearce & Porter, 1986). Outcome of low quality appraisal mostly increases job dissatisfaction which ultimately leads to lower organizational commitment (Atwater, Waldman, Atwater, & Cartier, 2000; Kuvaas, 2006). In an earlier study, it was found that negative appraisal ratings significantly resulted in decreased organizational commitment, whereas positive ratings did not affect organizational commitment of those employees (Pearce & Porter, 1986). From the above discussion it can be anticipated that if there is low quality performance appraisal in the organization, then employers may experience lower organizational commitment on the part of its employees. Therefore, on the basis of the arguments given above, the following hypothesis:

Hypothesis 2a. Low quality performance appraisal is negatively related to the affective commitment.

Hypothesis 2b. Low quality performance appraisal is negatively related to the continuance commitment.

Hypothesis 2c. Low quality performance appraisal is negatively related to the normative commitment.

Low quality performance appraisal and turnover intention

Turnover intention can be defined as the behavioral intention to leave or quit the organization (Kuvaas, 2006). Past researches suggest that fairness and justice in organization are linked positively to job satisfaction and negatively to turnover intention (Chen, Ployhart, Thomas, Anderson, & Bliese, 2011; Konovsky & Cropanzano, 1991; Poon, 2004; Taylor et al., 1995). Satisfaction with the performance appraisal indicates

that employees perceive that their contributions had been accurately weighed and acknowledged (Jawahar, 2006a). This may be negatively associated to turnover intention. There are empirical findings that fairness in organizations reduce the negative effects of perceived politics and biasness on turnover intention (Byrne & Zinta, 2005; Masterson et al., 2000). Past studies suggest that low quality performance appraisal leads to lower organizational commitment (Kuvaas, 2006), and low organizational commitment is signified as the strongest predictor of turnover intention (Angle & Perry, 1981; Geurts, Schaufeli, & Rutte, 1999). Furthermore, it was reported that low quality appraisal was causing employees to have increased intention to leave the organization due to reduction in job satisfaction (Poon, 2004). Dominance of politics and biasness in the appraisal system may generate intentions among employees to leave the organization to avoid from being affected by biasness and political on-goings (Geurts et al., 1999; Poon, 2004; Vigoda, 2000). This low quality performance appraisal may lead to increased turnover intention (Brown et al., 2010). From the above discussion, it can be expected that low quality performance appraisal will result in lessening the willingness of the employee to remain connected to the organization, hence:

Hypothesis 3. Low quality performance appraisal is positively related to turnover intention.

Locus of control as moderator

Locus of control indicates the distinctions in the tendency towards the belief that environmental events are within one's control, as contrasted with being incapable of having such control (Krenl, 1992; Rotter, 1966). It can be categorized as Internals and Externals. Internals are those who believe that they have some control over outward happenings, and that such events are because of their own attitude and behavior, while externals are quite passive as they tend to believe that whatever happens around them happens by fate, chance or controlled by other people (Chiu et al., 2005). The internals tend to go for greater attempts to have a stronger control over their environment than externals (Blau, 1987), hence, internals are more likely to take a vigorous stance with their environment, while externals on the other hand, may remain uninvolved in such activities (Krenl, 1992).

Research studies cued that psychological variables can show different results which can lead to better understanding of phenomena under study (Larwood, Wright, Desrochers, & Dahir, 1998).

The employees having internal locus of control are

more committed to their organization than employees having external locus of control (Coleman, Irving, & Cooper, 1999; Perrewé, 1986; Spector, 1982). Further research studies indicate that internals are more likely to have intentions to quit, while externals are less likely to have such intentions to quit (Krenl, 1992; Mitchell et al., 1975). Furthermore, Blau (1987) revealed that there exists negative relationships of internals with satisfaction and turnover, as opposed to externals (Blau, 1987). A study by Keller (1984) expressed that internals are more likely to have strong intentions to leave the unfavorable job, as opposed to externals.

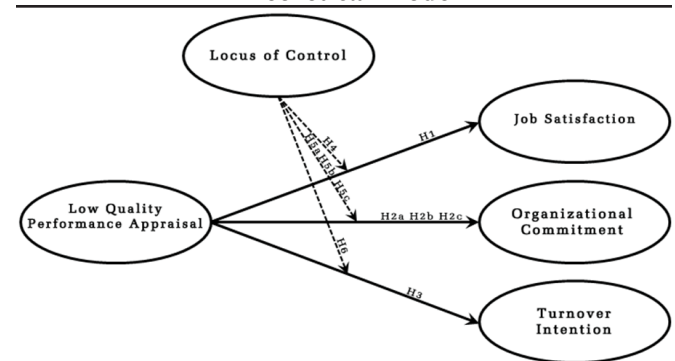
From the arguments above, it can be anticipated that locus of control will moderate the relationship between low quality performance appraisal and behavioral variable such as job satisfaction, organizational commitment and turnover intention. Hence,

Hypothesis 4. Locus of control moderates the relationship between the low quality performance appraisal and job satisfaction.

Hypothesis 5a. Locus of control moderates the relationship between the low quality performance appraisal and affective commitment.

Hypothesis 5b. Locus of control moderates the relationship between the low quality performance appraisal and continuance commitment.

FIGURE 1
Theoretical Model



Hypothesis 5c. Locus of control moderates the relationship between the low quality performance appraisal and normative commitment.

Hypothesis 6. Locus of control moderates the relationship between the low quality performance appraisal and turnover intention.

METHODOLOGY

Sample and procedure

The research sample included employees from

private sector banks, telecommunication companies, and pharmaceutical firms in Pakistan. The data was collected using convenience sampling method. A cover letter clarifying the purpose and scope of the study also assured respondents of strict privacy, and that the participation was voluntary. Out of the 270 questionnaires, 125 were sent to banks (response rate: 58.4%), 70 to telecommunication companies (response rate: 47.14%), 75 to pharmaceuticals firms (response rate: 58.66). Overall, from the 270 questionnaires distributed, 150 responses received were usable. This represented a response rate of 55.55%.

Demographics

From 150 respondents, 64% were males and 36% were females. Age was segmented in 5 parts where 20.7% respondents lied between age range from 18 to 24, 73.3% respondents lied between age range from 26 to 34, 3.3% respondents lied between age range from 36-45, and there was no one with age limit above 55. Regarding marital status, 54% were single and 46% were married. Similarly, 8% respondents had an experience of 6 months or less in the same organization, 14% were 6 months to 1 year experienced, 48% were 1 to 3 years experienced, 15.3% were 4 to 6 years experienced, and 14.7% reported that they had spent 7 or more years in the same organization. 30% respondents were taking salary between PKRs. 20000 and 30000, 25.3% were taking between PKRs. 31000 and 40000, 26% were taking between PKRs. 41000 and 50000, 7.3% were taking between PKRs. 51000 and 59000, and 11.3% reported that their salary ranged from PKRs. 60000 or more. Similarly, when inquired about their last education degree, 26% were bachelors, 69.3% were masters, and 4.7% were post graduates.

Instrumentation

Quality of Performance appraisal: The fairness of the performance appraisal process was measured by nineteen items scale by Tang and Sarsfield-Baldwin (1996). A sample item included "My last performance appraisal was fair". A sample item to measure the extent of communication between the employee and the supervisor included "How much opportunity are you given to express your feelings when your performance is evaluated?" A sample item to measure the level of trust in the supervisor included "How much do you trust your supervisor to accurately report your performance to his/her supervisor?" A sample item to measure the clarity about the performance appraisal process included "When you took up your current position how clear was it that your performance would be periodically evaluated". The

scale had a reliability at .93.

Job satisfaction

Job satisfaction was measured by 9 items scale by Smith, Kendall, and Hulin (1969). A seven-point likert scale (1="Strongly Disagree" and 7 = "Strongly Agree") was used. "I am enthusiastic about my work" is a sample item. Alpha reliability was .72.

Organizational commitment

Organizational commitment was operationalized using Meyer and Allen's (1997) organizational commitment scale (OCS). The scale measures three distinct dimensions of commitment such as affective commitment, continuance commitment, and normative commitment. A seven-point Likert type scale (1="Strongly Disagree" and 7 = "Strongly Agree") was used. There were reverse scored items in the OCS such as "I do not have a strong sense of belonging to my organization". These items were reversely coded when entering into the software for analysis. Affective Commitment was measured by 6 items. A representative item in this scale included "I would be very happy to spend the rest of my career in this organization." Alpha reliability was .70. Continuance commitment was measured by 6 items. A sample item included "Right now, staying with my organization is a matter of necessity as much as desire". The reliability of the continuance commitment measure was .76. Normative commitment was assessed by 6 items. A representative item in this scale included "This organization deserves my loyalty." It has demonstrated an internal consistency reliability of .78.

Turnover intention

A three-items scale developed by Donnelly and Ivancevich (1975) was used to assess employee turnover intention. A sample item included "I often think about quitting". The reliability of the turnover intention measure was .90.

Locus of control

Locus of control was assessed with Spector's (1988) 16-items scale. An example item reflecting external locus of control included "It takes a lot of luck to be an outstanding employee on most jobs." Conversely, "On most jobs, people can pretty much accomplish whatever they set out to accomplish" is an example of an internally worded item. Work locus of control measure demonstrated an internal consistency reliability of .76.

TABLE 1
Means, Standard Deviations, Correlations and Reliabilities

Variable	Mean	S.D.	1	2	3	4	5	6	7	8	9	10	11	12	13
1. Age	1.88	0.57													
2. Gender	1.36	0.48	.10												
3. Marital Status	1.46	0.50	.44**	.47**											
4. Tenure	3.14	1.08	.52**	.30**	.47**										
5. Monthly Salary	2.44	1.29	.57**	-0.22**	.32**	.52**									
6. Education	1.78	0.51	.02	-.14	.01	.08	.00								
7. Performance Appraisal	3.15	0.82	-.08	.42**	.42**	.35**	-.17*	-.00	(.93)						
8. Job Satisfaction	4.17	0.91	.05	.03	-.21**	-.34**	-.13	-.14	-.42**	(.72)					
9. Affective Commitment	4.26	1.31	-.01	-.12	-.26**	-.15	-.04	.24**	-.53**	-.12	(.70)				
10. Continuance Commitment	4.17	1.03	-.06	.01	.03	.15	.19*	-.28**	.20*	.37**	-.51**	(.76)			
11. Normative Commitment	3.62	1.24	-.17*	.16*	.00	-.27**	-.18*	-.44**	.07	.50**	-.46**	.44**	(.78)		
12. Turnover Intention	3.34	1.65	.00	.25**	.43**	.41**	.22**	-.02	.61**	-.74**	-.09	-.05	-.25**	(.90)	
13. Locus of Control	4.15	0.55	-.09	.52**	.37**	.30**	.02	-.20	.56**	-.25**	-.26**	.22**	-.04	.42**	(.76)

n=150; *alpha* reliabilities are given in parentheses.

RESULTS

TABLE 2
Results of Regression Analyses for Outcomes

Predictors	Job Satisfaction			Affective Commitment			Continuance Commitment			Normative Commitment			Turnover Intention		
	β	R ²	Δ R ²	β	R ²	Δ R ²	β	R ²	Δ R ²	β	R ²	Δ R ²	β	R ²	Δ R ²
Step 1															
Control Variable		.28			.17			.19			.30			.37	
Step 2															
Low Quality Performance Appraisal	-.34***	.35	.06***	-.64***	.39	.21***	.30**	.24	.04**	-.12	.31	.00	.56***	.53	.16***

n=150 control variables were age, gender, marital status, tenure, salary and education.

p*<.05, *p*<.01, ****p*<.001

Control variables

Six demographic variables were dealt as controlled variables such as Age, gender, marital status, tenure, monthly salary and education in regression analysis.

Table 1 presents the means, standard deviations, correlations, and reliability coefficients of the study variables. Respondents reported a mean level of job satisfaction at 4.17, (s.d. 0.91), mean of affective commitment scores at 4.26 (s.d. 1.31), mean of continuance commitment at 4.17 (s.d. 1.03), furthermore, mean of normative commitment at 3.62 (s.d. 1.24), and mean score of turnover intention at 3.34 (s.d. 1.65). Performance appraisal quality assessment’s mean was reported at 3.15 (s.d. 0.82). Low quality performance appraisal was found to be significantly related to job satisfaction (*r* = $-.42$, *p* < .01), affective commitment (*r* = $-.53$, *p* < .01), continuance commitment (*r* = $.20$, *p* < .05) and

turnover intention (*r* = $.61$, *p* < .01).

The bivariate associations shown in the correlation matrix indicates support for hypotheses dealing with job satisfaction, turnover intention, and partial support for organizational commitment dimensions as affective commitment was supported, whereas continuance commitment and normative commitment hypothesis were not supported.

Regression Analyses

In regression analyses several hierarchical regression analyses were performed to test the hypotheses. In all the regressions, age, gender, marital status, tenure, salary and education were dealt as control variables in the first step.

Job satisfaction

The hypothesis that proposed that low quality

performance appraisal was negatively related to job satisfaction; to test this hypothesis, low quality performance appraisal was regressed on job satisfaction (see table 2). A negative relationship was found for job satisfaction ($\beta = -.34, p < .001$), this finding support the hypothesis 1.

Organizational commitment

The hypothesis which proposed that low quality performance appraisal was negatively related to the affective commitment, continuance commitment, and normative commitment; as shown in Table 2, low quality performance appraisal ($\beta = -.64, p < .001$) was negatively related to affective commitment, supporting Hypothesis 2a. Low quality performance ($\beta = .30, p < .01$) showed positive relationship with Continuance commitment which didn't support the hypothesis 2b. In hypothesis 3a, low quality performance appraisal ($\beta = -.12, p < .20$) relationship was examined with normative commitment but the result showed that there was no significant relationship between low quality performance appraisal and normative commitment, hence hypothesis 2c was not supported.

Turnover intention

The hypothesis that proposed that low quality performance appraisal was positively related to turnover intention; results presented in table 2 (low quality performance appraisal $\beta = .56, p < .001$), supports hypothesis 3.

Moderator analyses

Moderated regression analysis was used to examine the effects of locus of control. First, control variables were entered into the model. In the second step, low quality performance appraisal and locus of control were entered and controlled. Then in the last step, the interaction term was entered. As shown in Table 3, interaction term explains 50% variance ($R\ square = 0.50$), a noticeable additional explanation of this variance was added into the equation, as demonstrated by a significant R square change ($R\ square\ change = .15$). Thus, hypothesis 4 was accepted showing that locus of control moderates the relationship between low quality performance appraisal and job satisfaction. Hypothesis 5a, 5b and 5c which hypothesized that locus of control moderates the relationship between low quality performance appraisal and affective commitment, continuance commitment and normative commitment respectively, as shown in Table 3, interaction term explained 63% variance in affective commitment ($R\ square = 0.63$), 34% in continuance commitment ($R\ square = 0.34$) and 46% variance in normative commitment ($R\ square = 0.46$). Additional justification of this variance was established by a significant R square change value of ($R\ square\ change = .23$) for affective commitment, ($R\ square\ change = .10$) for continuance commitment, and for normative ($R\ square\ change = .07$) was examined. Thus Hypothesis 5a, 5b and 5c were accepted. Hypothesis 6, as it was assumed that locus of control moderates the relationship between low quality performance appraisal and turnover intention, was accepted by 65% variance ($R\ square = .65$) and ($R\ square\ change = .12$).

TABLE 3
Results of Moderator Regression Analysis

Predictors	Job Satisfaction			Affective Commitment			Continuance Commitment			Normative Commitment			Turnover Intention		
	β	R ²	ΔR^2	β	R ²	ΔR^2	β	R ²	ΔR^2	β	R ²	ΔR^2	β	R ²	ΔR^2
Step 1															
Control Variable		.28			.17			.19			.30			.37	
Step 2															
Low Quality Performance Appraisal	-.30**			-.17***			.31**			.29**			.59**		
Locus of Control	-.09	.34	.06	.13	.40	.22***	-.01	.24	.04*	-.41***	.39	.08***	-.06	.53	.16***
Step 3															
Low Quality PA x Locus of Control	-7.26***	.50	.15***	8.93***	.63	.23***	-6.02***	.34	.10***	-5.00***	.46	.07***	6.45***	.65	.12***

n=150 control variables were age, gender, marital status, tenure, salary and education.

* $p < .05$
 ** $p < .01$
 *** $p < .001$

Summary of Results

To summarize the results, Hypotheses 1, 2a, 2b and 2c predicted a negative relationship between low quality performance appraisal and job satisfaction, affective commitment, continuance commitment and normative commitment respectively. Hypotheses 1 and 2a were confirmed while for 2b and 2c were not supported. Moreover, hypothesis 3 that predicted positive relationship between low quality performance appraisal and turnover intention was well supported and confirmed.

Hypotheses 4, 5a, 5b, 5c and 6 stated that locus of control moderates the relationship between low quality performance appraisal and job satisfaction, affective commitment, continuance commitment, normative commitment and turnover intention respectively. All hypotheses were supported.

DISCUSSION

Performance appraisal quality was the basic variable in this research study. When the performance appraisal is manipulated, owing to supervisor's self-interest or for other political reasons, such manipulations make the performance appraisal lose their main aim which is to evaluate the actual performance of employees so that it can be used for several outcomes, most importantly, for decision making. When employees perceive the evaluation results to be unrealistic, they experience reduced job satisfaction. Results of this research is parallel with Brown et al. (2010) and Poon's (2004) empirical studies. This study attempted to examine the effects of low quality performance appraisal on organizational commitment's three dimensions. It was assumed that a negative relationship exists between low quality performance appraisal and affective commitment; a study by Shore and Wayne (1993) explained that if job satisfaction is reduced, then affective commitment is the strongest component of organizational commitment that gets affected as well. As affective commitment is based on emotional attachment with the organization, so it can be speculated that they are more sensitive and vulnerable to react to the undesirable results. In this study we found that low quality performance appraisal was positively related to turnover intention. This result is parallel with other studies (e.g., Brown et al., 2010; Poon, 2004). When performance ratings are manipulated, then overall effect is negative, which was expected. As a result, reduction in job satisfaction and affective commitment leads to turnover intention.

This study joins the growing body of research in both HRM and organizational justice domain. Attempt was to develop an understanding of how injustice effects

the attitude related to HR practices in the organization.

Limitations

Like in all research studies, the present study also has some limitations. This study involved only private sector companies. Also, the sample size was small, hence, it is recommended to involve public sector companies and include large sample size for similar research studies in future. Furthermore, a longitudinal study can contribute more towards understanding the same phenomena.

For this study, three variables were examined as outcomes of low quality performance appraisal. For future studies, different outcomes such as organization cynicism and deviant workplace behavior can also be taken. For moderation, variables like trust, and fairness perceptions can be considered as well.

This study determines the importance of performance appraisal in organizations related to employees' behavior which can have negative impact on the productivity of the organization. Decision making should be made on high quality performance appraisal rather than low quality performance appraisal. It is empirically proven that performance appraisal should be carried out with care to maximize its positive impact. If not, then it can have devastating and demoralizing effects on the employees, affecting the organization as a whole.

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FACTORS INFLUENCING YOUNG CONSUMERS' PURCHASE INTENTION OF COUNTERFEIT FASHION BRANDS

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ABSTRACT

Counterfeiting has become a major problem in the market place. Though manufacturers of original products worldwide are trying to combat this unethical practice, still they are not able to fully overcome it as it has penetrated deep down into the markets all around the globe. This study aimed at analyzing the factors that influence young consumers purchase intention of counterfeit fashion brands. The data were gathered from 160 respondents from the twin cities of Pakistan: Islamabad and Rawalpindi. Correlation and regression analysis were used to find out the relationship between dependent variable, i.e., purchase intention of counterfeit fashion brands, and the independent variables which were fashion consciousness, status consumption and value consciousness, and the moderating role of consumers' ethics was analyzed. The study findings did not find support for any of the hypotheses, however, consumer ethics moderated the relationship between fashion consciousness, value consciousness and consumers purchase intention of counterfeit fashion brands. Some managerial implications for designers were also discussed.

INTRODUCTION

Counterfeiting is an illegal activity and a major problem in the marketplace (Kozar & Marcketti, 2011), which is taking place equally in both the developed and underdeveloped countries (Lan, Liu, Fang, & Lin, 2012), and which has increased in scope, size and level of complexity within the last two decades (Vagg & Harris, 2000). Each year, the producers of counterfeit products steal billion of dollars from the manufacturers of genuine products by using their brand names and by appealing to those consumers who support them in their illegal activities (Stumpf, Chaudhry, & Perretta, 2011). It is one of the biggest problems faced by luxury goods manufacturers in today's globalized marketplace because with the expansion and distribution of operations across countries, the practice of counterfeiting has become easier and easier (Hilton, Choi, & Chen, 2004). Hence, what has fostered the expansion of counterfeiting, is the increased use of outsourcing by manufacturers who, in order to take benefit of the lower production and labor costs, provide avenues to producers in those countries to copy their designs and goods in an illegal way (Mackenzie, 2010). Counterfeit products of various types are offered in the marketplace; garments, watches, perfumes, software, videos and CDs being the primary areas of counterfeiting (Vagg & Harris, 2000).

Most of the previous research regarding the

investigation of counterfeits had been focusing on luxury goods (Norum & Cuno, 2011). The effect of life values and materialism (Furnham & Valgeirsson, 2007), the role of non-price determinants (Wee, Tan, & Cheok, 1995) and the role of word-of-mouth (Lan et al., 2012) on purchase intention of counterfeits have been explored by many researchers. Likewise, the volitional purchase of counterfeit products (Penz & Stottinger, 2005) and non-deceptive counterfeiting purchase behavior (Koklic, 2011) has also gained ample attention from researchers.

The industry focused for the purpose of this research is that of fashion brands. As the fashion industry of every country is growing by leaps and bounds every day, and as consumers have become more fashion conscious in their purchase behavior, they tend to go for products that are considered more fashionable. The problem of counterfeiting is on the rise in fashion industry. Most of the value of high-end fashion goods, which are also termed as luxury goods, originate from their looks and not their functionality, therefore, the production of these goods and copying of their designs has become comparatively easy (Hilton et al., 2004). Fashion brands, in this study, refers to designer labels and other branded clothing shops that tend to satisfy consumers' demand of having up-to-date fashion items, and at the same time satisfy their need of gaining status. However, as all consumers cannot afford prestigious designer labels and other branded stuff, they go for something that is

more reasonable yet fashionable at the same time, and this opens their way to counterfeit products. Worldwide, the shops that sell counterfeit designer goods at a price lower than the original ones can be found easily, and it is easy for producers to create cheap, fake copies of designer wear from the pictures of haute couture that are printed in fashion magazines from time to time (Hilton et al., 2004).

The constructs used in this study have not been studied together in any of the previous researches. Hence, this study will contribute to the existing literature by focusing on the variables of status consumption, fashion consciousness and value consciousness, and by observing the moderating role of consumer ethics in shaping their behavior regarding the purchase of counterfeit fashion brands. Moreover, to our knowledge no previous research has been conducted on this topic in Pakistan, and as China is the neighboring country of Pakistan and the biggest producer of counterfeits (Chapa, Minor, & Maldonado, 2006) the trade and use of counterfeit goods is quite high in Pakistan, and fake copies of almost all brands are easily available in its marketplace. Therefore, this topic is worth exploring as it will provide valuable insights regarding young Pakistani consumers' behavior regarding counterfeit products. The study focuses specifically on the area of non-deceptive counterfeiting, whereby consumers know that they are purchasing fake copies of original products (Koklic, 2012). The focus is laid upon the younger segment of the society because young consumers are particularly more conscious of their dressing and have a desire of buying prestigious fashion brands, even though they may not have enough money (Lee, 2009). Hence this study aims at answering these two very important questions: first, what are the factors that influence young consumers to purchase counterfeit fashion brands? Second, what role does consumer morality play in shaping young consumers' behavior regarding purchase of counterfeit products?

After presenting the literature review, the paper discusses the research methodology, findings of the research and its managerial implications. Finally, it discusses the limitations of this study and some implications for future research.

REVIEW OF LITERATURE

The unauthorized copies of original brands are termed as counterfeits (Taormina & Chong, 2010). Or according to the definition of Vagg and Harris (2000) "A counterfeit is an article that displays a trademark the manufacturer is not entitled to use, or a very close copy that could easily be confused with it (P.107)." In recent times, the manufacturing, distribution and consumption of counterfeit products has been rising at an alarming

rate, and due to an increase in consumer demand, over the last 20 years, the problem of counterfeiting has grown more than 10,000 percent (Norum & Cuno, 2011). Likewise, new challenges are brought to brand management due to counterfeiting, as brand owners not only have to compete with other brands, but also have to deal with challenges brought by counterfeits in the marketplace (Bian & Moutinho, 2011a).

Regardless of legislations for reducing the sale of counterfeit products, designers worldwide are struggling hard to protect their designs from being copied, and have declared counterfeiting as a growing problem (Norum & Cuno, 2011). As the producers of counterfeit products use the brand names of others without incurring any design or marketing costs, whereas, the owners of authentic brand names invest heavily in designing, marketing and manufacturing their products (Furnham & Valgeirsson, 2007), therefore, there is a need of ending the practice of counterfeiting from both the supply and demand side (Kozar & Marcketti, 2011) by means of integrating anti-counterfeiting campaigns with corporate social responsibility schemes (Bian & Moutinho, 2011b). Moreover, by driving down the prices of original products and making them more affordable, consumers can be compelled to stay away from counterfeit products (Haque, Khatibi, & Rahman, 2009). Also, by convincing consumers that the benefits of purchasing original products are a lot more than those of fake products, consumers can be discouraged from buying counterfeit goods (Ergin, 2010).

Several factors influence consumers' perception towards counterfeits (Haque et al., 2009). This study is designed to access the factors that influence young consumers' purchase intention of counterfeit fashion brands by using the three variables (Status consumption, Value consciousness Fashion consciousness) to predict consumer behavior, and to see the moderating role of consumer ethics in shaping consumers behavior regarding purchase intention of counterfeit products, as due to increased globalization there is a need for considering how ethical behavior can vary among consumer markets all over the world (Belk, Devinney, & Eckhardt, 2005).

Purchase Intention

According to Spears and Singh (2004) "Purchase intentions are an individual's conscious plan to make an effort to purchase a brand" (p.g. 56). The purchase intention of counterfeit products is determined mostly by the perceived personality of counterfeit goods, and the purchase intention is less likely if consumers believe that buyers and sellers of counterfeit products are committing a crime, whereas a major determinant of the purchase intention of counterfeit products is found

to be consumers' attitude towards counterfeit products (Norum & Cuno, 2011; Phau & Teah 2009). Hence, unfavorable attitudes of consumers toward counterfeits negatively affect their purchase intention of buying such products (Koklic, 2011). However, consumers are more intended to buy counterfeit products if there are fewer hindrances in their way to buy counterfeits such as the time required to find them, geographic fences etc (Penz & Stottinger, 2005).

According to Carpenter and Lear (2011), cultural differences can also play an important role regarding the purchase decision of counterfeit goods. Chapa et al. (2006) found education to be an important predictor of consumers' attitudes towards counterfeits, and reported that well educated consumers are less likely to purchase counterfeit products. In studying the effect of country of origin, it was observed that consumers' purchase intention is indeed influenced by the country of origin and the study results indicated that consumers are more likely to purchase American counterfeits than Chinese counterfeits.

Status consumption

Status consumption is defined as the "tendency to purchase goods and services for the status or social prestige that they confer on their owners" (Eastman, Goldsmith, & Flynn, 1999, p.g. 41). Phau and Teah (2009) found that status consumption and integrity are powerful influencers of purchase intention. A status consumer purchases goods for the purpose of gaining status and is conscious of displaying achievement, thus holds unfavorable attitude towards counterfeit goods. One way of gaining status is by buying goods having designer labels (Oneto, Gelb, Walker, & Hess, 2012) as prestigious brands are usually seen as an icon of value and status (Casidy, 2012). There are people who buy branded products just to enhance their image in the eyes of others (Taormina & Chong, 2010) therefore, the social risk involved in the purchase and consumption of counterfeit products can actually inhibit consumers from purchasing counterfeit products (Bian & Moutinho, 2011a; Koklic, 2011). As status conscious consumers associate their purchase choices to certain social consequences of shame and embarrassment, they are more likely to buy authentic products and not their counterfeits (Oneto et al., 2012). However, those consumers who consider themselves as having lower status are more likely to purchase products that are of less value, such as counterfeit products (Taormina & Chong, 2010). Hence it is hypothesized that:

Hypothesis 1. Status consumption has a negative influence on consumers' purchase intention of

counterfeit fashion brands.

Value consciousness

Value consciousness is a decision making style of consumers who are worried about getting lower prices (Sproles & Kendall, 1986), and they wish to capitalize on value or maximize the ratio of quality relative to the price, hence, to these individuals counterfeit products are more attractive as they offer same functional quality at a price much lower (Oneto et al., 2012). Consumers get counterfeit products at lower and more appealing prices than original products (Taormina & Chong, 2010) hence, due to the availability of counterfeits, the manufacturers of original products are often blamed by value conscious consumers for charging high prices, and thereby questioning the value of the original product and negatively impacting its brand image (Bian & Moutinho, 2011a). According to Phau and Teah (2009) counterfeits of luxury brands offer same functional benefits like original ones but at a price lower than the genuine product, hence, value conscious consumers perceive them favorably and have positive attitudes towards them. Those consumers who believe that by buying counterfeit products they get good value for money are more willing to buy counterfeit goods (Furnham & Valgeirsson, 2007). Similarly, the study of Belk et al. (2005) identified that most consumers prefer getting a good product at a good price caring less about the manufacturer of the product and neglecting the issues of copyright. However, according to Chapa et al. (2006) although consumers perceive counterfeits to be of lower quality compared to the original products, they still look for high quality counterfeits when making a purchase and are willing to buy counterfeits from sources that offer superior quality. Therefore, it is hypothesized that:

Hypothesis 2. Value consciousness has a positive influence on consumers' purchase intention of counterfeit fashion brands.

Fashion consciousness

Sproles and Kendall (1986) defined fashion consciousness as a consumer style and an important aspect of a person's lifestyle that influences his or her purchase decisions and consumption behavior, and refers to consumers who like new and innovative fashion products and who gain pleasure by seeking up to date products. Similarly, according to Lee (2009) fashion consciousness relates to a person's extent of involvement with new fashion styles. In case of fashion items like haute couture, buyers derive most of the value from the belief that they are purchasing something new

and fashionable (Hilton et al., 2004), therefore, fashion conscious people pay more attention to prestigious brands than those who are less fashion conscious (Casidy, 2012). It has been observed that those fashion items that are having well known brand names are more vulnerable to being copied (Lee, 2009). China, being the biggest producer of counterfeits, is also the first one to counterfeit new/latest fashion products (Chapa et al., 2006). However, as fashion trends change in a short period of time, they put considerable financial strain on fashion followers, so, for these fashion conscious people the alternative of buying counterfeits instead of buying the original product becomes more lucrative (Penz & Stottinger, 2005). As consumers' involvement with fashion influences their behavior towards the purchase of fashion products, hence, on the basis of the reviewed literature it has been hypothesized that:

Hypothesis 3. Fashion consciousness has a positive influence on young consumers' purchase intention of counterfeit fashion products.

Moderating role of consumer ethics

Norum and Cuno (2011) defined consumer ethics as "the moral rules, principles and standards guiding the behavior of an individual or group in the selection, purchase, use or selling of a good or service (p.g.29)." Ethical consumer choices relate to purchasing of goods from companies and nations whose marketing behavior and products are considered ethical, and avoiding those who are involved in unethical practices (Belk et al., 2005). Kozar and Marcketti (2011) in their study found out that consumers who have high ethical values, and who are ethically conscious in their purchase behavior are less inclined towards the purchase of counterfeit apparel products, and consumers who have knowledge about counterfeiting are against the practice of making and selling counterfeit products, and consider it as an illegal activity. Likewise, people from religious backgrounds who have high moral values and moral guidance are more aware about what is right and what is wrong, and hence are less willing to buy counterfeit goods (Furnham & Valgeirsson, 2007). Therefore, moral intensity has been observed to have a considerable negative influence on purchase of counterfeit products (Koklic, 2011).

However, according to Phau and Teah (2009) consumers' purchase intention of counterfeits are influenced more by their perceptions of counterfeits, rather than by ethical and legal considerations, and the urge of owning possessions that are desired by consumers can force consumers to act in ways that are unethical, thereby making them believe that they are not committing any crime (Norum & Cuno, 2011).

Likewise, many consumers are of the opinion that when sellers of counterfeits do not care about what is right and what is wrong, then why should they care about it (Belk et al., 2005). However, Carpenter and Lear (2011) suggested that by providing help to some consumers, ethical factors can be induced into their product choices. Hence, a strong negative influence has been observed of ethical standards on purchase of counterfeits. Therefore, on the basis of the reviewed literature, the following hypotheses have been derived:

Hypothesis 4a. Consumer ethics moderates the relationship between status consumption and young consumers' purchase intention of counterfeit fashion brands.

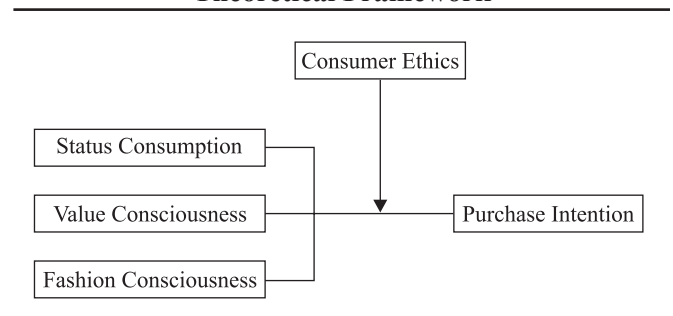
Hypothesis 4b. Consumer ethics moderates the relationship between value consciousness and young consumers' purchase intention of counterfeit fashion brands.

Hypothesis 4c. Consumer ethics moderates the relationship between fashion consciousness and young consumers' purchase intention of counterfeit fashion brands.

Research Model

The current study attempts to test the model presented in Figure 1. In order to develop the model, the article begins with the review of selected variables that influence consumers' purchase intention of counterfeit fashion brands and shows the link between these variables. The study also attempts to show that consumer ethics may act as a moderator that affects the relationship between status consumption, value consciousness, fashion consciousness and purchase intention. Theory of planned behavior (TBP) provides the basis for this model to explain consumers' purchase intention of counterfeit fashion brands. According to this theory, intentions are those motivational factors that influence an individual to perform a behavior. Hence, the stronger the intention, the more likely it is that the behavior would be performed (Ajzen, 1991).

FIGURE 1
Theoretical Framework



METHODOLOGY

Sample and data collection

Convenience sampling technique was used for the purpose of data collection and the questionnaires were personally administered. The sample chosen for this study was of university students as the focus of this research was on young consumers who are more conscious of following latest fashions, but are value conscious and at the same time tend to gain status to fit themselves in likeminded groups. Hence, the sample chosen was fit for the purpose of this study. A total of 200 questionnaires were distributed to the prospective respondents of which 160 fully filled questionnaires were received back from respondents. So, the response rate remained only 80%. The sample size for this study was 160 (N=160). The respondents included 93 males (58%) and 67 females (42%) who were in the age group between 18-35 years with a mean age of 23.27. The study sample included undergraduate, graduate and postgraduate students from various public and private sector universities across Islamabad and Rawalpindi. The sample educational profile included 40 Undergraduate degree holders (25%), 50 Graduate degree holders (31.3%) and 70 Postgraduate degree holders (43.7%).

Measures

Primary data was collected for the purpose of this research and the instrument used for the collection of data was a structured, closed ended questionnaire. All variables were measured using a 5 point Likert scale where 1 = strongly disagree and 5 = strongly agree. The questionnaire consisted of 24 items in total. The instrument comprised of two sections. Section 1 included questions regarding factors that influence young consumers purchase intention of counterfeit fashion brands, whereas section 2 collected respondents' demographical data using a nominal scale which collected data about their gender, age, education and occupation.

Status Consumption

Status consumption was measured with a scale developed by Eastman, Fredenberger, Campbell, and Calvert (1997). This scale consisted of 5 items (e.g. "I would buy a product just because it has status"). Internal reliability of the instrument was ascertained using Cronbach's alpha. The Cronbach's alpha coefficient of this scale in this study was 0.678. Original number of items did not match acceptable reliability hence, 2 items were dropped to achieve acceptable reliability. According to Malhotra (2004) a value of 0.6 depicts weak, 0.6-0.8 shows fairly strong and 0.8-1.0 portrays very strong internal reliability.

Value Consciousness

The measure used for value consciousness was adapted from Lichtenstein, Netemeyer, and Burton (1990). The scale consists of 4 items in total and items such as "I am very concerned about low prices, but I am equally concerned about product quality" were included in the scale. A Cronbach's alpha value of 0.775 was obtained for value consciousness scale which showed a good reliability of the scale.

Fashion Consciousness

Fashion consciousness was measured with a scale developed by Bruner and Hensel (1998). This scale consists of 7 items (e.g. "I often try the latest styles when they change"). The alpha reliability of this scale in our study was 0.713 which lied above the acceptable range and showed a good reliability of the scale.

Consumer Ethics

Consumer ethics was measured using a scale adapted from Carpenter and Lear (2011). The scale consisted of 3 items (e.g. "people who buy counterfeit products are committing a crime"). Original number of items did not meet the acceptable reliability, hence, an item was dropped and an alpha reliability of 0.679 was achieved.

Purchase intention

Purchase intention was measured with a scale developed by Spears and Singh (2004). The scale consisted of 4 items (e.g. "I have high purchase interest in counterfeit clothes"). The Cronbach's alpha reliability for this scale was observed to be 0.837 which is well above the acceptable value, thereby showing a very good reliability.

Table 1 shows the correlation coefficients between different variables of the study. The correlation coefficient ranges between -1 and + 1. A correlation value of above 0.5 depicts a strong positive association between the variables. It is noted that almost all the variables of the study i.e. fashion consciousness, status consumption, value consciousness and consumers' ethics have an insignificant correlation with the dependent variable of purchase intention ($p > 0.05$). Multiple regression analysis were conducted to see the combined effect of all independent variables over the dependent variable of purchase intention of counterfeit fashion brands. The R-square value ($R^2 = .019$) shows that only 1.9% variance in the dependent variable of purchase intention of counterfeit fashion brands is explained by the independent variables of fashion consciousness, status consumption and value consciousness. A significance value ($p > .05$) shows poor fitness of the model.

RESULTS

TABLE 1
Correlations between measures

VARIABLE	MEAN	S.D.	A	PI	FC	SC	VC	CE
PI	2.675	0.94536	0.837	1				
FC	3.41	0.70026	0.713	0.015	1			
SC	3.016	0.94857	0.678	0.113	.319**	1		
VC	3.893	0.84375	0.775	0.066	.339**	0.018	1	
CE	3.118	0.02406	0.679	-0.058	0.153	0.107	0.136	1

Note. ** $p < 0.01$, $N = 160$

TABLE 2
Regression statistics

Variable	Beta	t-value	p-value
Fashion consciousness	-0.072	-0.598	0.551
Status consumption	0.128	1.529	0.128
Value consciousness	0.092	0.97	0.334
R-square	0.019		
Adjusted R-square	0		
Significance	0.387		

Table 2 shows the beta values and significance values of the independent variables. Fashion consciousness has an insignificant relationship with consumers' purchase intention of counterfeit fashion brands ($p > .05$; $\beta = -.072$) which means that fashion consciousness does not have any significant impact on consumers purchase intention of counterfeit fashion brands. Likewise, status consumption ($p > .05$; $\beta = .128$) and value consciousness ($p > .05$; $\beta = .092$) also do not have any significant impact on purchase intention of counterfeit fashion brands as evident from the results of regression analysis.

In order to see whether consumer ethics moderates the relationship between independent variables and the dependent variable of purchase intention, a moderated regression analysis was carried on. Table 3 shows the results of moderated regression analysis.

TABLE 3
Moderated Regression Analysis

Interaction term	β	t-value	p-value
SCxEthics	.333	0.905	0.367
VCxEthics	1.279	2.593	0.010**
FCxEthics	1.978	3.956	0.000**

Moderated regression analyses show that consumer ethics significantly moderates the relationship between value consciousness ($p < .05$; $\beta = 1.279$), fashion

consciousness ($p < .05$; $\beta = 1.978$) and consumers purchase intention of counterfeit fashion brands. However, it does not moderate the relationship between status consumption and consumers' purchase intention of counterfeit fashion brands ($p > .05$; $\beta = .333$).

DISCUSSION

On the basis of the above analysis no support has been found for H_1 . Hence, it is concluded that status consumption does not negatively affect consumers purchase intention of counterfeit fashion brands. The study findings are in contradiction with researches conducted in other parts of the world who found that the social risk involved in the purchase and consumption of counterfeit products inhibits consumers from purchasing counterfeit products (Bian & Moutinho, 2011a; Koklic, 2011). The main reason for such results can be that younger segment is usually not conscious about their status, and clothing may not be as such a good indicator of status as other luxury items like branded wrist watches, handbags, sun glasses etc, hence, they think that buying or wearing counterfeit clothes may not harm their personality in anyway. Moreover, at times it is usually difficult to differentiate between genuine brands and their fake copies, thus consumers, especially young consumers, believe that wearing counterfeit clothes would not damage their personality and status and the low risk involved with it makes them likely to purchase counterfeit fashion brands. Moreover, many of the international brands and designer labels such as Marc Jacobs, Versace, Fendi and many others that are seen as icon of status in other parts of the world are not available in Pakistan as their outlets are not yet opened there. Therefore, even if anyone is wearing their counterfeits to impress others in their social circles, people are not able to recognize whether they are original or not. Thus, the social risk involved in the use of such counterfeits is very low and many people taking advantage of this fact make use of such fake copies to build and enhance their status and image in eyes of others.

No support was found for H_2 as well. The results

depict an insignificant relationship between value consciousness and purchase intention of counterfeit fashion brands and the results are not in accordance with the results of other studies which show that it is likely for value conscious people to buy counterfeit brands (Phau and Teah, 2009). Though counterfeit brands are available at lower prices, yet they do not offer the same quality as of the original brand, and hence consumers who value quality of a product more than its price tend to purchase original product, especially when it comes to clothes, the quality is of utmost importance because fake copies of designer labels are of low quality and are not durable enough, and usually frequent washes result in faded color. Thus, many consumers are of the point of view that it is better to buy fewer clothes but to buy of those brands that provide good quality and here is what makes consumers to prefer original brands over their cheap low price counterfeits. Moreover, in Pakistan, high quality counterfeits are usually not available which makes them less attractive for consumers and they are less likely to purchase them.

H₃ has also found no support as evident from the results of the study. No significant relationship has been observed between fashion consciousness and consumers purchase intention of counterfeit fashion brands. These results are in contradiction with the results of Lee (2009) who found that college students who are highly fashion conscious strongly believe in the purchase of fashion counterfeits because of the inherent benefits associated with their purchase such as cheaper price, luxurious image and almost same details like those of original brands and also because of the fact that for fashion conscious people the alternative of buying counterfeits instead of buying the original product becomes more lucrative (Penz & Stottinger, 2005). However, the results of the present study show a different picture. A number of reasons can lead to such results where fashion consciousness may not result in purchase of counterfeit fashion brands. The most obvious seems to be that fashionable consumers tend to buy clothes having brand names that are famous and are known by majority of people in their social circles. Therefore, in order to showoff, they buy original brands though they have to pay a higher price for their acquisition as fashion conscious people pay more attention to prestigious brands than those who are less fashion conscious (Casidy, 2012). Moreover, peer pressure is another factor that may have a significant influence. Youngsters tend to be friends with likeminded people and in order to be a part of a group and to gain acceptance of others they wear what their friends wear and as people usually judge others by their clothing and what brands they wear, for such reasons the ownership of original brands matter a lot for certain people especially in case of students.

Moderation results were significant for the variables of fashion consciousness and value consciousness, whereas insignificant for status consumption so, hypotheses 4b and 4c were accepted which shows that consumer ethics moderates the relationship between value consciousness, fashion consciousness and purchase intention of counterfeit fashion brands. However, hypothesis 4a was rejected which shows that consumer ethics do not moderate the relationship between status consumption and consumers' purchase intention of counterfeit fashion brands. This implies that the urge of gaining status overcomes consumers' ethical standards, and in quest for gaining status they are willing to engage in any unethical activity that may be harmful for others which in this case is the purchase of counterfeit products, which affects the producers of original products as the producers of counterfeits steal billion of dollars from original manufacturers every year (Stumpf et al., 2011).

CONCLUSION

In summary, the study findings indicate that young consumers in Pakistan are not inclined towards the purchase of counterfeit fashion brands and the factors of status consumption, value consciousness and fashion consciousness do not impact the purchase of counterfeit fashion brands. Though these results are in contradiction with many of the previous researches, it is in good faith for the designers and owners of branded labels in Pakistan as consumers are not inclined towards purchasing counterfeit fashion brands. This is due to the low quality of counterfeit brands that are available in Pakistan which inhibits consumers from purchasing them. Another reason might be peer pressure which forces young consumers to buy original brands over their fake copies because it is important for people, especially for youngsters, to gain acceptance of their friends and the circles in which they move, which makes them buy branded and designer labels to gain acceptance in society.

Furthermore, high ethical standards of consumers prevent them from buying counterfeit products as it is not in favor of the manufacturers of original products. They also feel that their family and friends would be disappointed in them for acting unethically, which discourage them even more because it is important for youngsters to meet their family and friends expectations even if they are related to their dressing and purchase intentions. However, the urge of gaining status forces people to neglect moral standards as evident from the results of the study. It is very unethical on the part of consumers

to exhibit such behavior because gaining status at the expense of moral standards is not in the best interest of consumers as it causes damage not only to themselves but also to the society at large to which they belong to.

Another important finding of this research is that no difference was observed between genders regarding the purchase of counterfeit fashion brands as both males and females held negative attitudes towards the purchase of counterfeit fashion brands. A major reason for such results can be the level of education. It has been observed that more educated consumers are less likely to purchase counterfeits and as the focus of this study was on younger segment most of whom were attending universities, hence, their level of education depicts their disliking towards the purchase of counterfeits. Also, as university going students usually come from well off families and are able to afford original products, therefore, they tend not to go for the cheap, fake copies of original brands thereby rendering the purchase intention of counterfeits to be very low. Moreover, as the research was conducted in two major cities of Pakistan and the focus was laid upon the urban areas where people usually have high purchasing power, hence, it is less likely for consumers belonging to posh areas to hold favorable attitudes towards low quality counterfeits when they can easily afford the original brands.

Implications for Managers

Though younger consumers are not inclined towards the purchase of counterfeit fashion brands, the manufactures of original brands should run campaigns to create literacy and awareness among consumers and emphasize on the fact that how their purchase behavior regarding counterfeits affect the manufacturers of original products and the economy at large. They should discourage those who hold favorable attitudes towards counterfeits by emphasizing over their product quality and encouraging that the purchase and use of original brands will provide them with a level of satisfaction that fake copies cannot. Moreover, by manufacturing goods that are easily affordable by all segments of the society, designers can further reduce the likelihood of consumers purchasing counterfeits of their brands which would in turn discourage those who engage in the unethical practice of copying their designs.

Limitations and Directions for Future Research

Some of the limitations that were encountered during the research were that due to the shortage of time data could not be gathered from a large number of

people. Another limitation lies in the use of convenience sampling technique and the limited number of variables that were focused upon in this research. Moreover, the sample consisted primarily of students and the study was conducted in the urban areas because of which the findings of this study cannot be generalized as the sample was not a good representative of the whole population. Future research is required to confirm the findings. Future research should include people from all domains of life and from other parts of the country in order to generalize the findings of the study. Other variables can also be considered such as brand loyalty, and to see its impact on purchase intention of counterfeit products. Moreover, future research can also look into the role of media in encouraging or discouraging the purchase of counterfeit products by considering other product categories.

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EMERGENCE OF WORKPLACE SPIRITUALITY AS AN OUTCOME OF CALLING WITH A MODERATING ROLE OF CAREER COMMITMENT AMONG MEDICAL PROFESSIONALS IN PAKISTAN

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ABSTRACT

The study focused on the emergence of workplace spirituality as an outcome of calling, among medical professionals in Pakistan. Some of the main determinants of calling identified in this research were passion, occupational self-efficacy and work meaningfulness. The data was collected from a sample of 200 participants by using questionnaires. Results showed that calling was positively related with workplace spirituality and passion. On the other hand, calling was not found to be associated with occupational self-efficacy and work meaningfulness. Calling was found to be mediating the relationship of passion, occupational self-efficacy and work meaningfulness with workplace spirituality. However, career commitment was not found to be moderating the relationship of calling with workplace spirituality.

INTRODUCTION

Organizational Behavior and Human Resource reseThe study of organizational behavior has always captured the attention of many scholars in the past century. That is the reason why new areas of organizational behavior have been unfolded time and again. The concept of workplace spirituality emerged in 1920's with a movement that involved individuals pursuing to live their faith in the workplace. The term workplace spirituality can be understood by elucidating the word 'spirituality'. Spirituality is a multi-dimensional and broad construct that originated from a Latin word 'spiritus' meaning breath of life. It is not limited to religion or culture. In literature, spirituality has been defined in numerous ways. According to Delgado (2005), spirituality is a strong faith; a search for purpose in life, a sense of bond with others and a transcendence of the self, resulting in personal peace and well-being. Moreover, workplace spirituality is the acknowledgment, on the part of the employers, that the employees are humans, and they have some divine beliefs, and those divine beliefs are satisfied by work that is consequential and significant in context of the society (Ashmos & Duchon, 2000).

According to Fry (2003) calling is considered to be the basis for workplace spirituality. The term 'calling' has emerged in the past era, that has a deep rooted meaning, and it basically originated from religious perspective. Calling was originally defined as an ultimate inspiration to perfume one's tasks with full responsibility

and honesty; furthermore, it involved performing those tasks that God has called one to perform (Weber, 1958). Though some philosophies of calling are purely based on Christianity (Weiss, Skelley, Hall & Haughey, 2003), yet the management perspective of calling emerged with the emergence of Max Weber's concept of protestant work ethics in 1900s.

The concept of calling has been reshaped with the passage of time, and somewhere down the road it has lost its religious connotation (Bunderson&Thompson, 2009). In modern era, calling has been defined in numerous ways in literature.Elangovan, Pinder, and McLean(2010) defined calling as, a process of actions in search of pro social objectives representing the amalgamation of individual's sense of what he would like to do and what he actually does. Moreover, research showed that calling is not just confined to a person's job, this phenomenon works in many areas of life as well (Hunter, Dik, & Banning, 2010). Furthermore, calling can change with the passage of time (Dobrow, 2013).

As the previous studies have shown that behavior of individuals vary across culture and individuals respond differently in similar situations because of differences in culture (Hofsted, 1984; Gelfand, Erez, & Aycan, 2007), so this study is significant as it will not only fulfill the contractual gap by identifying different factors which develop job calling, but also develop an understanding towards the emergence of workplace spirituality within the Pakistani culture among medical professionals. The findings will help the hospital administration in

developing calling and workplace spirituality among the medical staff. Moreover, very little research has been conducted in Pakistan in the field of management (Aycan et.al, 2000) and other related fields.

The theory that supports this research is theory YZ presented by Elmer H. Burack in 1999. Theory YZ is a reflection of Douglas McGergor's Theory XY (1960) and Bill Ouchi's Theory Z (1980). This theory states that work is natural. Moreover, management aim is to promote employee satisfaction, loyalty, commitment, productivity and stable employment, therefore, In a nutshell, theory YZ helps the organizations to create a sense of workplace spirituality.

The scope of research is limited to the medical professional in Pakistan. As health sector in Pakistan has suffered the most and is the most under-performing sector (Settle, 2010), so, to cater with all the health related issues there is a need to develop the medical profession. As the scope of the research is limited to the medicine profession alone, this study can serve as a foundation to the future researchers to explore the trend in the other professions as well. This would help in improving the overall organizational performance and would also facilitate individuals in improving their career and personal professional growth.

REVIEW OF LITERATURE

Workplace spirituality

Workplace spirituality is a widely researched topic (Lloyd, 1990) that means acknowledging the fact that employees are saintly beings, whose souls need nourishment, which they attain through purposefulness of their work and connectivity to work in a society (Ashmos&Duchon, 2000; Mitroff& Denton, 1999; Milliman, Czaplewski, & Ferguson, 2003).The spirituality of the working environment has nothing to do with the religion or transferring the faith of the employees, but rather personal values (Laabs, 1995; Cavanagh, 1999). According to researchers, spirituality is different from religion as religion divides people through their code of belief; however, spirituality is about open-mindedness, acceptance and all-encompassing (Mitroff, 2003). Spirituality helps human resources to bring soul, heart, body and mind into the workplace, which consequently help the organizations to survive and gain success (Waddock, 1999). This was found to be related with Maslow's higher need theory (Burack, 1999). Every individual has two aspects of life i.e. inner and outer. Moreover, satisfaction of inner life will consequently lead to the satisfaction of outer life (Gupta, Kumar, & Singh, 2013). There is no rule of thumb to incorporate business with spirituality, but to make an organization

spiritual, it should be made human as all human activities are spiritual to some extent (Pava, 2003).

The lack of workplace spirituality in an organization is considered to bring negative outcomes for the organization and the individual (Jurkiewicz, & Giacalone, 2004). However, its presence can bring certain positive outcomes in the organization, like work engagement, tolerance toward work environment and conditions, less stress rate, high involvement, commitment towards organization, superior growth rate, amplified efficiencies, and accomplishments of prominent returns on investments by employees (Giacalone & Jurkiewicz, 2003; Roof, 2014; Altaf & Awan, 2011). The organizations with higher spirituality at the place of work perform better than otherwise (Lloyd, 1990). An organization has to go through a huge change at cultural and leadership level in order to bring spirituality in the workplace (Chawla &Guda, 2013). Whereas, leadership that facilitates organizational spirituality and personal spiritual practices can bring about workplace spirituality (Pawar, 2009). Similarly, managers who show spirituality at the workplace are more effective and successful (Cacioppe, 2000; Strack, Fottler, Wheatley, & Sodomka, 2002; Fry, 2003; Fry, Vitucci, & Cedillo, 2005). It has been depicted in research that workplace spirituality has a positive relationship with employee commitment (Rego & Cunha, 2008; Burack, 1999). Workplace spirituality can emerge as a result of job calling.

Research in spirituality is lacking, therefore, it is essential to explore this phenomenon in more depth to find the benefits organizations receive from spiritually oriented workplace (Oliveira, 2004; Gotsis, &Kortezi, 2008). Furthermore, Sheep (2006) suggested that there is a need to study the link between workplace spirituality and organizational commitment. Calling is an extreme form of commitment that an individual illustrate towards his job.

Calling

Job for an individual is an important aspect for survival in today's fast moving world, because it is the only way through which an individual can get his basic needs fulfilled. This is the reason why the significance of job in current era has led individuals to seek their job or career in a field that fulfills more than their financial needs (Block, 1993). Job calling has emerged as a novel area of interest among researchers across the world in the field of social sciences. In literature, scholars have broadly differentiated the definition of calling into two aspects i.e., neoclassical and modern.

The followers of neoclassical approach believe in the original concept of calling that emerged from a

religious perspective. It states that individual is called by God to perform his social duty (Davidson & Caddell, 1994; Bunderson & Thompson, 2009). However, the modern definition of calling is conflicting and has been presented in numerous contradictory ways (Hirschi, 2011). Generally, the modern definitions of calling states that an individual experiencing calling gains personal happiness, and view his work as an integral part of his life (Hall & Chandler, 2005). Scholars have debated over the years to prove one of these definition right, but Wrzesniewski, McCauley, Rozin, & Schwartz (1997) summed up the definition of calling as a subject of ongoing debate because of vigorously changing nature of research on calling. The literature suggests that sources of calling can be internal (Palmer, 2007) that guides a person to discover himself (Christopherson, 1994). Furthermore, calling is not restricted to one occupation; it prevails in various professions (Estola, Erkkilä, & Syrjälä, 2003). Rego and Cunha (2008) found that there exists a positive relationship between employee commitment and workplace spirituality. Moreover, calling and commitment has a positive bond (Duffy, Bott, Allan, Torrey, & Dik, 2012). Hence, after reviewing the literature following hypothesis can be developed

Hypothesis 1. Calling has a positive relationship with workplace spirituality.

Antecedents of Calling

Many researchers have looked at the antecedents of calling rather than studying its consequences which are positive work outcomes and development an individual's career (Bunderson & Thompson, 2009). According to French and Domene (2010) calling can emerge in a person through an expression of the self through one's skills, personhood, and passions. The present research covers the following antecedents.

Occupational self-efficacy

The term self-efficacy was coined by Bandura in the decade of 1970s. Generally, it means an individual's belief in his/her abilities to accomplish the set targets. In literature, self-efficacy has been defined as an employee's belief in his abilities to organize and carry out the tasks required to manage future circumstances (Bandura, 1995). It is a broad notion valid to various occupations (Schyns and Collani, 2002). In today's fast paced world, self-efficacy prepares the employees for the occupational changes (Schyns, 2001) with proper vigilance (Schyns, Torka, & Gössling, 2007), as well as helps in forecasting the extent to which an individual

is involved in his job (Pati & Kumar 2010). Bandura (1977, 1982, 1997) defined four major sources of self-efficacy that are explicit experience, work proficiency, physiological / emotional condition and social influence. In a nutshell, the self-efficacy of the employees play a major role in an organization as it affects performance, commitment, work engagement and job satisfaction (Sadri & Robertson, 1993; Stajkovic and Luthans, 1998; Chaudhary, Rangnekar, & Barua, 2012; Bozeman, Perrewe, Hochwarter, & Brymer, 2001; Tracey, Hinkin, Tannenbaum, & Mathieu, 2001; Judge & Bono, 2001; Judge, Bono, & Locke, 2000). Research shows that occupational self-efficacy has a weak but positive association with commitment (Rathi, & Rastogi, 2009) and commitment has a positive relationship with calling (Duffy, Bott, Allan, Torrey, & Dik, 2012; Markow & Klenke, 2005). Furthermore, calling mediates the relationship of occupational self-efficacy with workplace spirituality. Hence, the following hypothesis can be proposed.

Hypothesis 2. Occupational self-efficacy has a positive relationship with calling.

Hypothesis 3. Occupational self-efficacy has a positive relationship with workplace spirituality with mediating role of career commitment.

Passion

Passion has been defined in literature in many ways; Zigarmi, Houson, Witt, & Diehl (2011) defined work passion as "an individual's persistent, emotionally positive, meaning based, state of well-being stemming from reoccurring cognitive and affective appraisal of various job and organizational situations that results in consistent, constructive work intention and behaviors". Many studies show that passion for work results in motivation, well-being and it provides meaning to an individual's life. However, passion can lead to some negative outcomes as well, like emotional attachment, rigid behavior and unstable life (Vallerand, et al., 2003). Appraisal process plays a key role in motivating an employee (Zigarmi, Nimon, Houson, Witt, & Diehl 2009) and hence developing passion in an individual. Apart from that passion can be developed in an individual as a result of having a sense of purpose and meaning in work (Dik, Duffy, & Eldridge, 2009). Moreover, passion is related to spirituality (York, 1999). Thus, the following hypothesis can be spawned after reviewing the literature.

Hypothesis 4. Passion has a positive relationship with calling.

Hypothesis 5. Passion has a positive relationship

with workplace spirituality with mediating role of calling.

Work Meaningfulness

Work plays a vital role in the life of individuals, and its outcomes are considered to be a central component in shaping life, as it instigates certain positive traits in an individual. When an individual develops a bond with his work, it creates a sense of commitment and an individual's work becomes meaningful to him. Researchers across the globe have studied this facet in-depth. Spreitzer (1995) suggested that work meaningfulness is one of the four elements of empowerment. And he defined it as, an alignment of an individual's job requirements with his personal beliefs and values.

A study showed that if an individual has high skill variety, task identity and task significance than he is likely to experience his job as meaningful (Hackman Oldham, Janson, & Purdy, 1975). The nature of work, satisfaction with the results, ambiance, mysticism at job and benevolence of an organization are the major sources of workplace meaningfulness (Dimitrov, 2012). The contradictory term used for meaningful work in literature is alienation. Moreover, research proposes that individuals feel low level of boredom or negativity in their work when they find meaning in their work (Isakson, 2010). Scholars have proposed that there exists a positive relationship between work meaningfulness and calling (Pratt & Ashforth, 2003). Individuals having work meaningfulness in their jobs are likely to develop a sense of job calling. Hence, the following hypothesis can be established.

Hypothesis 6. Work Meaningfulness has a positive impact on calling.

Hypothesis 7. Work meaningfulness has a positive relationship with workplace spirituality with mediating role of calling.

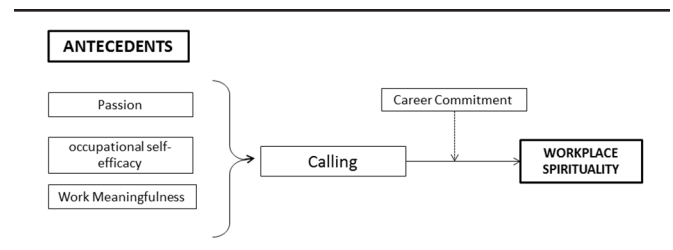
Moderating Role of Career Commitment

The term career commitment refers to an individual's connection with his occupation (Mueller Wallace, & Price, 1992), and is categorized by the advancement or dedication to career goals (Colarelli & Bishop, 1990). In short, career commitment is an individual's motivation to perform his/her works in chosen profession (Hall, 1971). Individuals who are committed in their career experience more advancement. Individuals who had high level of career commitment showed high level of career satisfaction (Carson. K, Carson. P, Roe, Birkenmeir, & Phillips, 1999; Lee Carswell, & Allen, 2000). Apart from being satisfied with their career, individuals even

set high goals for themselves and they worked really hard to achieve those goals even if they had to face obstacles in doing so (Colarelli & Bishop, 1990). As a result, individuals performed well and received two kind of rewards such as extrinsic (Greenhaus & Parasuraman, 1993) and intrinsic; self-satisfaction being one of the intrinsic reqards. Career commitment was found to moderate the relationship of calling with job satisfaction and withdrawal intentions (Duffy, Dik, & Steger, 2011b). So, in the present research career commitment has been taken as a moderator to analyze its impact on the relationship of calling with workplace spirituality. Hence, following hypothesis can be developed.

Hypothesis 8. Calling has a positive relationship with workplace spirituality with moderating role of career commitment.

FIGURE 1
Theoretical Framework



METHODOLOGY

Sample and Procedure

The data was gathered from medical professionals (i.e. doctors and nurses) of different private and public hospitals operating in the region of Rawalpindi and Islamabad. Convenient sampling technique was used. Almost 300 questionnaires were distributed. The participants were provided with little information about the present study and were given the instructions about the questionnaire. The extent of researcher's interference was moderated with non-contrived environment. Participants were also ensured about the confidentiality of their information. They were provided maximum time to complete the questionnaire with more concentration. However 200(66%) questionnaires were filled completely and returned. The sample consisted of 59% females and 41% male medical professionals. Among them 44% belonged to the age group 26-35 and 43.5% belonged to the age group 15-25. Moreover, only 3% respondents were over the age of 45. Among the respondents, 39.5 had 1-5 years of working experience, 29% had less than one year of experience. However, 24.5% had 6-10 years of working experience and only 7% respondents had more than ten years of working experience. In the sample

57% respondents held a bachelor’s degree. Moreover, 22% of the respondents held below a bachelor’s degree. And only 6.5% had more than a master’s degree. Other than that, 55.5% questionnaires were conducted from medical professionals working in public hospitals. Similarly, 44.5% questionnaires were conducted from participants working in private hospitals.

Measures

The instruments used in this research were adopted from the work of early researchers to evaluate the variables of the present study. Data was collected through a questionnaire containing five sections. The first section captured demographical information of the participants which had five questions related to gender, age, tenure, education and hospital type.

Workplace Spirituality

The second section consisted of five items related to workplace spirituality which were adopted from the work of Sheng and Chen (2012). The Cronbach Alpha value of workplace spirituality was 0.715. All the items were evaluated using the likert scale from 1 to 5, where 1 meant strongly disagree and 5 meant strongly agree.

Calling

The third section contained 5 items about job calling adopted from the work of Dik, Eldridge, Steger, and Duffy (2012). The Cronbach Alpha value was 0.786, thus enabling the research to continue. Some of the items for calling included “I see my career as a path to purpose in life”, “The most important aspect of my career is its role in helping to meet the needs of others”.

Passion

The forth section was regarding the antecedents of calling. Passion was measured using 5 items scale by

Vallerand et al., (2003). The Cronbach Alpha value for reliability of passion for work was 0.786. Sample items related to passion included “I cannot live without my work”, “My work allows me to live memorable experiences.”

Occupational Self-Efficacy

Occupational self-efficacy was measured using five items scale from the work of Chen, Gully, and Eden (2001). The Cronbach Alpha value for reliability of self-efficacy was 0.704.

Work Meaningfulness

The last variable in this section was work meaningfulness that was measured by using five items scale by May (2003). The Cronbach Alpha value for reliability of work meaningfulness was 0.771. Sample item for work meaningfulness included “the work I do on this job is meaningful to me”.

Career Commitment

Career commitment was measured using five items which were adopted from the work of Blau (1985). The Cronbach Alpha value for reliability of career commitment was found to be 0.675. However, when second question was removed, it raised to 0.731, thus enabling the research to continue. Respondents were asked how much they agreed with the statements such as “I will be disappointed if I ever left my profession”.

RESULTS

Table 1 (as seen below) depicts mean, standard deviation, correlation and reliabilities of variables used in this research. The mean for calling was found to be 3.72 and that of workplace spirituality was 3.88. The correlation between these two constructs was .048. Moreover, the correlation analysis showed that calling had no significant relationship with work meaningfulness.

TABLE 1
Means, Standard Deviations, Correlations, and Reliabilities

Variables	Means	S.D.	1	2	3	4	5	6
1 Calling	3.72	0.611	-0.786					
2 Passion	3.78	0.646	.282**	-0.786				
3 Occupational Self-efficacy	3.7	0.507	0.121	.419**	-0.704			
4 Work Meaningfulness	3.88	0.549	-0.014	.326**	.313**	-0.771		
5 Career Commitment	3.9	0.621	0.045	.548**	.353**	.293**	-0.731	
6 Workplace Spirituality	3.88	0.47	0.048	.402**	.328**	.260**	.554**	-0.715

N=200; alpha reliabilities are given in Parentheses. For correlation greater than or equal to .316 p<.05; for correlations greater than or equal to .183; p< 0.01 ***

This finding was opposite to the finding of Pratt and Ashforth, (2003); Hirschi (2012) and Wrzesniewski (2003). Their findings suggested that there exists a positive relationship between work meaningfulness and calling. Although calling was found to have a positive significant bond with passion, but H6 was not supported (see table). Moreover, the correlation analysis showed that workplace spirituality has a significant positive relationship with antecedents of calling.

Regression Analyses

Mediation and moderation analysis by Preacher and Hayes method (2008) was performed separately, in order to formally test the hypotheses. In all the regression tests age, gender, tenure, and education were entered as controlled variables in the first step. Mediation regression analysis was used to test the mediating role of calling with its antecedents and workplace spirituality. Similarly, Moderation regression analysis was used to test the moderating role of career commitment on the relationship between calling and its consequences.

TABLE 2
Regression Mediation Analysis

Variables Paths	WORKPLACE SPIRITUALITY			
	β	SE	t-value	p-value
OCCUPATIONAL SELF-EFFICACY				
Path a: IV to M	.1484	.0830	1.79	.075
Path b: M to DV	.089	.055	1.6	.106
Path c: IV to DV	.29	.064	4.5	.00
Path c':	.30	.06	4.7	.00
PASSION				
Path a: IV to M	.28	.063	4.47	.00
Path b: M to DV	.026	.056	.458	.648
Path c: IV to DV	.283	.051	5.566	.00
Path c':	.291	.048	6.01	.00
WORK MEANINGFULNESS				
Path a: IV to M	-.05	.079	-.67	.501
Path b: M to DV	.132	.055	2.41	.017
Path c: IV to DV	.254	.0599	4.24	.00
Path c':	.247	.061	4.076	.0001

All the demographic variables (age, gender, tenure, education, and hospital type) were controlled initially
M (Mediating variable) is used for calling
Path c' shows the total effect

The first hypothesis (H_1) was accepted as a significant ($p=0.036$) positive relationship was found between calling and workplace spirituality. Moreover, the value

of b was 0.165, with $t=2.113$ that showed that workplace spirituality and calling both have an impact on each other. H_2 was not accepted because occupational self-efficacy was not found to have a significant relationship with calling ($p=0.075$ and $t=1.788$). However, H_3 was accepted because calling was found to significantly mediating the relationship of occupational self-efficacy with workplace spirituality. H_4 was accepted as passion had a significantly positive impact on calling ($b = 0.28$, $t = 4.47$). H_5 was accepted as calling mediated the relationship of passion with workplace spirituality ($p=0.00$, $t=6.01$). Similarly, workplace meaning had an impact on calling, but the value of t was -0.67 and b was $-.05$, hence H_6 was rejected. The relationship of work meaningfulness with workplace spirituality was found to be sufficiently mediated by calling ($p=.0001$, $t=4.076$, $B= 0.247$). Hence, H_7 was accepted.

TABLE 3
Regression Moderation Analysis

Variables	Career Commitment			Direct (Calling)			
	R ²	F	p	R	R ²	F	p
Workplace Spirituality	.001	.283	.5954	.569	.32	11.408	.0000

To test the moderating role of career commitment, a regression moderated analysis was conducted using preacher and Hayes method (2008). Though calling had a significant impact on workplace spirituality but owing to the moderating role of career commitment, the relationship became insignificant ($p=0.59$), and the value of R^2 decreased to .001. Hence, H_8 was rejected.

DISCUSSION

In general it was found that workplace spirituality emerged in the workplace as a result of antecedents of calling and calling itself among the medical professionals in Pakistan. It could be due to the fact that once the medical professionals in Pakistan experience calling they developed the ability to tolerate and accept others in their workplace. One of the main facets found in developing the sense of calling among the medical professionals in Pakistan was passion. It can be drawn from the findings that medical professionals who are passionate about their job develop a sense of calling. According to Sheikh & Yahya (2011), Pakistani doctors are passionate about their work which can lead to job calling. Generally, in Pakistani culture, mostly individuals who want to adopt the medical profession setup their minds long before they actually join the medical profession, which develops a feeling of passion in them which leads to work calling.

However, occupational self-efficacy and work

meaningfulness were found to have negative impact on calling. These results contradicted the findings of Pratt and Ashforth (2003); Wrzesniewski (2003), and Duffy, et al. (2012). Their findings suggested that occupational self-efficacy and work meaningfulness has a positive relationship with calling. However, one possible explanation for this contradictory result is cultural differences (Hofsted, 1984). Another reason could be that doctors' jobs are monotonous in nature, and they have to perform same tasks daily, which could be the reason that when doctors find meaningfulness in their job and are complacent with their job, it doesn't lead to calling.

Calling was found to mediate the relationship of occupational self-efficacy, passion and work meaningfulness with workplace spirituality. From the findings it can be concluded that among the medical professionals in Pakistan, occupational self-efficacy, passion and work meaningfulness can develop workplace spirituality through calling.

As per the moderating regression analysis, career commitment was not found to be moderating the relation of calling with workplace spirituality. One possible reason could be that medical professionals experiencing calling do not consider career commitment as an important factor, and those doctors who are experiencing calling are already committed with their jobs.

IMPLICATIONS

The present study can be useful for the health sector in Pakistan as it has already identified certain factors that will help the hospital administrations in improving the level of commitment among the medical professionals. The hospital administration needs to develop a sense of calling by developing occupational self-efficacy, passion and work meaningfulness among the medical professionals that will lead to workplace spirituality, that will be beneficial not only for the hospital itself but for the society as a whole. The hospital administration should devise certain policies through which the level of calling among doctors can be enhanced.

Limitations

There are a few limitations of the study. First off, the data was collected from the Rawalpindi/Islamabad region that constraints the study to geographical limits. Therefore, there is a need to conduct the study at a broader level. Secondly, only three antecedents and one consequence, i.e. workplace spirituality of calling was studied, whereas, calling is a huge concept that includes many other factors which can affect the medical profession.

Furthermore, many problems were faced during data gathering as doctors were busy and they did not bother to facilitate such study. Convincing the participants to fill out the questionnaire took a lot of time and effort, especially in private hospitals. Some questionnaires were not filled properly and some were not even returned. Due to this reason, the sample size was affected. Lastly, due to the limited time of the study, it was not conducted in much detail. However, this research is likely to provide the guideline to the research community regarding the rising significance of calling and workplace spirituality.

Future Research Direction

As health sector in Pakistan is the most under performed sector, hence this sector requires a lot of attention in future research. There are many other factors that can be included in the present model, and there is a dire need to explore those facets as well. In the present model career commitment did not moderate the relationship among calling with its consequences; hence there is a need to study commitment in some other way than moderator. Commitment can be taken as a mediator to further explore the relationship.

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