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Perceived Job Image and Organizational Cynicism: A Study of Police Personnel in Pakistan

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Interactive Effect of Perceptions of Politics (POP) and Impression Management on Organizational Citizenship Behavior and Job Burnout

Impact of Humor on Forward Intention of Customers mediated by Attitude towards Message; A Case of Viral Marketing

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EDITOR'S NOTE

I am pleased to introduce Jinnah Business Review, Volume 2, No.1. Thanks to our Editorial Board members, reviewers, and the never-ending support of Dr. Muhammad Mansoor Ahmed, Executive Vice President and Dr. Arshad Hassan, Dean Management Sciences, Mohammad Ali Jinnah University. Special thanks to Mr. Aamir Khan Khattak, Mr. Muhammad Bilal Saeed, Ms. Maria Mashkoor and Ms. Rumesa Pervez Khan who are helping me as editorial team in compilation of Jinnah Business Review.

There has been a remarkable improvement in the number of publications by Pakistani Universities in last decade but majority of these publications are from Pure Sciences. Social Sciences, generally, and Management Sciences specially are far behind in terms of publications. The researchers in Management Sciences can contribute in this area by focusing on specific contextual problems which are unique in our context/culture. Reviewers from top tier journals focus more on unique contextual/cultural factors prevailing in Pakistan.

The objective of Jinnah Business Review is to publish up-to-date, high-quality and novel research papers alongside relevant and comprehensive reviews. Each issue of the Jinnah Business Review contains papers from various domains of Management Sciences. These papers analyze various management related problem areas in Pakistan. Findings of these papers, when discussed in contextual/cultural settings of Pakistan, provide the researchers and students a way to apply these concepts practically.

Needless to say, any papers that you wish to submit are much appreciated and will make a substantial contribution to the early development and success of Jinnah Business Review.

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

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PERCEIVED JOB IMAGE AND ORGANIZATIONAL CYNICISM: A STUDY OF POLICE PERSONNEL IN PAKISTAN

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ABSTRACT

This study investigates the relationship between perceived job image and organizational cynicism. Data were collected from 208 police personnel working in Pakistan through personally administered questionnaires. Findings indicate that negative job image causes organizational cynicism among police personnel in Pakistan. However, power distance as a cultural dimension does not moderate this relationship. Implications for decision makers are also discussed.

INTRODUCTION

Policing is an integral component of public administration as it plays a vital role in society, being responsible for law enforcement, peacekeeping (Reiss, 1971), guarding the public from lunatics and psychopathic killers (Margarita, 1980), avoiding and combating crime (Fairchild, 1989; Martin, 1999). These activities make policing extremely intricate (Goldstein, 1990), demanding, challenging and stressful (Anshel, Robertson & Caputi, 1997; Collins & Gibbs, 2003; Wu, 2009). Because of these occupational hassles, a growing number of studies tried to analyze police personnel attitude and behavior (Goldstein, 1990) which include job satisfaction (Fields & Blum, 1997; Ganzach, 1998), employee motivation (Srivastav, 2006), workplace deviance (Henle, 2005), counterproductive work behavior (Martinko, Gundlach, & Douglas, 2002) and organizational cynicism (Simbula & Guglielmi, 2010).

Defined as a pessimistic mind-set or attitude that an individual has towards one's employing organization (Davis & Gardner, 2004), cynicism among police personnel gained attention through seminal work by Niederhoffer (1967), and in the last few decades it has received significant attention in management literature. Recent years have witnessed a revival of researchers' interest in cynicism among police personnel. Caplan (2003) analyzed positive and negative aspects of cynicism among police personnel, while Mignone (2005) studied the level of cynicism among New York Police recruits by means of similar sample used by Niederhoffer (1967). Studies also confirmed that police personnel are more prone to organizational cynicism since they experience multiple stress factors. Long working hours and lack of organizational support caused higher level of stress among officers of Australian state police service (Davey, Obst, & Sheehan, 2001), while Berg, Hem, Lau, and Ekeberg (2006) found that job pressure and lack of support were causing physical and mental health problems for Norwegian Police. All such frustrating situations at work place are a major source of cynicism among police personnel, which affect their normal course of duty (Graves, 1996).

On one side, policing is a profession having higher levels of stress, while on the other side studies report usage of oppressive and brute force by police personnel, and also existence of a high rate of corruption in the organization (Alpert & Dunham, 1997). Because of negative image of police among masses, the citizens are suspicious of police (Moon & Zager, 2007), and this image can even result in physical attacks on Police (Caplan, 2003). Being part of a profession having a repulsive image among masses, Social Identity Theory (Ashforth & Mael, 1989) lends support to the argument that this image can generate a wide range of attitudes among police personnel including organizational cynicism (Edwards, Nafziger, & Holland, 1974), which is conceptualized as a negative attitude (Andersson & Bateman, 1997). Same analogy was used by Yim and Schafer (2009) in a comprehensive analysis of perceived job image and police personnel job satisfaction, who recommended that the future studies should examine relationship between perceived job image and organizational cynicism.

A study by Nalla and Mamayek (2013) concluded with an important question, why countries like Sri Lanka, India and Pakistan have failed to change the image of their police as a para-militaristic culture reflective of their colonial heritage. This image is generally attributed to perception of police being a brute force.

The organization is also ranked very high in corruption (Bashir, Khattak, Hanif, & Chohan, 2011), generating mistrust among masses. Still, limited studies have examined specific relationships between perceived job image and its outcomes among police personnel in a non US/non western context like Pakistan. Culture affects attitude and behavior (Gelade, Dobson, & Gilbert, 2006); however, perceived job image and employee attitude holds different meanings in different cultures. Thus an important objective of the present study is to investigate this under researched area.

Perceived Job Image and Organizational Cynicism

Perceived job image is defined as a perception held by an employee about his/her job regarding the meaning of occupational association concerning the social status and competence (Birnbaum & Somers, 1986; 1989) or employees' perception of their profession's assessment by outsiders (Dutton & Dukerich, 1991; Lim, Teo, & See, 2000; Hatch & Schultz, 1997), which can be made during employees' interaction with others (Kamasak & Bulutlar, 2008). If an employee feels that his/her job holds a negative perception among others, it can lead to negative attitude towards that job and employing organization. Dean, Brandes, and Dharwadkar (1998) described negative effect towards the organization as organizational cynicism, i.e. employee would feel that he is subject to this negativity by others as a result of holding that position in a particular organization.

Yates and Pillai (1996) suggest that police personnel's feeling about their job and organization is greatly influenced by the perception people have about them, and Friedrich (1980) suggests that cynicism among police personnel can be attributed to negative image about their job. Collins and Gibbs (2003) found that policing as a profession is a sufferer of blame culture which has increased stressful occupational exposure. Yim and Schafer (2009) suggest that police personnel are aware about the fact that citizens perceive them negatively. Lim, Teo, and See (2000) reported that "when members of the public treat police officers with lack of respect and perceived to be incompetent, such responses may serve as negative stimuli. Such stimuli may, in turn, evoke certain negative affective reactions" (p-741). The conceptualization of this negative reaction matches with organizational cynicism since it is an evaluative judgment materializing from an individual's experiences of employment (Cole, Bruch, & Vogel, 2006; Bedeian, 2007).

While negative job image can result in organizational cynicism, its reverse is equally true that positive perceived job image results in positive work behavior and enhanced performance (Organ & Greene, 1974; Kamasak & Bulutlar, 2008). These findings provide us an evidence to develop first hypothesis of study relating perceived job image with organizational cynicism.

Hypothesis 1. Perceived job image of police personnel is negatively related to organizational cynicism.

The Present Study – Context: Police in Pakistan and role of culture

Pakistan inherited colonial system of policing which was developed way back in 1861 to rule over the colony (Awan, 2013).Though claims are made that it was replaced through Police Order, 2002; police is still viewed as a brute force in Pakistan. After decades of Pakistan's independence from colonial rule, even today a policeman in uniform is seen as representative of sovereign state (Imam, 2011). "Police in Pakistan have a terrible reputation. There appears to be across-the-board consensus that the institution of police is largely corrupt, often brutal and institutionally incompetent" (Abbas, 2008). Being elite and powerful agents in society, the actions by police personnel, even including extra judicial murders, are generally not questioned by masses in a country like Pakistan with a high power distance culture (Hofstede, 1980, 1994); a culture defined as the measure of power disparity and is deemed normal by the people of that country.

Since culture shapes the behavior (Hofstede & McCrae, 2004), research shows that level of power distance significantly influences work patterns, attitudes and actions (Francesco & Chen, 2000; Vatrapu, 2002). Pakistan has a high power distance culture (Hofstde, 1980); some studies with similar cultural orientation (e.g. Lim, Teo, & See, 2010) indicate that perceived job image is an important determinant of various organizational outcomes. I argue that Police personnel working in a low power distance orientation will be having different job attitudes and behaviors as compared to high power distance orientation. A larger number of studies have examined the relationships between perceived job image and police attitude and behavior in the US and Western contexts where low power distance culture prevails, as compared to examining these phenomenon in a high power distance cultures like Pakistan.

Thus this study intends to investigate the relationship in Pakistani cultural context. The second hypothesis of present study is:

Hypothesis 2. Power distance moderates the relationship between perceived job image and organizational cynicism.

METHODS

Measures

The data were collected using a five point likert scale with 1 representing (strongly disagree) and 5 representing (strongly agree). The exceptions were demographics (age, tenure, qualification and tenure) for which dichotomous and category scales were used.

Perceived Job Image

The questionnaire to measure perceived job image was originally developed by Lim et al., (2000); the same instrument was adopted for present study. Sample items read, "Police work is an occupation highly respected in the community", "Police officers are not as competent as they seem" and "Policing is dirty work". A higher score in this scale indicates positive job image and vice versa. Coefficient alpha for this measure was 0.966.

Organizational Cynicism

Organizational cynicism was measured using an instrument developed by Dean et al., (1998). This scale has been widely used and has shown acceptable psychometric properties. Sample items state, "I often experience irritation when I think about my organization", "I criticize my organization's practices and policies with others" and "I often experience anxiety when I think about my organization". Alpha reliability for this measure was 0.938.

Power Distance

The cultural dimension Power Distance was measured using an instrument developed by Brockner, Ackerman, and Greenberg (2001). Sample items read, "there should be established ranks in society with everyone occupying their rightful place regardless of whether that place is high or low in the ranking", "even if an employee may feel he deserves a salary increase, it would be disrespectful to ask his manager for it" and "people are better off not questioning the decisions of those in authority". Coefficient alpha for this measure was 0.801.

Sampling

Sample consisted of police personnel serving in the police agency of Pakistan. It encompasses all the departments that come under the umbrella of police force including traffic police, motorway police, highway police, and elite force etc. The access to sample was gained through personal contacts and requests to different senior police officers to extend help in data collection. Many questionnaires were filled by the Police personnel on the spot while performing their official duty. The main focus of the study was to have an opinion by those who act as "street cops" having direct interaction with general public. Thus majority of respondents were working at lower level jobs like constables, assistant sub inspectors, while few were filled by senior level officers.

The questionnaires were personally administered to police personnel. A cover letter was attached with the questionnaire explaining purpose of the study, and it also assured respondents of strict confidentiality and that participation in study was voluntary. The confidentiality was ensured through anonymity as respondents were not asked to write their names, designations or anything through which they could be identified. Non-probability sampling technique was used, and initially 245 questionnaires were distributed, out of which 211 were received back and 3 questionnaires were incomplete and were excluded. Therefore 208 questionnaires were used for the research, representing a response rate of 85%.

The sample for the research was composed of 87.5% male and 12.5% female police personnel. This composition symbolizes the cultural and social norms of Pakistan, i.e. policing is viewed as a masculine profession by many (Schaible, 2006). In terms of qualification, 41.8% held a bachelors degree while 4.3% of the respondents had done Masters. In terms of age groups, major portion of the sample (about 34%) lied within the age level of 30-35 years, while 23% represented 20-25 years, 20% representing 26-30 years and 11% were above 40 years of age.

Results

TABLE 1
Correlation Analysis

		1	2	3
1	PJI	1		
2	PD	0.157*	1	
3	OCY	-0.486**	0.249**	1

***p<.005, *P<.01, n = 208, PJI = Perceived Job Image, PD = Power Distance, OCY = Organizational Cynicism*

The Correlation analysis in table 1 indicates a significant negative relationship between perceived job image and organizational cynicism. This result is in line with first hypothesis i.e. perceived job image is negatively associated with organizational cynicism.

TABLE 2
Regression Analysis for Outcomes

	β	t	sig	R^2
Perceived Job Image	-0.569	-7.98	0.000	0.236

Adjusted R^2=0 .233, F = 63.73,Dependent Variable: Organizational Cynicism

Regression Analysis suggests that perceived job image is one of the significant contributors of organizational cynicism. The value $R^2 = 0.236$ shows that about 23.6% of variation in organizational cynicism is caused by perceived job image. As a whole, these results suggest that there exists a strong and significant negative relation between perceived job image and organizational cynicism, thus the first hypothesis (H1) is accepted.

TABLE 3
Moderated Regression Analysis

	Organizational Cynicism		
Predictor	**β**	**R^2**	**ΔR^2**
Power Distance			
Step 1			
Control Variables		0.136	
Step 2			
Perceived Job Image	-0.404**		
Power Distance	0.189**	0.317	0 .181**
Step 3			
Perceived Image x Power Distance	-0.382	0.325	0.008

***p<.005, *P<.01, Control Variables: Gender, Age, Tenure, and Qualification*

Moderated Regression Analysis in table 3 shows that power distance does not moderate the relationship between perceived job image and organizational cynicism (β= -0.382, with insignificant value). Hence hypothesis (H2) is rejected.

DISCUSSION

The findings of the present study indicate that Police personnel in Pakistan perceive that they do not enjoy a positive image among masses. These findings are supported by Yim and Schafer (2009) while Tuohy and Wrennall (1995) found that perceived job image of police personnel was positive. These varying findings indicate that the issue of perceived job image cannot be generalized; it will depend on context where it is being examined. The specific context in which police operates in Pakistan can be a major factor. Thus, an important finding of present study is that perceived job image is a contextual phenomenon; context determines whether police personnel have positive or negative job attitude. These findings substantiate argument by Johns (2006) that context affects every component of organizational behavior.

Examination of rarely studied relationship between perceived job image and organizational cynicism can be considered as a important contribution of the present study. Earlier studies related perceived job image with different organizational outcomes, but organizational cynicism remained unscathed. Attitude is the key component for predicting the intention and behavior (Ajzen, 1991). The findings indicate that cynicism among police personnel can be an outcome of perceived job image. Studies with an occupational focus of organizational cynicism (Niederhoffer, 1967) consider that cynicism can be an outcome of being part of any specific occupation like police; I believe that perceived job image is also occupation specific. This analogy can easily explain the relationship between these two variables. For any occupation in which the employees are required to interact with public customers or general public, they will be concerned about the image they have among others. In case they are perceived less favorably by others, this will develop a negative attitude about that occupation and organization commonly referred to as organizational cynicism.

An unusual finding of the present study was insignificant moderating role of power distance in determining the relationship between perceived job image and organizational cynicism. Though Hofstede (1980) places Pakistan amongst those countries having high level of power distance, and since culture acts as software of mind (Hofstede, 1991), it was hypothesized that power distance can enhance the impact of perceived job image in determining organizational cynicism. However, contrary to expectation, the power distance does not moderate the relationship between perceived job image and organizational cynicism. Power distance as defined by Hofstede (1980) has an important characteristic that societies high in power distance not only have unequal distribution of power, but members of that society accept this unequal distribution of power. Like many public sector organizations of Pakistan, the police personnel consider unequal distribution of power as a matter of routine, i.e. they do not question this unequal distribution; people having power, status and authority are entitled to do whatever they like. Organizational members do not consider it necessary to question this unequal distribution; hence it has shown insignificant moderating effect in present study.

The findings of present study have important theoretical and practical implications. Theoretical significance includes occupational conceptualization of perceived job image. Although the phenomenon is

important for all the jobs in public administration, but for those jobs involving direct interaction with general public like police, health, academics etc., perceived job image matters more, and is likely to have positive or negative effects on organizational outcomes. The important practical implication is that it helps to relate organizational identity with organizational attraction (job image). According to Attraction–Selection-Attrition frame work (Schneider, 1987), a positive image of the organization helps in attracting the most competent and talented individuals towards organization. The incompetency and non-professionalism in police force of Pakistan can be attributed to the fact that most of the brilliant and talented individuals do not prefer to work in police due to image or rather stigma associated with this profession. Thus the decision makers need to consider this important aspect as they should not expect a quality work force applying for jobs in their organization, unless the policing image in society is not improved.

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COUNTRY RATING AND STOCK MARKET VOLATILITY: AN EMPIRICAL ESTIMATION FOR KARACHI STOCK EXCHANGE

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ABSTRACT

This study is aimed to explore the relationship between country rating and volatility of Karachi Stock Exchange for the period 1999 to 2012. This study employs daily data of country ratings and stock market returns to investigate influence of rating on volatility of market. Univariate Asymmetric GARCH model is used to explore the relationship and results reveal that country rating has a significant role in explaining volatility in Karachi Stock Exchange.

INTRODUCTION

Investors are mainly concerned with returns so their interest is in current and prospective risks. Investors have to allocate funds in local as well as foreign markets that is why huge finances are spent on identifying and explaining the risks involved along with the ways to manage these risks. But most of the efforts are diverted to formulating plans for risks that can be managed through insurance, financial planning or other financial measures. However there exist some risks that cannot be managed through these measures. The conventional approach to evaluate an investment opportunity, such as purchasing a treasury bond or buying a basket of stocks, focuses on the identification and examination of prevailing risks. The investors while evaluating risks consider two things. Firstly, the information requirements and secondly the mathematical model to capture the risk. These decisions are taken in advance so that the optimal investment opportunity can be evaluated. This approach only works fine if the goal is to improve the returns nominally. But interestingly it has been observed time and again that even when the opportunities are favorable, offering good returns with less risk, the investment managers as well as the institutions seem dissatisfied. One of the reasons is that once the investment opportunity is opted or the selection of the portfolio is made no one is interested to pay attention to figuring out how the information that is available has been utilized and how that piece of information could be used to make more informed decisions or gain higher returns. Some unanticipated benefits as well as drawbacks that may have provided insight into the investment decision may be overlooked. For example an investment opportunity that an institution thinks to exist in the insurance sector of a specific country could only be optimized if and only if a proper mechanism is installed and set in place to evaluate the anticipated and unanticipated aspects pertaining to the decision that is vital for any institution.

This study involves the identification of an alternative approach to evaluate and quantify risk that continually allows the exploitation of the available data in new ways. Instead of the using the conventional political risk that is thought to be a good proxy for risks involved for evaluation of an investment opportunity in a specific country, it focus on the exploration of information beyond. Rather than viewing the conventional method as the only resource that can be used for evaluation it sees the risk existing within a country not only as the political risk but also a composite risk that comprise both risks i.e. governance risk, economic and financial risk. Most of the researchers are of the view that the investment opportunities that involve the stock markets of a country has nothing to do with other risks except the financial risk but over a time a large number of researchers have tried to analyze as well as quantify various types of risk that can affect investors' interest. Sometimes the financial as well as the economic reforms shape the risk preference of the investor and align the decision making process with a specific path of available set of information. This type of information can also result in inflows and outflows of capital especially in developing economies (Ramcharan, 1999). Under these circumstances it becomes important to understand that how the information specific to a country can affect an investment opportunity. The investment managers have to consider the country dynamic risk and it is not related to a specific set of factors in evaluating risk.

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Number of studies that argue the matter discussed above cannot be treated in a conventional way. An analytical base with concrete evidences is required for defining, as well as explaining the impact of different types of ratings on volatility of stock markets, as these mostly address the effect of political risk ratings (Aliber,1975). Commissioned to address this problem or opportunity that has been sensed, this study provides insight and then iteratively analyzes via empirical testing to gain knowledge and create understanding.

LITERATURE REVIEW

Hurwitz (1973), Taylor and Jodice (1983) have explained the three dimensions to political risk. The first one links political stability with level of democracy prevalent in the political system of a country. It is a conventional wisdom that the countries where non democratic systems exist have more political instability. The second one takes into account patterns of change in governments, and the way these changes are brought about in countries. The last and the third one adhere to the extent to which civil and social unrest take place within a country. Credit rating as a measure of risk and its impact on equity markets has been analyzed by Erb, Harvey and Viskanta (1995). The study provides evidence aligned with portfolio theory that higher risk rating is followed by higher expected returns. Cosset and Suret (1995) analyze the benefits of international portfolio diversification into politically risky countries. This study uses conventional mean-variance optimization procedure to access the impact of political risk constraint on the risk and return of internationally diversified portfolio. Findings of the study suggest that diversification among politically risky countries improve risk return characteristics of optimal portfolios. In 1996 it is investigated that whether the risk indices encapsulate information about expected returns or not. This study employs five measures i.e. Political risk, economic risk, financial risk and composite risk from political risk service' International Country Risk Guide (ICRG) and a fifth measure from Institutional Investor's (II) country credit rating. Diamonte et al. (1996)and Diamond, Larry and Jay(2002) argue that the impact of political as well as economic risks especially in emerging and developing markets are matter of great concern, as these can influence the return earning ability of the informed investors. Bekaert and Harvey (1997) explore the changing influence of world factors on the volatility in emerging markets and report a weak negative relation between country credit rating and volatility. The study also find that political risk explain a large amount of variation in volatility.

Bilson, Brailsford, and Hooper (2002) contribute to the political risk literature in two ways. First, the study presents a model of return variation that incorporate political risk, after taking into account both global and local influences on returns. Second, it tests the impact of political risk at both individual and aggregated portfolio levels. It reports that political risk is important in explaining return variation in individual emerging markets, particularly in the Pacific Basin. Ramcharran (2003) contribute to the existing literature by estimating the effect of political, economic and credit risk on equity returns, dividend yield, P/E ratio and price/book value ratio and report that political risk has significant impact on emerging market returns. Jenson and Nathan (2003) and afterwards Brady, Henry and Collier (2004) use the data for country's credit ratings from the International Country Risk Guide of political risk services and examine the effect of local factors through utilizing the country's credit rating of political, financial and economic risk on the stock market volatility, predictability and portfolio diversification in the context of ten emerging markets in Middle East and Africa (MAEF). The study uses GARCH-M model by allowing the shocks in local factors to affect conditional variance. It presents the shocks (Variable from the ICRG) by taking the difference between the risk ratings and report that the shocks in the political, economic and financial risk rating transfer the volatility constraints in the MAEF emerging markets. However, five out of ten countries have only three years of data, which may raise questions on the findings. Alon et.al (2006) carried out a cross country analysis to study the factors that are important to manage micro political risks.

Howell, Simpson and John (2007) study the composite risk rating provided by the ICRG (International Country Risk Guide) to measure the impact of political risk on stock returns in addition to the company's fundamental evaluation such as price-to-earnings ratio, dividend yield and price-to-book ratio in five emerging markets for the period of 1997 to 2001. The study reports that the company's fundamental and country rating factors help to explain the returns in selected markets and suggests that despite financial, political and economic reforms, there is a still impediment for investors due to political risk in these emerging markets.

METHODOLOGY

Data Description

The data for stock market index is taken from Karachi Stock Exchange. The daily closing value of KSE-100 index is used for calculating the daily returns. The closing prices are taken for the period January 1, 1999 to December 31, 2012. The daily return series has been generated by using the following equation:

$$R_t = \ln\left(\frac{KSE_t}{KSE_{t-1}}\right)$$

Where R_t is the return for day 't' and KSE_t and $KSE_{(t-1)}$ represents the closing value of the KSE-100 index for day 't' and 't-1' respectively and 'In' stands for Natural Log. This study uses Country rating which is developed as follows:

Country rating comprises of two major components i.e. Governance risk and economic and financial risk. It is worth mentioning that this rating is the first of its kind as all the country ratings prior to this and developed by well reputed institutes such as Bank of America, Standard and Poor's Rating Group, ICGR (International Country Risk Guide) and some others take into account the political risk only. One of the argument that could be set forth as a challenge to this dimension resides in the fact that the political state is just a mere part of governance and hence for the development of rating or a score for the country it is impudent to consider the governance component fully and not just a single dimension of it i.e. the political aspect only. For the development of this rating a separate index is created for each component. The governance risk index comprises of 100 points and 50 points are assigned to each of financial and economic risk. The total points from these indices are divided by two to produce weights in order to calculate a composite score for country risk. The following section entails the complete details pertaining to the development of a risk rating for the country. As mentioned above the country rating is a composite index developed by using distinct set of risks. The first one is the governance risk. The governance risk rating includes five dimensions that are captured by 150 attributes from different sources. The points assigned to each variable are as follows:

COMPONENT	POINTS/ SCORE
GOVERNMENT SELECTION, POTENY & ACCOUNTABILITY	25
FREEDOM OF SPEECH AND EXPRESSION	25
POLITICAL INSTABILITY AND ENVIRONMENTAL UNREST	25
LAW AND ORDER SITUATION	15
CORRUPTION AND BRIBERY	10

Governance potency and accountability is the assessment of perceptions of the extent to which a country's citizens are able to participate in selecting their government, the quality of public as well as civil service provided by the government and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. The risk rating is assigned to the attributes on a scale from 0 to 5. A score of zero means very low risk and a score of 5 means very high risk. The scores from all the attributes are then used to estimate a single score for Government Selection, potency and accountability. The attributes that have been employed are listed in the appendix I.

Freedom of Speech and Expression is the assessment of the perceptions of the extent to which a country's citizens enjoy freedom of expression, freedom of association, and a free media. The risk rating is assigned to the attributes on a scale from 0 to 5. A score of zero means very low risk and a score of 5 means very high risk. The scores from all the attributes are then used to construct a single score for Freedom of Speech and Expression. The indicators that have been employed are listed in the appendix I.

The Political Instability and environmental unrest is the assessment that measures the perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means along with the factors that could result in unrest or chaotic situation of the environment. The risk rating is assigned to the attributes on a scale from 0 to 5. A score of zero means very low risk and a score of 5 means very high risk. The scores are then combined to capture the discussed dimension. The indicators that have been employed are listed in the appendix I.

The Law and Order Situation is a dimension that measures the perception of the extent to which participants of society abide by law and how the government is able to enforce laws and protect them from activities of violence and crime. The risk rating is assigned to the attributes on a scale from 0 to 5. A score of zero means very low risk and a score of 5 means very high risk. The scores are then used to measure the dimension Law and Order Situation. The indicators that have been employed are listed in the appendix I.

The Corruption and Bribery is the dimension that measures the perceptions of the extent to which participants of the society are involved in corruption and bribery paying activities. The risk rating is assigned to the attributes on a scale from 0 to 5. A score of zero means very low risk and a score of 5 means very high risk. The scores are then combined to capture Corruption and Bribery. The attributes are listed in the appendix I.

The economic risk rating as well as the financial risk rating is adopted from International Country Risk Guide. The composite score for Country rating is calculated by using risk rating calculated earlier i.e. the governance risk, the economic and the financial risk.

The governance risk rating contributes 50% of the composite rating, while the financial and economic risk contribute the remaining.

The following formula is used to calculate the aggregate political, financial and economic risk:

$$CGEFR_t = 0.50(GR_t) + 0.25(ER_t) + 0.25(FR_t)$$

where
CGEFR = Composite governance, economic and financial risk ratings
GR = Total governance risk indicators
ER = Total economic risk indicators
FR = Total financial risk indicators

Model and Methodology Description

ARCH/GARCH method is used to the impact of country rating on stock market volatility. The model suggests that the variance of the residuals at time t depends on the squared error terms from the past periods. Engle simply suggest that it is better to simultaneously model the mean and the variance of a series when it is suspected that the conditional variance is not constant.

Consider the simple model:

$$Y_t = \alpha + \beta X_t + \mu_t \quad (A)$$

Where X_t is an n*k vector of explanatory variables and β is a k*1 vector of coefficients.

Normally, it is assume that μ_t is ideally, independently distributed with a zero mean and a constant variance σ^2, or in mathematical notation:

$$\mu_t \sim \text{iid } N(0,\sigma^2)$$

ARCH Model allows the variance of the residuals (σ^2) to depend on past history or to have heteroskedasticity because the variance may change over time. One way if allowing for this is to have the variances depend on lagged period of the squared error terms as follows:

$$\sigma_t^2 = \gamma_0 + \sum_{j=1}^{q} \gamma_j \mu_{t-j}^2 \quad (B)$$

Also
$\gamma_i \geq 0 \forall i = 0,1,2,3,\ldots,q$

Where:
X_t = Set of Explanatory Variables
σ_t^2 = Conditional variance at time t
Y_t = Set of Dependant Variables
μ_t = Disturbance term

Where equation (A) is called the mean equation and equation (B) is called the variance equation. ARCH provided a framework for the analysis and development of time series models of volatility. However the ARCH model is only the starting point of the empirical study and relies on a wide range of specification tests. One of the drawbacks of ARCH specification, according to Engle (1995), is that it looked like a moving average specification than an auto regression. From this, a new idea is born which was to include the lagged conditional variance term as autoregressive terms. The Generalized ARCH (GARCH) model of Bollerslev (1986) fulfils this requirement as it is based on an infinite ARCH specification which reduces the number of estimated parameters from infinity to two.

The general GARCH (p, q) model has the following form:

$$Y_t = \alpha + \beta X_t + \mu_t \quad (C)$$
$$\mu_t \sim \text{iid } N(0,\sigma^2)$$

In that case, the GARCH (p, q) model (where p is the order of the GARCH terms σ_t^2 and q is the order of the ARCH terms μ^2 is given by:

$$\sigma_t^2 = \alpha_0 + \sum_{i=1}^{q} \alpha_i \mu_{t-i}^2 + \sum_{i=1}^{p} \beta_i \sigma_{t-i}^2 + \gamma_1 CRR_{t-1} + \gamma_2 SCRR_t \quad (D)$$

Where:
σ_t^2 = Conditional variance at time t
μ_t = Disturbance term

The above can be describe as, the value of the variance scaling parameter σ^2 now depends both on the past values of the shocks (the q MA terms), which are captured by the lagged squared residual terms, and on past values of itself (the p AR terms), which are captured by lagged σ^2 terms.

Where equation (C) is called the mean equation and equation (D) is called the variance equation. This model specification usually performs very well and is easy to estimate because it has only three unknown parameters. The model for this study could be defined as follows:

$$R_t = \propto + \gamma_1 R_{(t-1)} + \mu_t \quad (E)$$

$$\log(\sigma_t^2) = \omega + \alpha f(Z_{(t-1)}) + \gamma_2 \log(\sigma_{(t-1)}^2) + \gamma_3 (CRR)_t + \gamma_4 (SCRR)_t \quad (F)$$

RESEARCH ANALYSIS

Table 1 show that average daily returns in KSE is 0.08%. The maximum daily return in the Karachi stock market is 8.5% whereas the maximum loss in one day is 7.7%. Study uses country rating to capture the impact of country risk in Pakistan on the volatility of Pakistani stock returns. The average country risk is 1.44.

TABLE 1
Descriptive Statistics

	RETURN	COUNTRY RISK RATING
Mean	0.000879	1.439928
Median	0.001295	1.418919
Maximum	0.085071	1.652070
Minimum	-0.07741	1.364688

Table 2 show ARCH (1) model. The results represent the presence of ARCH effects.

TABLE 2
ARCH (1) model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.001206	0.000203	5.945700	0.0000
$RESID^2(-1)$	0.079312	0.014549	5.451399	0.0000
Variance Equation				
C	0.000132	2.67E-06	49.23935	0.0000
$RESID(-1)^2$	0.417293	0.027492	15.17895	0.0000

Table 3 present the results for a GARCH (1, 1) model. The significant value of R_KSE(-1) show that in GARCH (1,1) the current returns can be predicted by past prices. From the variance equation, it is seen that current volatility can significantly predicted by past price behaviors and GARCH(-1) term show that phenomena of predicting past volatility is persistent over the period of time. It is also seen that explanatory variables country risk has a significant impact of the price volatility.

TABLE 3
A GARCH (1, 1) model with country rating

GARCH = C(3) + C(4)*RESID(-1)^2 + C(5)*GARCH(-1) + C(6)*CRR

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.001206	0.000184	6.540232	0.0000
R_KSE(-1)	0.072347	0.017472	4.140669	0.0000
Variance Equation				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4.59E-05	8.19E-06	-5.602795	0.0000
$RESID(-1)^2$	0.167077	0.011189	14.93171	0.0000
GARCH(-1)	0.790243	0.010929	72.30619	0.0000
CRR	3.88E-05	5.96E-06	6.513266	0.0000

TGARCH (Threshold GARCH) model is used to capture asymmetric behavior in the stock market in terms of negative and positive shocks. Table 4 represents TGARCH (1,1) model for the KSE-100. The results of the TGARCH (1,1) showed that the coefficient of $RESID(-1)^2$*(RESID (-1) <0) term is highly statistically significant (significance level is 5%) and positive which indicate that bad news are creating more volatility in stock market than good news. From the variance equation, it is seen that current volatility can significantly predicted by past price behaviors and GARCH term show that phenomena of predicting past volatility is persistent over the period of time. It is also seen that country rating has a significant impact on the price volatility.

TABLE 4
A TGARCH (1,1) model with country rating

GARCH = C(3) + C(4)*$RESID(-1)^2$ + C(5)*$RESID(-1)^2$*(RESID(-1)<0) + C(6)*GARCH(-1) + C(7)*CRR+ C(8)*SCRR

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.001053	0.000195	5.414286	0.0000
R_KSE(-1)	0.083404	0.017894	4.661026	0.0000
Variance Equation				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4.97E-05	8.28E-06	6.002727	0.0000
$RESID(-1)^2$	0.126567	0.012290	10.29830	0.0000
$RESID(-1)^2$ *(RESID(-1)<0)	0.085209	0.017374	4.904412	0.0000
GARCH(-1)	0.780990	0.011811	66.12119	0.0000
CRR	4.22E-05	6.05E-06	6.975634	0.0000
SCRR	3.16E-06	4.02E-05	3.26842	0.0000

The ARCH/GARCH model may not capture the volatility clustering observed in financial returns data when shocks to the volatility are not symmetric. Table 5 is showing the results of exponential general autoregressive conditional heteroskedastic.

The results of the EGARCH (1, 1) shows that the coefficient of RESID (-1)/@SQRT (GARCH (-1)) term is highly statistically significant (significance level is 5%) and negative. Therefore for the KSE-100 index bad news has larger effects on the volatility of the return of KSE-100. From both of the TGARCH and EGARCH results, it can be reveal that for the return of KSE-100 there are asymmetries in the news especially bad news has a larger effects on the volatility of series than good news.

TABLE 5
EGARCH (1,1) model with country rating

LOG(GARCH) = C(3) + C(4)*ABS(RESID(-1)/@SQRT(GARCH(-1))+C(5)*RESID(-1)/@SQRT(GARCH(-1))+C(6)*LOG(GARCH(-1))+ C(7)*CRR+ C(8)*SCRR

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.001215	0.000124	9.816377	0.0000
R(-1)	0.075408	0.017259	4.369231	0.0000
Variance Equation				

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C(3)	-0.946766	0.058757	-16.11313	0.0000
C(4)	0.326208	0.017745	18.38336	0.0000
C(5)	-0.063189	0.009549	-6.617293	0.0000
C(6)	0.919323	0.005729	160.4673	0.0000
C(7)	0.812332	0.006290	4.234279	0.0000
C(8)	0.052162	0.016630	3.682103	0.0000

CONCLUSIONS AND RECOMMENDATIONS

This study analyzes the impact of country risk on volatility dynamics of Karachi Stock Exchange (KSE) using daily time series data from January 1, 1999 to December 31, 2012. In order to examine that country risk has a statistically significant effect on volatility of stock market, ARCH family models are used. Since, in ARCH / GARCH model a positive shock will have exactly the same effect in the volatility of the series as a big negative shock of the same magnitude. However, for equities it has been observed that negative shocks (or bad news) in the market have a larger impact on the volatility than a positive shocks (or bad news) of the same magnitude. EGARCH model also confirms the results. Threshold GARCH (TGARCH) model indicates that bad news creates more volatility than good news. It is possible for the investors to forecast the future as there exists a predictive link between stock market volatility and past price volatility. The country's rating as developed and used in this study can be used by investors to measure the risk pertaining in any country. The results reveal that country rating has an impact on stock market volatility. These results are consistent with Simpson and John (2007) that study the effect of political instability on stock market volatility. It has also been observed that negative shock has more impact than positive shock. The volatility of the equity market of Pakistan to country risk provides clues to investors and speculators in Pakistan to adjust their positions accordingly.

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APPENDIX I

1. Accountability of Public Officials (from EIU)
2. Quality of bureaucracy / institutional effectiveness (from EIU)
3. Excessive bureaucracy / red tape (from EIU)
4. Infrastructure (from GCS)
5. Quality of primary education (from GCS)
6. Satisfaction with public transportation system(from GWP)
7. Satisfaction with roads and highways (from GWP)
8. Satisfaction with education system (from GWP)
9. Coverage area: public school (from IPD)
10. Coverage area: basic health services (from IPD)
11. Coverage area: drinking water and sanitation (from IPD)

12. Coverage area: electricity grid (from IPD)
13. Coverage area: transport infrastructure (from IPD)
14. Coverage area: maintenance and waste disposal (from IPD)
15. Bureaucratic quality (from PRS)
16. Unfair competitive practices (from EIU)
17. Price controls (from EIU)
18. Discriminatory tariffs (from EIU)
19. Excessive protections (from EIU)
20. Discriminatory taxes (from EIU)
21. Burden of government regulations (from GCS)
22. Extent and effect of taxation (from GCS)
23. Prevalence of Trade Barriers (from GCS)
24. Intensity of Local Competition (from GCS)
25. Ease of starting a new business (from GCS)
26. Effectiveness of anti-trust policy (from GCS)
27. Stringency of environmental regulations (from GCS)
28. Investment Freedom (from HER)
29. Financial Freedom (from HER)
30. Ease of starting a business governed by local law? (from IPD)
31. Ease of setting up a subsidiary for a foreign firm? (from IPD)
32. Share of administered prices (from IPD)
33. Does the State subsidize commodity prices (i.e. food and other essential goods, excluding oil)?
34. Does the State subsidize the price of petrol at the pumps? (from IPD)
35. Importance, de facto, of barriers to entry for new competitors in markets for goods and services (excluding the financial sector and beyond the narrow constraints of the market)… related to the administration (red tape etc.) (from IPD)
36. Importance, de facto, of barriers to entry for new competitors in markets for goods and services (excluding finance and beyond the narrow constraints of the market)… related to the practices of already established competitors (from IPD)
37. Efficiency of competition regulation in the market sector (excluding financial sector)
38. Investment profile (from PRS)
39. Democracy Index (from EIU)
40. Vested interests (from EIU)
41. Human Rights (from EIU)
42. Freedom of association (from EIU)
43. Political Rights (FRW) (from FRH)
44. Civil Liberties (FRW) (from FRH)
45. Press Freedom Index (FRP) (from FRH)
46. Media (FNT) (from FRH)
47. Civil Society (FNT) (from FRH)
48. Electoral Process (FNT) (from FRH)
49. Transparency of government policy making (from GCS)
50. Freedom of the Press (from GCS)
51. Favoritism in Decisions of Government Officials (from GCS)
52. Effectiveness of Law-Making Body (from GCS)
53. Confidence in honesty of elections (from GWP)
54. Restrictions on domestic and foreign travel (CIRI)(from HUM)
55. Freedom of political participation (CIRI) (from HUM)
56. Imprisonments because of ethnicity, race, or political, religious beliefs (CIRI) (from HUM)
57. Freedom of Speech (CIRI) (from HUM)
58. Freedom of elections at national level (from IPD)
59. Are electoral processes flawed? (from IPD)
60. Do the representative Institutions (e.g. parliament) operate in accordance with the formal rules in force (e.g. Constitution)? (from IPD)
61. Freedom of the Press (freedom of access to information, protection of journalists, etc.)(from IPD)
62. Freedom of Association (from IPD)
63. Freedom of assembly, demonstration (from IPD)
64. Respect for the rights and freedoms of minorities (ethnic, religious, linguistic, immigrants...) (from IPD)
65. Is the report produced by the IMF under Article IV published? (from IPD)
66. Reliability of State budget (completeness, credibility, performance...) (from IPD)
67. Reliability of State accounts (completeness, audit, review law...) (from IPD)
68. Reliability of State-owned firms' accounts (from IPD)
69. Reliability of basic economic and financial statistics (e.g. national accounts, price indices, foreign trade, currency and credit, etc.).(from IPD)
70. Reliability of State-owned banks' accounts (from IPD)
71. Is the State economic policy (e.g. budgetary, fiscal, etc.)… communicated? (from IPD)
72. Is the State economic policy (e.g. budgetary, fiscal, etc.)… publicly debated? (from IPD)
73. Degree of transparency in public procurement (from IPD)
74. Freedom to leave the country (i.e. passports, exit visas, etc.) (from IPD)
75. Freedom of entry for foreigners (excluding citizens of countries under agreements on free movement, e.g. Schengen Area, etc.) (from IPD)
76. Freedom of movement for nationals around the world(from IPD)
77. Genuine Media Pluralism (from IPD)
78. Freedom of access, navigation and publishing on Internet (from IPD)
79. Military in politics (from PRS)
80. Democratic accountability (from PRS)
81. Press Freedom Index (from RSF)
82. Orderly transfers (from EIU)
83. Armed conflict (from EIU)
84. Violent demonstrations (from EIU)
85. Social Unrest (from EIU)
86. International tensions / terrorist threat (from EIU)
87. Cost of Terrorism (from GCS)
88. Frequency of political killings (CIRI) (from HUM)
89. Frequency of disappearances (CIRI) (from HUM)
90. Frequency of tortures (CIRI) (from HUM)
91. Political terror scale (PTS) (from HUM)
92. Security Risk Rating (from IJT)
93. Intensity of internal conflicts: ethnic, religious or regional (from IPD)
94. Intensity of violent activities…of underground political organizations (from IPD)
95. Intensity of social conflicts (excluding conflicts relating to land) (from IPD)
96. Government stability (from PRS)
97. Internal conflict (from PRS)
98. External conflict (from PRS)
99. Violent crime (from EIU)
100. Organized crime (from EIU)
101. Fairness of judicial process (from EIU)
102. Enforceability of contracts (from EIU)
103. Speediness of judicial process (from EIU)
104. Confiscation/expropriation (from EIU)
105. Intellectual property rights protection (from EIU)
106. Private property protection (from EIU)
107. Business Cost of Crime and Violence (from GCS)
108. Cost of Organized Crime (from GCS)
109. Reliability of Police Services (from GCS)
110. Judicial Independence (from GCS)
111. Efficiency of Legal Framework for Challenging Regulations

(from GCS)
112. IPR protection (from GCS)
113. Property Rights (from GCS)
114. Informal Sector (from GCS)
115. Confidence in the police force (from GWP)
116. Confidence in judicial system (from GWP)
117. Have you had money property stolen from you or another household member? (from GWP)
118. Have you been assaulted or mugged? (from GWP)
119. Property Rights (from HER)
120. Independence of judiciary (CIRI) (from HUM)
121. Degree of security of goods and persons by criminal organizations (drug trafficking, weapons, prostitution...) (from IPD)
122. Degree of judicial independence vis-à-vis the State (from IPD)
123. Degree of enforcement of court orders (from IPD)
124. Timeliness of judicial decisions (from IPD)
125. Equal treatment of foreigners before the law (compared to nationals) (from IPD)
126. Practical ability of the administration to limit tax evasion (from IPD)
127. Efficiency of the legal means to protect property rights.
128. Generally speaking, does the State exercise arbitrary pressure on private property (e.g. red tape...)?(from IPD)
129. Does the State pay compensation equal to the loss in cases of expropration (by law or fact) when the expropriation concerns land ownership?(from IPD)
130. Does the State pay compensation equal to the loss in cases of expropration (by law or fact) when the expropriation concerns production means?(from IPD)
131. Degree of observance of contractual terms between national private stakeholders(from IPD)
132. Degree of observance of contractual terms between national and foreign private stakeholders(from IPD)
133. In the past 3 years, has the State withdrawn from contracts without paying the corresponding compensation... vis-à-vis national stakeholders?(from IPD)
134. In the past 3 years, has the State withdrawn from contracts without paying the corresponding compensation... vis-à-vis foreign stakeholders?(from IPD)
135. Respect for intellectual property rights relating to… trade secrets and industrial patents(from IPD)
136. Respect for intellectual property rights relating to… industrial counterfeiting(from IPD)
137. Does the State recognize formally the diversity of land tenure system?(from IPD)
138. Law and Order(from PRS)
139. Trafficking in People(from TPR)
140. Corruption among public officials (from EIU)
141. Public Trust in Politicians (from GCS)
142. Diversion of Public Funds(from GCS)
143. Irregular Payments in Export and Import(from GCS)
144. Irregular Payments in Public Utilities(from GCS)
145. Irregular payments in tax collection(from GCS)
146. Irregular Payments in Public Contracts(from GCS)
147. Irregular Payments in Judicial Decisions(from GCS)
148. Level of corruption between administrations and local businesses(from IPD)
149. Level of corruption between administrations and foreign companies(from IPD)
150. Corruption(from PRS)

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IMPACT OF EMOTIONAL LABOR ON ORGANIZATIONAL COMMITMENT WITH MEDIATORY ROLE OF SELF-EFFICACY AMONG CALL CENTRE EMPLOYEES IN PAKISTAN

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ABSTRACT

The purpose of this paper was to examine the impact of emotional labor on organizational commitment with mediatory role of self-efficacy. Data were collected from 120 employees working in different Call Centers across Pakistan using a questionnaire. Results indicate that emotional labor is negatively associated with organizational commitment even though the relationship is insignificant. While mediatory role of self-efficacy is established, implications are also discussed.

INTRODUCTION

In today's business environment, service sector organizations are trying to gain competitive advantage by providing high quality customer service (Peccei & Rosenthal,1997). Therefore, organizations force their workers to develop a positive attitude when dealing with customers, (Schaubroeck & Jones, 2000) and expect from them to show friendly behavior by suppressing their true feelings of boredom or irritation (Byrne, Morton, & Dahling, 2011). So in this situation, there is a difference between the emotions employee actually feel and the emotions required by the organization There is an effort (or labor) clearly seen to express fake emotions, and this phenomenon is termed as Emotional Labor which is an act of showing emotions desired by the organization during service transactions (Morris & Feldman, 1996). This discrepancy of emotions is well described in Self-discrepancy theory presented by Higgins (1987), which is the underpinning theory of this paper.

A number of studies have been done previously on emotional labor and its effects on organizational related outcomes such as job stress, job satisfaction (Pugliesi, 1999) and as stated by Abraham (1999) that one of the aspects of emotional labor is emotional dissonance which produces negative consequences for employees like lower job satisfaction and ineffective commitment (Seery & Corrigall, 2009). The outcomes of emotional labor are controversial and this is due to differences in context (Kim & Han, 2009). Past studies proved; that culture affects the emotional labor processes, as customer expectations vary from country to country and employees should provide the quality of service that is matched with their cultural norms (Allen, Diefendorff, & Ma, 2013). A study like this, examines the negative impact of emotional labor on commitment to organization within a Pakistani culture.

The relationship between emotional labor and organizational commitment presented in this study is mediated by self-efficacy, which is an individual's ability to accomplish a certain task confidently (Abraham, 1999). The role of self-efficacy in emotional labor is that it helps employees when dealing with aggressive customers, to avoid the difference between the emotions they feel and display. Highly self-efficacious employees overcome the state of dissonance, and low efficacious employees feel distinction in their behavior which causes tension and stress (Heuven, Bakker, Schaufeli, & Huisman, 2006). Karatepe, Arasli, and Khan (2007) described the impact of self-efficacy on job outcomes such as job performance, job satisfaction and effective organizational commitment and stated that high self-efficacious employees are more committed to organizations.

Past studies explore the emotional labor processes in the service industries like hospitals, tourism, hotels and call centers (Wegg, Van Dick, & Van Bernstorff, 2010; Adil & Kamal, 2013; Karim & Weisz, 2011). Study on emotional labor has not been done in a Pakistani call center with this unique framework, in which Self-efficacy plays a mediatory role unlike past study done by Abraham (1999) on Emotional dissonance with mediatory role of Self-esteem. So this study tries to fill this gap, and identify the impact of emotional labor among various call center agents. This study will be effective for Pakistani call center managers, to know about the psychological health of call center agents, and the required emotional job demands in order to take initiatives to reduce this dissonant state of employees through effective training

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practices, and to make employees more committed to their organization. This paper will also help employees to use self-efficacy approach, in order to deal with customers confidently in conflicting situations.

LITERATURE REVIEW

Emotional Labor and Organizational Commitment

"Emotional labor refers to effort, planning, and control required to display organizationally desired emotions during interpersonal transactions, performed by individuals either through deep acting or surface acting" (Karim & Weisz, 2011). Surface acting is the act of hiding inner true feelings by expressing fake emotions to please others, while display acting is the individual's true inner feelings, consistent with the behavior he think he should express externally (Moran, Diefendorff, & Greguras, 2012 ; Lv, Xu, & Ji, 2012 ; Karim & Weisz, 2011). With this definition, it is analyzed that emotional labor is the name of a discrepancy between felt and displayed emotions (Ashforth & Humphrey, 1993) which leads to an emotional dissonance state. This state is considered to be aroused by a threat to positive image of oneself (Therkelsen, 2011) and this self-discrepancy state is related to a theory postulated by Higgins (1987) which stated that incompatibility between an individual's thoughts and attitudes give rise to a state of discomfort, the more the discrepancy the more will be the discomfort.

With relevance to service sector, it has usually been seen that employees dealing with customers have more emotional work which may lead them to emotional exhaustion (Adil & Kamal, 2013). To meet the workplace demands and customer expectations, employees are more engaged in managing their emotions positively (Shuck, Shuck & Reio, 2013), and if any discrepancy arises in hiding their negative feelings like anger, it will produce tension and lead them to burnout. (Erickson & Ritter, 2001).

Several studies in the past have found mix findings about the effects of emotional labor on employees (Pugliesi, 1999).Some researchers have found positive outcomes of emotional labor as did by Meier, Mastracci, and Wilson (2006) who stated that emotional labor may help to increase organizational effectiveness and to do task effectively by regulating behavior appropriately when dealing with customers (Meier et al., 2006), while negative consequences have also been found such as job dissatisfaction, (Diefendorff & Gosserand, 2003) emotional exhaustion and turnover intention as studied by Lv et al. (2012). Abraham (1999) examined consequences of emotional dissonance due to job dissatisfaction and emotional exhaustion in her earlier studies. She then expanded her research to find out other consequences as well such as organizational commitment and intention to turnover. She explains that emotional dissonance state lead employees to dissatisfaction from jobs, reduces his/her commitment to organizations and finally to turnover intentions and shows that emotional labor has a negative impact on organizational commitment which leads us to the first hypothesis.

Hypothesis 1. Emotional labor is negatively related to organizational commitment.

Self-efficacy as Mediator between Emotional labor and Organizational Commitment

The terminology of self-efficacy has gained considerable attention in literature of organizational behavior (Gist & Mitchell, 1992). According to Chen, Gully, and Eden (2004) and MacNab and Worthley, (2008), the term self-efficacy was developed by Bandura in his social cognitive theory. It is the person's ability to perform a task in order to deal with specific situations, and it also involves (Bandura, 1977) the people's perception of their capabilities to recognize what actions they need to take in order to achieve something (Schunk, 1995).

So, self-efficacy is said to be a belief that an individual is capable of doing a task well. Perceived self-efficacy helps to cope with different states of stress and in situations where individual faces failure. Self-efficacy is developed when a person attains different complex physical, social or linguistic skills through experiences (Bandura, 1982) and through personal qualities and social skills .As they perform, they get feedbacks from others about their performance, and thus this feedback enhance their self-efficacy (Schunk, 1995).

Gist (1987) has described the development of self-efficacy in a person on the basis of studies done by Bandura & Adams (1977). There are four sources of information that determine self-efficacy. Performance accomplishment on the basis of mastery experiences, vicarious experience, verbal persuasion, and a state of emotional (physiological) arousal.

Emotional arousal gives the person information about their competencies when they face a stressful situation, and it has influence on perceived self-efficacy to cope with a threatening situation (Bandura, 1977).

Studies have been done in the past on self-efficacy and its relation to emotions. Various studies proved self-efficacy as the predictor of cognitions, emotions and behaviors (Federici & Skaalvik, 2011). Individuals with high self-efficacy are able to deal with their emotions appropriately as compared to low efficacy individuals. Thus employees dealing with customers directly needs

to regulate and express emotions that satisfies their customers. This depends on the confidence an employee has about his/her capabilities to give appropriate responses (Abraham, 2000). The appropriateness of surface emotions are usually conflicted by truly felt emotions, and a need to exert force or labor is required to display the required emotions with confidence (Diefendorf & Gosserand, 2003). In a specific emotion related work, self-efficacy has been studied by Heuven et al. (2006) shedding light on the discrepancy of emotions (namely emotional dissonance) and its relevance to self-efficacy, which proved the negative consequences for this emotional state on employee health and well-being and reduction in self-efficacy beliefs. They negatively relate self-efficacy to emotional job demands, emotional dissonance and emotional exhaustion.

Different people have different level of self-efficacy depending on their level of skills (Gist & Mitchell, 1992). Study done by Gecas (1989) shows that there are positive and beneficial consequences of high self-efficacy, while low self-efficacy is the indicator of negative consequences. Self-efficacy plays an important role in performing job related tasks effectively. For example, in an organization, an employee is expected to perform his job as the job demands, and this depends on his ability to perform well so that it can also be beneficial for the organization. Highly efficacious individuals are likely to take risky decision, and are persistent and more committed to a project or work even in failing project situations. Conversely, low efficacious individuals are not willing to take any risk because they are not confident about their skills and abilities and are easily disappointed from failure (Pethe & Chaudhari, 2000). Luthans and Peterson (2002) studied the psychological state of self-efficacy, and proved that it is helpful to strengthen the relationship between employees engaged in work, and managerial effectiveness, which resulted in a positive outcomes as well as management development. Staples, Hulland, and Higgins (1998) has suggested different outcomes of self-efficacy, performance and other outcome variables which are mainly job satisfaction, coping ability, organizational commitment and job stress. The concept of organizational commitment, which can be studied through attitudes and feelings of an individual about his or her organization (Madsen, Miller & John, 2005), has been a very popular concept in management research for the past twenty five years (Stephens, Dawley & Stephens, 2004). It is the primary feature of successful organizations (Lambert, Kellays, & Hogan, 2012). The committed employees are intrinsically motivated to play their part in organizations (Bloemer, 2010) and help to achieve organizational goals (Arnolds & Boshoff, 2002). They took the company's success or failure as their own success or failure (Giffords, 2003). Kim and Rowley (2005) studied dual commitment in Asian organizations to find out the relationship between commitment and its antecedents. Study of self-efficacy done by Karatepe, Arasli, and Khan (2007) clearly showed that highly self-efficacious employees are more effectively committed to the organization. So, we can hypothesize that self-efficacy is the significant predictor of organizational commitment.

Hypothesis 2. Self-efficacy mediates the relationship between emotional labor and organizational commitment.

METHODOLOGY

Instrumentation

The research was based on self-assessed and self-rated questionnaires of Emotional labor, self-efficacy and organizational commitment. Questionnaires were self-administered for every participant. Every participant was briefed about the purpose of the research and were explained the questionnaires in detail for the need of accurate responses. A total number of 140 questionnaires were distributed, out of which 120 were received back, making response rate as 83.3 percent. All outcome measures were assessed with 5-point Likert scales with anchors of 1 = strongly disagree and 5 = strongly agree.

Measures

Following measures were adopted and used in this research.

Emotional Labor

The questionnaire for Emotional labor was adopted from Grandey, (1999) containing 12 items. Few sample statements of the scale are; (1) I put on an act in order to deal with customers in an appropriate way, (2) I try to be a good actor by showing the right "face" at work, (3) I show an emotion that I don't really feel. Cronbach's Alpha of this scale in our study was 0.700, after deleting items 1 and 3 from those 12 items (n = 120).

Self-efficacy

To measure Self-efficacy, a scale of seventeen items was adopted from Sherer et al. (1982); item no. 1 and 15 were deleted to improve the chronbach's alpha reliability to 0.720. Few sample statements of the scale are; (1) I give up on things before completing

them, (2) When I decide to do something, I go right to work on it, (3) I feel insecure about my ability to do things.

Organizational Commitment

The questionnaire for organizational commitment was adopted from Mowday, Steers & Porter, (1979) containing 15 items initially, but to improve chronbach's alpha reliability, item no. 3, 11, 12 and 15 were deleted to reach chronbach's alpha reliability of 0.737. Sample statements are; (1) I talk up this organization to my friends as a great organization to work for, (2) I find that my values and the organization's values are very similar, (3) For me this is the best of all possible organizations for which to work.

Population and sample

The population for this study was the customer services representatives from cellular service providers of Islamabad and Rawalpindi cities of Pakistan. Equal number of employees from the job designation of customer services representatives was purposively drawn (n=120).

Convenient sampling technique was used. Furthermore the sample include, 60.8% (n = 73) males and 39.2% (n = 47) females. Sample was a reasonable blend of different age groups as 5% (n = 6) were under 20 years old, 59.2% (n = 71) were between the age of 21-30 years, 32.5% (n = 39) were between the age of 31-40 years and 3.3% (n = 4) were between the age of 41-50 years. Our sample included participants (CSRs) with average qualifications as 11.7% (n = 14) holding FA/FSc degrees, 50% (n = 60) holding BA or BSc degrees, 29.0% (n = 35) holding MA or MSc degrees and only 9.2% (n = 11) having MS /Phd degrees. 32.5% (n = 39) were married, 62.5% (n = 75) were unmarried, four were divorced and one was a widow. Years of experience or tenure was as follows: 24.2% (n=29) were having less than 1 year experience, 35.8% (n=43) having 1-2 years, 25.8% (n=31) having 3-5 years, 10.8% (n=13) having 6-10 years and 3.3% (n=4) were having over 10 years of experience as shown in Table 1.

TABLE 1
Demographic Characteristics

Category		Frequency	Percentage %
Gender	Male	73	60.8
	Female	47	39.2
Age	Under 20	6	5.0
	21-30	71	59.2
	31-40	39	32.5
	41-50	4	3.3
Education	FA/FSc	14	11.7
	BA/BSc	60	50.0
	MA/MSc	35	29.0
	MS/PhD	11	9.2
Marital Status	Single	75	62.5
	Married	39	32.5
	Divorced	4	3.3
	Widow	2	1.7
Tenure	Less than 1 year	29	24.2
	1-2	43	35.8
	3-5	31	25.8
	6-10	13	10.8
	Over 10	4	3.3

RESULTS

Correlation among Study Variables

Table 2 indicates correlations, among demographics, emotional labor, self-efficacy and organizational commitment. There is statistically significant positive relationship between emotional labor and self-efficacy (.3088**), while the relation between self-efficacy and organizational commitment is very weak and negative (-.056). The correlation between emotional labor and organizational commitment was found to be very weak (.017).

TABLE 2
Correlations Analysis

Variable	1	2	3	4	5	6	7	8
1. Gender	1							
2. Age	-.138	1						
3. Education	-.166	.436**	1					
4. Marital Status	-.100	.578**	.226*	1				
5. Tenure	-.204*	.557**	.437**	.383**	1			
6. Emotional Labor	-.198*	-.100	-.164	-.047	-.171	1		
7. Self-Efficacy	-.008	-.239**	-.097	-.138	-.226*	.308**	1	
8. Organizational Commitment	-.052	-.017	-.012	-.002	-.020	-.017	.056**	1

** P < 0.05 and ** P < 0.01*

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

Regression Analysis

Two types of regression analysis have been used to test the hypothesis as shown in Table 3 and 4. Simple regression analysis for outcomes to test the effect of independent variables on dependent variable is shown in table 3 as follows:

TABLE 3
Regression Analysis for Outcomes

Predictors	Self-Efficacy			Organizational Commitment		
	β	R^2	ΔR^2	β	R^2	ΔR^2
Step1						
Control Variables		.075			.059	
Step2						
Emotional Labor	.301**	.159	.085**	.024	.004	.001
Self-Efficacy				.170**	.08	.05**

Gender, age, education, marital status and tenure were entered as control variables in the first step and only value of their R square is reported. In the second step of Table 3, emotional labor and self-efficacy were regressed on organizational commitment showing values of beta (β), R square and R square change. Emotional labor brings only 4 % variance on organizational commitment and self-efficacy.

TABLE 4
Mediated Regression Analysis

	Organizational commitment		
Predictors	β	R^2	ΔR^2
Step 1			
Control Variables		.004	
Step 2			
Self-Efficacy	.170**	.08	.05**
Step 3			
Emotional Labour	.050	.011	.002

A three step mediated regression analysis has been done to check the mediatory role of self-efficacy between emotional labor and organizational commitment as shown in Table 4. R square of control variable is .004 and when organizational commitment is regressed across emotional labor. It shows that self-efficacy mediates the relationship.

DISCUSSION

The first hypothesis for this study was that emotional labor is negatively related to organizational commitment. Table 2 shows the correlation value of these two variables as .017, which is not negative but a very low value confirms the insignificant relationship between these two variables, thus accepting our first hypothesis that there is inverse relation between emotional labor and organizational commitment.

These results are in consonance with the findings of Seery and Corrigall (2009), that if an employee has to work on suppressing true emotions to make customer happy and to behave in organizationally desired ways as a continuous practice, it will demotivate employee to do work and he will be dissatisfied from the job which will lead him to turnover intentions, and commitment to organization will be eroded. Customer services departments like in telecommunication sectors of Pakistan, the Call Centre agents have to face the same problem of hiding true emotions for the sake of goodwill of the organizations in which they are working, and through this effort of emotional labor chances of turnover intentions increases and there is decline in organizational commitment.

The second hypothesis was that self-efficacy acts as a mediator between emotional labor and organizational commitment. In table 2, the correlation between emotional labor and self-efficacy is .308**, which shows the significance of the relation. This is also proved by regression analysis as t= 3.37, while p value is .001. This result shows that the more a person will be self-efficacious, the more he will be able to cope with emotional labor situations. It was also hypothesized that self-efficacy plays an important role in increasing organizational commitment, .

These results show that self-efficacy does not enhance organizational commitment in our Pakistani context, because there is no concept of job rotation

and career development like in developed countries. In Pakistan, training sessions are there to increase command on work and organizations want to retain those skilled and trained employees to do the same job for the benefit of company, but in this situation personal skill development of employees gets blocked as they only have efficacy of doing a specific task/job. Employees feel boredom in doing the same job with same routine for their whole life, but they have to do it because of fear of not getting another job due to increased unemployment ratio in Pakistan. Another reason is economic benefits provided by their organizations which help in supporting their families pertaining to a collectivist culture that prevails. Unlike other western and developed countries, employees have to continue doing monotonous work with intentions of leaving and reduced commitment, waiting for a better opportunity in another company as an incentive to leave the current one.

In developed countries like USA, to make employees more committed, organizations offer specific types of skill development programs and job rotation within the organization so that employees will not get bored from the same task and feel as an important part of organization; that they are being cared and employers and management are considering their wellbeing. In our underdeveloped country there are no such facilities to promote the wellbeing of employees, but few multinational companies are practicing such activities to enhance organizational commitment.

CONCLUSION

The objectives of this empirical study were to find the negative association between emotional labor and organizational commitment and then see the mediating effect of self-efficacy on this association. The study targeted participants from Telecommunication sector who completed a self-rating questionnaire of emotional labor, self-efficacy and organizational commitment. Analysis was done using SPSS software. Two hypotheses were tested using data gathered for the study. One hypothesis was accepted but the other was rejected as per empirical evidence. Study concluded that there is a negative association between emotional labor and organizational commitment. It was also concluded that presence of self-efficacy helps to deal with emotional labor while it deteriorates the organizational commitment. Topic needs further investigation in future.

LIMITATIONS AND FUTURE DIRECTIONS

There are several limitations to this study. As this study measures the impact of emotional labor on organizational commitment, other variables should also be studied.

Workers, given a high degree of autonomy, are able to cope effectively with emotional labor, hence should be studied. An important limitation of this research is that it was conducted with a small sample size. Future researchers should use a larger sample size for the research. Finally, like most studies of emotional labor, this study used customer service representatives. It would be useful to extend the analysis to professionals, whose reaction to emotional labor may be expected to differ from that of first-level service employees.

This study will be effective for Pakistani Call Center managers to know about the psychological health of Call Center agents and the required emotional job demands to take initiatives to reduce this dissonance state of employees through effective training practices in order to make employees more committed to the organization. This paper will also help employees to use self-efficacy approach to deal with customers confidently in conflicting situations.

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BEHAVIORAL AND ATTITUDINAL RESPONSES TO ORGANIZATIONAL JUSTICE MEDIATED BY JOB SATISFACTION WITH LOCUS OF CONTROL AS A MODERATOR: A STUDY OF TELECOM SECTOR OF PAKISTAN

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ABSTRACT

The purpose of this study is to explore organizational justice outcomes in telecom sector of Pakistan. The tested model proposes a path through job satisfaction to improve organizational commitment among firms in the competitive industry. Data was collected from 120 telecom employees in three companies. Results from regression analysis show job satisfaction to explain attitudinal response to procedural justice. Mediation effects were not supported for absenteeism. Strict controlling measures in the private sector and fear of job loss do not enable employees in the sector to respond by being absent, despite being dissatisfied. No moderation was seen for procedural justice effects on job satisfaction. Overall implications for telecom sector managers are also discussed.

INTRODUCTION

With its roots in the Equity Theory, Organizational Justice has become an important area of study among researchers for its behavioral and subsequent organizational outcomes. Individuals seek to gain a sense of fair play through their outcome/input ratio and through a comparison of their outcomes/input ratio with that of referents both within (internal equity) and outside (external equity), the organization (Adams,1965). This is reflected in employee(s) overall perception of fairness of the organization, termed as Organizational Justice in research literature. The theory of wage inequity is based on Cognitive Dissonance Theory (Adams & Jacobsen,1964) and is reflective of an employee's desire to achieve just treatment, and of his/her reaction in ways so as to reduce the dissonance that may result from unfair treatment. Behavioral implications include withdrawal and its forms (Howard & Cordes, 2010), absenteeism (Boer, Bakker, Syroit, & Schaufeli, 2002), theft (Greenberg, 1990), and turnover intentions (Spreitzer & Mishra, 2002; Daileyl & Kirk, 1992). Unjust treatment with colleagues may cause emotional exhaustion even when employees themselves are treated fairly (Bernerth, Walker, Frank, & Hirschfeld, 2011).

The three major dimensions of Organizational Justice studied in literature are Distributive, Procedural and Interactional. These refer to perceptions of fairness of outcomes, processes, and treatment and communication. Organizational Justice dimensions are related to satisfaction with pay levels (Till & Karren, 2011), pay satisfaction (Tremblay, Sire, & Balkin, 2000) and its components (Jawahar & Stone, 2011), job satisfaction (Schappe, 1998; Andrews, Baker, & Hunt, 2008), organizational citizenship behavior (Karriker & Williams, 2009), organizational climate (Taxman & Gordon, 2009), etc.

Responses to justice perceptions are both attitudinal and behavioral which may be either favorable or unfavorable for the organization. The current study investigates organizational commitment, a positive attitude, and absenteeism, an adverse response to employee perceptions of organizational justice. A study by Bagdadli, Quinetta, and Francesco (2006) showed an absence of a significant relationship between Promotional Decisions and employee's Commitment to the organization when controlled for procedural justice. Fairness of procedures is important, not only for victims, but also for potential victims and survivors to reduce possibilities of negative reactions to downsizing decisions (Brockner et al., 1994). Assessing economic and cultural factors, it is assumed that distributive and procedural justice are of prime importance to individuals in Pakistan, as pay and its allocation are central to one's job. The Hierarchy of Needs Theory would propose economic instability in the country, which does not enable individuals to adjust behavior in response to outcome/input inequity from interactional and informational injustice. For the same reason, the current study focused on distributive and procedural forms of justice.

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Despite the magnitude of research on the topic, it remains understudy in Pakistan. This holds significance as employee perceptions of their organization's fairness, affect not only employee attitudinal and behavioral responses, but also make way for improvements in overall organizational policies and collective efforts to improve effectiveness and performance, if heeded to by management. The current study aims to test the applicability of previous researches, primarily conducted in the developed world, to Pakistan. These researches- focusing on findings in western countries- may have somewhat conflicting results in the eastern world (Fields, Pang, & Chiu, 2000) owing to differing societal norms and cultural dimensions.

Telecommunication sector of Pakistan has seen considerable growth in the last decade, resulting in competition within the industry for better skilled and experienced employees. This substantial expansion has also made it a contributor of considerable importance to the GDP of the country. However, increased competition has increased recruitment and training expenses due to availability of incentives elsewhere. Reduction of these expenses should be of concern to managers (Sprietzer & Mishra, 2002). Considering the emphasis placed in research on organizational justice outcomes such as organizational commitment (Warner, Hegtvedt, & Roman, 2005; Harvey & Haines 2005) and the need for committed employees in the competitive Telecom Sector of Pakistan, this research aims to study procedural and distributive facets in the Pakistani context and to propose practical implications for reduction in recruitment and training expenses through employee commitment.

REVIEW OF LITERATURE

Organizational Justice

Described in terms of fairness and fair play, the concept of Organizational Justice may be closely linked with equity. According to (Gouldner, 1960), humans reciprocate behavior and have an inherent tendency to expect their behavior to be reciprocated. Thus, when effort and time are devoted to work, fair treatment and rewards are expected in return. This could be translated as reciprocation of favorable/unfavorable treatment by employees through their behavioral and attitudinal modification as implied by The Equity Theory (Adams, 1965). In terms of Organizational Justice and Equity constructs, this may be understood as employees' anticipation of being rewarded justly.

Employee perceptions regarding various aspects at the workplace are important determinants of behavioral and attitudinal outcomes (Foley, Yue, & Wong, 2005; Lambert & Hogan, 2010; Randall, Cropanzano, Bormann, & Birjulin, 1999; Zhu, May, & Avolio, 2004). Organizational justice is one such construct described as fairness; perception of employees regarding their organization. The equity theory suggests that employees make comparisons with fellow co-workers. Favoritism, on the part of employers for a few selected employees is perceived as unfair, and may hurt the legitimacy of the organization (Lambert & Hogan, 2010). Unfairness also reduces employee trust in the organization. Trust is important for individuals to perceive their organizations as procedurally fair (Kickul, Gundry, & Posig, 2005). Outcome/Input valence employed by the workforce as a measure of the firm's equity and perceived incongruence in comparison with one's fellow workers within and outside the firm, results in injustice perception.

Research indicates fair allocation of rewards is a better predictor of Job Satisfaction (Choi, 2011). Stringer, Didham, and Theivananthampillai (2011) suggest employees to be paid well for them to be satisfied with their jobs. Procedural and Distributive Justice determine employees' organizational commitment and job satisfaction (Foley et al., 2005). Martin and Bennett (1996) found procedural justice to be a weaker predictor of job satisfaction as compared to distributive justice. Igalens and Roussel (1999) found that fixed pay leads to job satisfaction, provided internal and external equity is perceived by employees paid over time. These findings would suggest fairness as an important determinant of satisfaction. An employee will be satisfied with their job when they perceive their organization to be fair.

Hypothesis 1 a. Distributive Justice is positively associated with Job Satisfaction.

Hypothesis 1 b. Procedural Justice is positively associated with Job Satisfaction.

Locus of Control (LOC)

Dispositional approaches to job satisfaction focus on the role of disposition in determining the satisfaction with one's job (Agho, 2012). Personality assessments are important in helping managers assess employee behaviors and attitudes (Goodstein & Lanyon, 1999). Locus of control is an aspect of personality describing one's "perceptions of control" over one's life (Spector et al., 2002). The extent to which people consider themselves in control of their lives is described in terms of internality or externality of one's locus. Internals believe themselves to be their driving force, while externals believe external controlling factors influence their lives. These controlling factors may be individuals, situations or circumstances. Internal Locus of control is negatively related to turnover intentions and absenteeism

(Sawyer, Srinivas & Wang, 2009). It is a moderator of a number of antecedent-outcome relationships in research literature including stressor-stress reactions (Roberts, Capidus & Chinko, 1997; Siu & Cooper, 2008) and is the most studied of all control-related variables (Spector et al., 2002).

Studying moderating effects of Locus of Control in this study holds importance also because the variable is exhibited differently in societies based on individualism/ collectivism dimension of culture, and so in a collectivist culture such as the one in which the present study is being conducted. LOC may moderate job satisfaction based on the premise that internals seek to gain control through personal relationships with others (Spector et al., 2002). This manifestation of the internal LOC is distinct from that in individualistic societies.

A review of literature suggests internal locus as a predictor of mostly positive work and job relevant outcomes than external locus. Silva (2006), and Hsu (2011) also suggest recruitment of internals as they are more likely to be satisfied with their jobs. A disposition to accept responsibility for how an employee is treated in terms of reward outcomes and organizational procedures will lead to more favorable responses in the form of job satisfaction, than if predisposed to blame it on the organization itself. Internals' perceived control of their lives and their attribution of rewards as outcomes of their own input to work should lead to favorable responses to injustice in contrast to externals. External locus results in lesser fairness perception regarding processes that lead to rewards (Gulati & Bhal, 2004), and is associated with lower job satisfaction (Muhonen & Torkelson, 2004). Reactions to being promoted/ passed over also vary across time interval for those with external Locus of Control (Lam & Schaunbroeck, 2000). The study showed volatility of job related attitudes for externals; attitudes were relatively favorable following promotions than in the 18 month post test. Internals, on the other hand, retained relatively stable attitudes of organizational commitment and satisfaction with the job. Internality is associated with responsibility, and responsible individuals are more likely to respond objectively to perceptions of fairness. Externals would consider powerful others in control of their lives and thus, would not attribute reactions to unfairness to themselves. Internality and externality of employees is likely to regulate attitudinal response to perceived fairness of reward allocation as well as reward allocation processes.

Hypothesis 2a. Locus of Control will moderate the relationship between Distributive Justice and Job Satisfaction.

Hypothesis 2 b. Locus of Control will moderate the relationship between Procedural Justice and Job Satisfaction

Job Satisfaction

Defined as affective response to the job, job satisfaction has gained considerable attention in research owing to implications for wider organizational outcomes. Antecedents of job satisfaction include length of service (Oshagbemi, 2003), emotional stability (Silva, 2006), perceived control (Elst, Cuyper & Witte, 2010), organizational ethics (Koh & Boo, 2001), job variety (Lambert & PaolineIII, 2008) and task involvement (Mottaz, 1987). Poor change management leads to low job satisfaction through employees' reduced trust in their organizations (Bordia, Restubog, Jimmieson & Irmer, 2011). Job stress and job satisfaction are inversely associated (Lambert & Hogan, 2010). Supervisors' personality is also associated with subordinates' attitudes of job satisfaction and organizational commitment (Smith & Canger, 2004). Studies have found gender to be a predictor when compared with another variable such as rank (Oshagbemi, 2003) and Locus of Control (Reed, Kratchman, & Strawser, 1994). Females are generally less satisfied than males (Brush, Moch, & Pooyan, 1987). Women and men perceive jobs differently based on gender roles each is expected to take on in society

The job satisfaction-organizational commitment and organizational commitment-job satisfaction relationship have both been studied in existing literature; one is often studied as a cause of the other. However, they have also been studied as independent variables (Lam & Zhang, 2003). While researchers differ on the causal relationship of job satisfaction and organizational commitment, there is sufficient evidence to support organizational commitment to be an outcome of job satisfaction (Lambert & Hogan, 2009; Foley et al., 2005; Gunlu, Aksarayli & Percin, 2010). Satisfied employees hold positive beliefs regarding their organizations for fulfilling their needs and are thus likely to be more committed (Lambert & Paoline, 2008). Job satisfaction does not totally mediate organizational commitment and its antecedents (Lok & Crawford, 2001).

Organizational Commitment

Recognized as an important factor contributing to organizational success (Lambert & PoilineIII, 2008), It is a measure of employees' psychological association with the organization. While some research has focused on organizational commitment as a single construct (Randall et al., 1999), researchers increasingly recognize it as a multidimensional variable (Allen & Meyer, 1996). Affective commitment is an employee's commitment

due to emotional attachment. Affectively committed individuals are committed because they "want to". Normative commitment refers to an employee's felt obligation to stay: they feel they "ought to" stay. Continuance commitment is employees' decision to stay for reasons of costs associated with leaving i.e., loss of status and lack of employment opportunities elsewhere (Randall et al., 1999). This form of commitment is therefore having - to - stay- commitment. A number of OC studies focus on turnover and intent to turnover relationship with commitment (Allen & Meyer, 1996).

The job satisfaction-commitment relationship is somewhat a "controversial" one in literature. A number of studies discuss one as the outcome of the other, while some discuss them as independent variables with common antecedent/outcome. This rift in literature was studied by Currivan (1999) and Mottaz (1987). Currivan (1999) concluded that common determinants of both constructs contribute to the spurious relationship. Organizational commitment is broader in scope than job satisfaction, because it is the employees' commitment to the organization as a whole than to a sub part. Organizational commitment is an attitudinal response to the organization (Mottaz, 1987), while job satisfaction is one's attachment with one's job itself (Currivan, 1999).

Satisfaction effects on all three dimensions have also been studied (Clugston, 2000). Commitment and satisfaction influence each other while satisfaction is a greater determinant of commitment than vice versa (Mottaz, 1987). Commitment to the organization relies on employee's level of satisfaction. Job satisfaction has a positive effect on organizational commitment (Lambert & Hogan, 2010) and as such, is a powerful predictor (Lambert & PaolineIII, 2008). Employees satisfied with their jobs have their needs met by the organization and so commitment is their responsive behavior (Cohen, 1992). Organizational fairness is positively associated with moral and affective commitment (Lambert & PaolineIII, 2008). Input into decision making has positive impact on moral commitment.

Since outcomes and processes are expected to be perceived as fair when inputs from employees are sought (Lambert & Paoline, 2008), and satisfaction with one's job increases with perceived fairness (Lambert & Hogan, 2009), the findings of their study support our rationale for a positive link between organizational justice and organizational commitment through job satisfaction. In a study describing politics as unfairness, affective commitment is negatively related to politics perceptions (Randall et al., 1999).

Hypothesis 3 a. Job Satisfaction will mediate the relationship between distributive Justice and Organizational Commitment.

Hypothesis 3 b. Job Satisfaction will mediate the relationship between Procedural Justice and Organizational Commitment.

Absenteeism

Defined as "non-attendance when an employee is scheduled to work" (Price & Mueller, 1986). This study does not distinguish between voluntary and involuntary absences due to the complexity associated with the distinction (Goldberg & Waldman, 2000).

Antecedents of absenteeism include high negative affectivity (Iverson & Deery, 2001). Controlling absenteeism is also a source of enhancing firm's performance (McHugh, 2001). Job content can also result in absenteeism. When employees feel they don't possess the skills required to fulfill a given piece of work, they tend to adopt absence behavior. Consistent with this notion, a study by Hirschfeld, Schmitt and Bedeian (2002) found high level of absenteeism among public sector employees who believed their job required complex skills. Absenteeism may be significantly reduced by promoting a more ethical climate at workplace which will, in turn, facilitate reduction of absenteeism (Lishchinsky & Rosenblatt, 2009). Absenteeism has also been found to be a predictor of turnover (McElroy, Morrow & Fenton, 1995). Pfeifer (2010) found varying effects of wage levels relative to those of colleagues on absenteeism. This study found absenteeism to be lower among individuals receiving higher relative remuneration due to fear of loss of the status associated with their job if absenteeism behavior was adopted.

Distributive and Procedural Justice were found to have negative relationship with work-outcomes like absenteeism amongst less powerful employees than more powerful ones (Lam, Schaubroeck & Aryee, 2002). Fair treatments impact individual behaviors such as absenteeism (Colquitt, Conlon, Wesson, & Porter, 2001; Howard & Cordes, 2010). Unfairness at work can cause some serious health issues resulting in sick leaves (Boer et al., 2002). Employees may also develop a behavior to remain absent from work.

Though researchers report that absenteeism is not associated with job satisfaction (Goldberg & Waldman, 2000), others such as Wegge, Schmidt, Parkes, and Dick (2007) report employees resort to increased absenteeism in response to low job involvement when unsatisfied with their jobs. Scott and Taylor (1985) addressed conflicting findings on job satisfaction and absenteeism in their meta-analytic review and found a strong negative relationship between job satisfaction and absenteeism.

The cited literature suggests the path from distributive and procedural justice to attitudinal (organizational commitment) and behavioral (absenteeism) is not direct,

but mediated through job satisfaction. Lower levels of fairness perceptions affect one's satisfaction with work which ultimately affects employee attitudes and behaviors. Employees perceiving their organizations to be fair will be satisfied at work; the satisfaction ultimately influencing behavioral and attitudinal responses to justice. Unfairness on the part of the organization will affect employee's perceptions of equitable treatment, affecting satisfaction at work and ultimately resulting in increased absenteeism and reduced commitment to reduce the inequity.

Hypothesis 4a. Job Satisfaction will mediate the relationship between Distributive Justice and Absenteeism

Hypothesis 4b. Job Satisfaction will mediate the relationship between Procedural Justice and Absenteeism.

RESEARCH METHODOLOGY

Instrumentation

Data was collected using questionnaires. 180 questionnaires were distributed of which 120 were returned, making the response rate approximately 66 percent. Scoring for each construct was done using a five-point likert scale with 5 representing "very much" agreement/satisfaction and 1 representing "very much" disagreement/dissatisfaction with each item.

Distributive and Procedural justice were measured using the scale developed by Niehoff and Moorman (1993). The scale consists of three subscales each measuring a dimension of perceptual justice. The distributive justice subscale determines one's perceptions of fairness of work outcomes such as rewards and pay, and it has reported alpha values ranging from 0.72 to 0.74. A higher alpha value of 0.85 has been reported for the procedural justice subscale which is comprised of six items that measure perceived equity in decision making at the workplace. The cronbach's coefficient alphas for our study were reported as 0.85 and 0.71 for distributive justice and procedural justice respectively. We used only these two subscales omitting the third for reasons of relevance to our study.

Commitment to the organization was measured using the scale developed by Meyer and Allen (1997). The scale consists of three subscales each with originally eight instruments to measure affective, normative and continuance commitment. The scale was later revised and consists of six items for each commitment dimension. Revised scale was used in our research. Alpha values for the three subscales were from 0.77 to 0.88, from 0.65 to 0.86 and from 0.69 to 0.84 for affective, normative and continuance commitment respectively. Organizational commitment coefficient alpha for the current study were found to be 0.70.

Job satisfaction was measured using the Global Job Satisfaction questionnaire devised by Warr et al., (1979). It consists of 15 items and takes into account overall job satisfaction, unlike other scales that attempt to measure the construct in dimensions or facets. Global Job Satisfaction scale considers satisfaction at intrinsic and extrinsic levels. Thus the two subscales consist of statements that measure intrinsically satisfying factors such as "work conditions" and "the opportunity to use one's abilities" while extrinsic factors such as "chances of promotion" and "job security". The scale has previously reported alpha values ranging from 0.80 to 0.91. Our study reported the cronbach's coefficient alpha for job satisfaction as 0.87

Locus of Control was measured using the Work Locus of Control scale developed by Spector (1988). The work locus of control measure gauges individual's locus as either internal or external based on responses on a five-point likert scale with point 5 representing extreme disagreement and 1 representing extreme agreement with each of the sixteen items comprising the scale. The cronbach's coefficient alpha for the scale was found to be 0.66.

Absenteeism was assessed using the scale developed by Katou and Budhwar (2006). The cronbach's coefficient alpha for the three-item scale was 0.71

Population and sample

The target population was employees of telecom sector in the Islamabad and Rawalpindi region. Data was collected from a selected number due to the difficulty posed in attempting to incorporate a larger population. Data was collected from a sample of 120 employees. 78 of the participants were males while 42 were females.

Findings

In Table 1, results of descriptive statistics and correlations among the variables are presented. Insignificant correlation is observed for absenteeism with all variables except organizational commitment, thus organizational commitment and absenteeism are negatively correlated. Correlation analysis shows positive and significant correlations between both distributive and procedural justice and job satisfaction. Job satisfaction is significantly and positively correlated with organizational commitment at .61. Job satisfaction and locus of control is also positively and significantly correlated at .234.

TABLE I
Means, Standard Deviations, Correlations, and Reliabilities

Variables	Mean	s.d.	1	2	3	4	5	6	7	8
1. Education	3.500	0.684								
2. Tenure	1.658	0.715	.232*							
3. Distributive Justice	3.058	1.102	-.058	.595**						
4. Procedural Justice	2.926	0.745	-.101	.396**	.686**	(.71)				
5. Job Satisfaction	3.096	0.739	-.110	.512**	.860**	.753**	(.87)			
6.Organizational Commitment	3.157	0.467	-.011	.515**	.655**	.392**	.615**	(.70)		
7. Locus of Control	3.485	0.435	.158	.279**	.277**	.156	.234*	.422**	(.66)	
8. Absenteeism	2.536	0.794	-.054	.000	-.080	-.080	-.010	-.240**	.060	(.60)

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

Education and tenure were control variables for all regressions in the first step. To test the hypotheses predicting a positive relationship between organizational commitment and procedural and distributive justice, we regressed organizational commitment on both justice types. The results showed a highly significant relationship between job satisfaction and distributive justice (β = 0.86, p < .001) and procedural justice (β = .75, p<.001) thus accepting both Hypotheses 1a and 1b. However contrary to our expectations no significant relationship was found between distributive/ procedural justice and absenteeism as shown in Table 2.

TABLE 2
Results of Regression Analyses for Organizational Commitment and Absenteeism

	Job Satisfaction			Absenteeism			Organizational Commitment		
	β	R^2	ΔR^2	β	R^2	ΔR^2	β	R^2	ΔR^2
Predictors									
Organizational Justice									
Step 1									
Control Variables		.318			0.09			.283	
Step 2									
Distributive Justice	.86***			-0.09			.64***		
Procedural Justice	.75***	.56	.242***	-0.07	0.06	0.02	.47***	.460	.176***
Job Satisfaction									
Step 1									
Control Variables								.283	
Step 2									
Job Satisfaction							.275***	.433	.150***

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

To test the interactive effect of locus of control and justice types on job satisfaction, we used moderated regression analyses. In first step control variables were entered. In second step, locus of control and justice types were entered to predict job satisfaction. Step 2 shows both distributive and procedural justice to be significantly associated with job satisfaction (β =.619, p<.001) and (β =.567, p<.001). In step 3 we regress job satisfaction on interactional term of locus of control and distributive justice and the results showed that locus of control does moderate the relationship between distributive justice and job satisfaction (β = -.221, p < .01), but for procedural justice no significant results were obtained as shown in Table 3. Hypotheses 2a was accepted while 2b was rejected.

TABLE 3
Results of Moderator and Mediator Analyses for Job Satisfaction and Organizational Commitment

Predictors	Job Satisfaction			Organizational Commitment		
	β	R^2	ΔR^2	β	R^2	ΔR^2
Moderator analyses: Distributive Justice						
Step1						
Control Variables		.318				
Step 2:						
Distributive Justice	.619***					
LOC	008	.744	.426***			
Step 3:						
LOC x Distributive Justice	-.221**	.76	.016**			
Procedural Justice						
Step 1:						
Control Variables		.318				
Step 2:						
Procedural Justice	.567***					
LOC	.138	.639	.321***			
Step 3						
LOC x Procedural Justice	- .185	0.648	.009			
Mediator analyses						
Mediation: Job Satisfaction						
Step1						
Control Variables					0.283	
Step 2						
Job Satisfaction				0.61***	.433	0.31***
Step 3						
Distributive Justice				0.51**		
Procedural Justice				0.20	.481	0.07**

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

To examine whether job satisfaction mediates the relationship between justice types and organizational commitment, we used mediator regression analyses. For absenteeism mediator regression analyses was not possible because both justice types had insignificant relationship with absenteeism as results in Table II confirm; not fulfilling the requirements given by (Baron & Kenny, 1986) for mediator regression analysis. Thus hypotheses 4a and 4b were not accepted.

For mediation, in first step we entered the control variables, in second step we regress organizational commitment on job satisfaction while controlling the effect of both justice types, yielding highly significant results (β = 0.61, p < .01), in the third step we regressed organizational commitment on both justice types while controlling for job satisfaction. Distributive and procedural justice contributed (β=.64, p<.01) and (β=.47, p<.01) towards organizational commitment as shown table II. Introducing job satisfaction into the equation reduced their contribution to (β=.51, p<.01) and (β =.20, insignificant) in table III, providing support for mediated effect for procedural justice. Hypotheses 3b was accepted. Hypotheses 3a was only partially accepted.

DISCUSSION

As hypothesized, procedural justice and job satisfaction were positively associated. This is explained by greater satisfaction, provided procedures for job outcomes are perceived as fair. Similar positive association was seen between distributive justice and job satisfaction. Individuals in the Pakistan Telecom sector are satisfied with their jobs provided job outcomes and procedures used to determine those rewards are perceived as fair. Fairness of both rewards as well as procedures is important for employees to be satisfied with their jobs.

While the observed data showed a relationship

between distributive and procedural justice with job satisfaction, the insignificant results with absenteeism show that fairness of rewards and procedures may not influence absenteeism. It may indicate that absenteeism in the selected sample is influenced by factors other than justice perceptions. The mediating role of job satisfaction between justice and absenteeism, rendered void according to the results also show job satisfaction mediates justice outcomes for attitudinal (organizational commitment) but not for behavioral (absenteeism) responses. An explanation could be that control systems for the sample are strict which do not enable employees to remain absent from their jobs. Fear of job loss also contributes to this relationship. The current economic condition and unemployment rates also do not enable absenteeism behavior among these employees, thus, lower job justice perceptions do not necessarily lead to greater absences.

Locus of control moderated the effects of distributive justice on job satisfaction while no moderation was seen for procedural justice outcome on job satisfaction. The results showed locus of control weakens the relationship between distributive justice and satisfaction. Mean value for Locus of Control for the sample shows greater externality. Externals, in other words, are less satisfied than internals. This is supported from literature which reports more positive aspects for internals than for externals. The current study suggests locus of control influences responses to distributive justice perceptions and not procedural justice perceptions. Distributive justice is, in other words, more important when considering locus of control. Externals probably value fairness of reward outcomes more than procedures. A sample higher on externality on average believes in 'luck' and contacts for promotions and incentives. In a country like Pakistan, distributive justice outcomes are comparatively more significant. Pay and promotions are the most important factors determining satisfaction with jobs. There may be a number of reasons for this. While procedures may not be clearly defined, there are very much chances that a majority of employees are not aware of exact procedures in place. It may also be concluded from common observation that a number of factors that may otherwise be considered unjust in developed countries are accepted here as the norm, owing to a lack of awareness as to what may constitute an individual's right to information and access to supervisors/managers. Considering internality/ externality of locus may not affect the procedural justice-job satisfaction relationship, whereas distributive justice-job satisfaction relationship is considerably weakened for external locus of control

No mediating effect of job satisfaction between distributive justice and organizational commitment is explained by considering rewards being given to employees that comprise the selected sample. While these employees are satisfied with rewards and procedures in place for allocating monetary rewards, their job satisfaction does not explain the distributive justice-organizational commitment relationship. Other factors may explain how distributive justice brings about organizational commitment. Job satisfaction, as suggested by the results may only partially explain the path to organizational commitment. Mediation is fully explained in case of procedural justice. Our discussion with some individuals indicated contacts with people at more authoritative positions to be important for better rewards. Promotions, they believe, follow other factors that may not be entirely relevant to performance. In other words, links with the right people within the organization may itself be considered as a "procedure" for reward allocation. So individuals in the telecom sector are more committed as a result of job satisfaction arising from procedural justice. It has also been discovered that different procedures are in place for contract based and permanent employees. But overall, mediating effect of job satisfaction shows that for contract based as well as permanent employees, fair procedures are important for ultimate organizational commitment that will take effect through satisfaction with the job.

Implications

The tested hypotheses have implications for practical utility. Managers in the telecom sector may benefit by realizing the importance of procedural and distributive justice for satisfaction with the job. Individuals who do not feel they are treated well would be low on job satisfaction and ultimately be less committed. Making procedures and the consequent rewards fair can enhance employee satisfaction with the job. Job satisfaction, through its effect on organizational commitment, as is evident from the results of this research, shows the importance of job satisfaction for employee retention. Current market conditions, while indicative of unemployment levels on the rise, also show competition among existing firms to compete in attracting and retaining more skilled employees. Results of our tested hypotheses may be thus of use to managers in understanding the importance of fairness.

Limitations

A major limitation of the research is the small sample size. The data was also collected within Rawalpindi/ Islamabad region. While the results do indicate new findings for the relevant variables, similar research covering a larger geographical region within the country and a larger sample size may enable the findings to be

more generalizable. Due to time constraints, the current research could not focus on individual dimensions of organizational commitment and job satisfaction facets. Thus these findings should not be treated as final results for organizational justice mediated and moderated outcomes, rather, a further probe into various dimensions of the selected variables within the same model should be carried out.

Future Research Directions

Future researches should study if job satisfaction mediates other justice responses. Absenteeism and organizational commitment were the only behavioral and attitudinal factors investigated in the current study. Other positive and adverse attitudinal and behavioral outcomes of justice perceptions should be investigated. The study also did not study a complete model for the selected variables. Job satisfaction and organizational commitment were considered as a whole and not in terms of individual dimensions. Future researches should consider various facets of job satisfaction for the tested model. While the mediated effects of all proposed hypotheses for overall job satisfaction could not be proved, individual facets like satisfaction with the supervisor and colleagues could have somewhat varying results. Organizational commitment should also be tested in terms of the three dimensions of continuous, affective and normative commitment. Testing the model for all organizational justice dimensions should also result in a better understanding.

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CUSTOMER EMOTIONAL INTELLIGENCE, ITS UNDERSTANDING BY THE SELLERS RESULTING IN IMPLICATIONS ON CUSTOMER'S PURCHASE DECISIONS

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ABSTRACT

The area of concern for marketing professionals is strong quality relationship with the customers and positive outcomes of this relationship. There is importance of understanding emotional intelligence of the customers for the marketing professionals, along with the emotional intelligence quality level utilization by the customers. This review of literature has developed propositions that how emotional intelligence and its understanding by both sellers and buyers result in decision making process and how it varies from situation to situation. Implications of emotional intelligence on the purchase decision making of the customers are very important for marketing professionals, as they contribute to building a strong customer relationship management strategy, a delightful customer experience, and a win-win situation for both sellers and buyers. Implications of study are useful for strategic marketing decision makers and every customer making purchase decisions, whether critical or normal, to make their purchases without dissonance.

INTRODUCTION

Emotional intelligence and decision making processes are linked together and are complementing each other for the ultimate achievement of an outcome. Emotional intelligence is very important aspect which explains the capability and ability of an individual to understand and perceive a certain process to attain certain outcomes as desired. This linked procedure is very important and will be beneficial for the sellers who are selling goods or services to the end consumer's and customers, as purchasing a thing is a process which requires decision making. This process in the mind of the customer will be well understood if proper research and investigation related to emotional intelligence of the consumer is performed by the marketing researchers. The information about the emotional intelligence construct is very important for understanding the decision making scenario of the consumer. This provides us with information about the biases and heuristics which sometimes result in avoidance of win-win situation.

Customers act with their decision making in different ways according to the situation, and sometimes the action for the decision making is not rationally motivated (Kim, Fiore, Niehm, & Jeong, 2010). So there are many different situations for which there are different approaches adapted by the person. This is applicable to the customers purchase decision as it has been observed that consumer decision making is also very diverse in different scenarios. This increases efforts requirement from marketing researchers to know the customers and to give them what exactly they want in applicable scenario. The modern concept of involving customers in the stages of product development has been exercised to fulfill this emotional intelligence variance construct of decision making process. The core of marketing activities is to understand what customer thinks and how customer will react to the offerings by the seller; here emotional intelligence is the main actor for customers to determine and form behavior in response to market offerings.

All the marketing activities are undertaken to get to the positive results from the customer and the customer requires the positive results from the seller, this refers to marketing being a value exchange process. These positive outcomes are possible for both sellers and customer if comprehensive and detailed understanding of emotional intelligence variance is developed, and there is synchronization between the customer and the seller. Decision making literature suggests that whenever there is a high involvement decision to be made by the customer, the quality of emotional intelligence is high as stakes are high, and these decisions are critical decisions which have a lot of cost associated with them (Bazerman, 2001). If in a

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high involvement decision making process, emotional intelligence of the customer is not clearly and fully understood by the seller, or customer is unable to utilize his emotional intelligence due to incompetency or lack of awareness and information, the results are disastrous resulting in immense losses and wastage of time and resources.

It can be clearly identified that while making a decision the awareness and capability related to emotional intelligence is very critical for the customer, as well as its understanding is critical for the seller. So controlling emotions and utilizing right emotions at the right time is what is required and literature of decision making has a lot of support for this argument.

LITERATURE REVIEW

Emotional intelligence has been defined as the ability to perceive, understand, and manage emotions and it has implications for decision making in the specific criteria or situation (Ciarrochi, Chan, & Caputi, 2000). Hence purchase decision will be taken into consideration as criteria having implications from customer's emotional intelligence. According to Kidwell, Hardesty, and Childers (2007), emotional intelligence will be utilized in a scientific way to get the desired customer purchase decision outcome. This highlights the importance of emotional intelligence for marketing professionals. The importance of cognitive ability has been of high significance in research related to marketing (Ariely & Daniel, 2000), relevant to focus on customer's basic actions and levels like capacity of acquisition (Capon & Davis, 1984), the purchasing process (McCarth, & Mothersbaugh, 2002), and the usability context knowledge (Ariely & Daniel, 2000) in order to develop strategic decisions related to the customers from the sellers perspective. The research has shown that customers with more strong emotional intelligence make more cautious and well thought out decisions while purchasing, in comparison to less emotionally intelligent customers (Ramanathan, Suresh, & Menon, 2006). Now the question arises that what is the determinant of emotional intelligence in customers. To answer this question the research by Kidwell et al. (2007) showed that level of emotional intelligence depends on the nature of the product which is being bought. The nature of the product is directing towards the usability and importance of that product for the customer, desired out come and how much that desired outcome is valuable for the customer. As it was identified that the products which are of high value in any aspect, whether it is price or high value of the outcome resulting from the use of that product, are more cautiously thought out by customers and these customers have strong emotional intelligence. The importance of customer behavior is what all modern era marketing is about. It is all about understanding customer and the customer value is what leads to competitive advantage in current times as elaborated by Woodruff (1997).

"Emotional Intelligence and Emotional Involvement understanding is critical for buyers and sellers"

Emotional intelligence has very high significance for the purpose of developing or sustaining a relationship (Ciarrochi et al., 2000).The construct of emotional intelligence has a linear directed pathway towards decision making (Petrides & Furnham, 2000). This explains that emotional intelligence is the predictor of quality of customer purchase decision making process. Another important construct which has been identified by the research conducted by Ciarrochi et al. (2000), namely known as mood management, if somehow marketers are able to get hold of this mood management, which is integral part of emotional intelligence as it will play a trigger or initiator role in generating and handling the moods, they will be very successful in developing and maintaining their marketing strategies. Being customer oriented and knowing the emotional intelligence level for customer decision making by sellers is of high value and will continue to have its importance for very long (Woodruff, 1997). The quality of the relationship between seller and buyer is considered to be the point of focus for both buyer and seller, and relationship quality goes high if emotional intelligence is properly utilized by the customers (Ciarrochi et al., 2000).

"Emotional Intelligence of the customer and its understanding by the sellers is very critical for Customer Relationship Management"

The importance of emotional intelligence in the context of customer will be understood by the findings of the study by Kidwell, Hardesty, and Childers (2008) which clearly narrates that the products in the market, trends of the market and the product range in the market, all depend on the quality of emotional intelligence of the customer. Exploiting customers emotional intelligence can be un-ethical, but in the era of knowledge the emotions of customers are not only owned by the customers, they will be amplified in quantity and quality by the sellers in order to get good results related to growth for both customers and the sellers (Ariely & Daniel, 2000). But there are heuristics and biases which are very common and have negative impact on practical decision making related to purchase of some goods or services, and this negative impact is felt by both parties. This results in low quality relationship and undesired trigger of emotional

dissonance (Bettman, Jhonson, & Payne).

Another important dimension for the marketing researchers and professionals has been identified by McLeod (2009) that marketing professionals should not assume that customer's decision related to purchase will always be rational decisions based on emotions. It is important to know about the emotional intelligence level of the relative segment customer in a certain situation. Customer's purchase decision always has an emotional reasoning attached to it (Peter, 2007). In order to ensure an ideal outcome from the seller's perspective; marketing professionals should always be thinking about their efforts to get a positive response from customers. They should be clear about level of contribution required for high quality relationship due to high involvement of customers and their high emotional intelligence (McLeod, 2009). The difference among emotional intelligence levels of customers and variances in decisions due to this reason have been identified by Schutte, et al. (1998). This refers to marketing professionals attention for consideration of emotional intelligence as a strong base for customer segmentation in order to compete and get a superior value in the competitive market as highlighter by Woodruff (1997). Emotional intelligence is the optimal predictor of success for any business (TIME, 1995), for the success and continuous interaction with the customers requires strong understanding of emotional intelligence level of the customer which is variable for every purchase decision (McLeod, 2009). The success exists in the involvement of customer in the product or service on offer, as this increase the quality of emotional intelligence, and it is possible to get maximum quality relationship parallel to high benefit monetary returns from the customers. This all is what has lead to transformation of consumer research in this time for business growth and customer satisfaction as identified by Peter (2007).

"High Involement leads to better Emotional Intelligence which inturn results in better purchase decisions"

FIGURE 1

Nature of emotional intelligence for purchase decisions

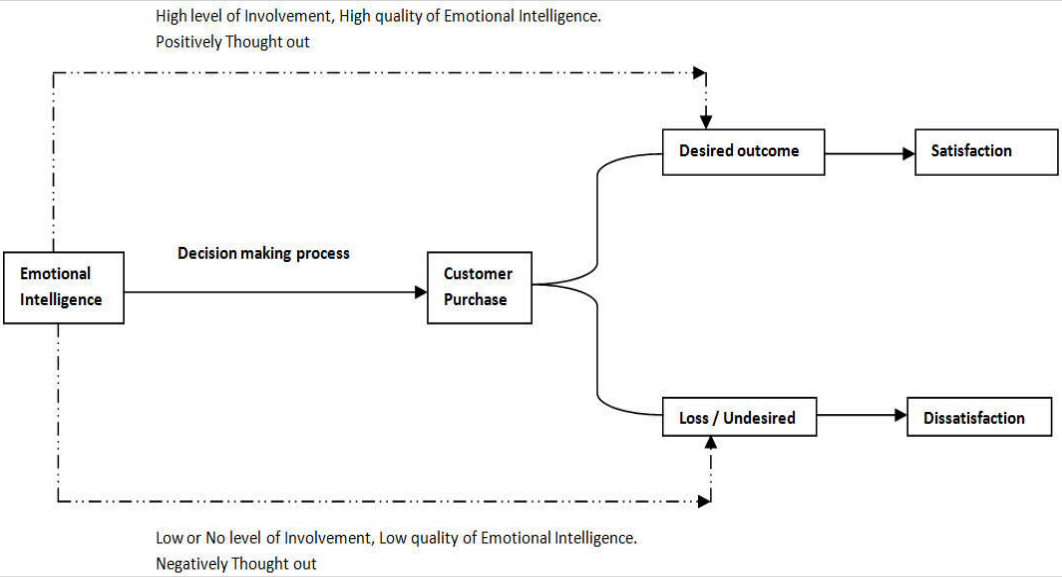

TABLE 1

Importance of Emotional Intelligence for Customer and its understanding for Seller / Marketing professionals

Customer / Buyer		Seller / Marketing Professionals		Seller / Customer
EI Level	**Type of Decision**	**EI understanding**	**Type of efforts**	**Outcome**
High	Important	Good	Maximum	Win / Win situation
Low	Important	Good	Maximum	High Loss / Dissatisfaction
High	Normal	Good	Maximum	Win-Win situation
Low	Normal	Good	Maximum	Low Loss / Dissatisfaction
High	Important	Bad	Less	High Loss / Dissatisfaction
Low	Important	Bad	Less	High Loss / Dissatisfaction
High	Normal	Bad	Less	Low Loss / Dissatisfaction
Low	Normal	Bad	Less	Low Loss / Dissatisfaction

EI = Emotional Intelligence

According to Huy (1999), high emotional intelligence level leads to better results for the customers in reference to purchase decisions. It was also notified that the consumers with high level of emotional intelligence can adapt to changes. This point is very critical for marketing professionals. Bazerman (2001) said that if involvement is increased, the level of emotional intelligence in the customer's mind to get the desired product or service will also increase and the result will be a better and beneficial decision for both customers and sellers (win / win situation). Mizerski, Golden, and Kernan (1979) provided strong evidence that if marketers are able to alter an individual's emotional intelligence levels; this will result in desired result for both customer and seller leading to satisfaction. According to Xia (2010), customer's purchase decisions result in both desired and undesired conditions. With reference to research among young group of Chinese people, Fan and Li (2010) concluded that the emotional involvement and emotional intelligence level in the purchasers' behavior is the antecedent of their purchase experience. Vesel and Zabkar (2010) pointed towards relationship quality between the customer and seller with reference to emotional intelligence and its understanding as a predictor of desired results and satisfaction. Caldwell, Henry, and Alman (2010) said emotional involvement of the customer in purchase decisions leads to better and cognitive understanding of the product on offer by the seller, and is considered to be a satisfying and quality purchase decision. Cognitive thinking customers have a high level of emotional intelligence and they are quality conscious and quality is a predictor of satisfaction (Park, Yu, & Zhou, 2010). The quality conscious customers have a strong understanding of all the attributes of the products on offer. This means that there is synchronization between the customer and seller leading to a better decision for both sellers and the customers (Kimilog˘lu, Nasir, & Nasir, 2010). It is better for the sellers to create more involvement in the customers mind with the product as this is beneficial for the seller (Ha & Lennon, 2010). A research conducted among foreign students in Singapore showed that students with high emotional intelligence level result in better understanding and grades in their academics, this means that a customer will also be having the same experience while purchasing in the market (Fatt & Howe, 2003). The level of emotional involvement in the customers' mind can be utilized by marketing professionals to earn revenues from them (Sunikka, Peura-Kapanen, & Raijas, 2010).To enhance value for the business, the level of emotional involvement of the customer is very critical (Kim et al., 2010). Customers with a level of control and emotional intelligence increase level of service quality and the results are satisfaction for both customers and sellers (Krishen, Bui, & Peter, 2010). Understanding of customer's emotional intelligence level can help in better positioning of the product (Mitchell & Harris, 2005). If you have positioned yourself appropriately you will be the most acceptable choice of the customer.

CONCLUSION & DISCUSSION

The discussed literature, figure 1 and table 1 clearly highlights importance of emotional intelligence in the decision making process of a customer. The literature has helped us in finding the areas which should be prioritized by the marketing personals, as well as the customers to get the best results out of their whole decision making process and marketing efforts.

Following areas were identified with the help of the literature and the graphical representation of the concept:

i. If emotional intelligence level is high and the decision is important in its nature and in parallel the emotional intelligence understanding by the seller is good, he will utilize his maximum efforts to meet the customer's needs resulting in satisfied customer as well as a satisfied seller.
ii. If emotional intelligence level of the customer is low and type of decision is important, it does not matter what efforts seller contributes, the result will be a disaster.
iii. If emotional intelligence level of the customer is high and the decision is normal in its nature and the efforts and understanding by the seller is maximum and good respectively, both parties will be satisfied as they will gain their desired outcomes.
iv. If emotional intelligence level of the customer is low and the type of decision is normal in nature, than whatever the seller contributes the result will be loss and dissatisfaction. But this loss is not a big loss, yet still it will not be good.
v. If the emotional intelligence level of the customer is high and the nature of the decision is important, and if the understanding of customer's emotional intelligence by the seller is bad due to fewer efforts, than the outcomes will be very dissatisfying and high losses will occur for both the customer and the seller.
vi. If the emotional intelligence level of the customer is low and the decision is important in nature, if badly understood by the seller due to fewer efforts the result will be highly dissatisfying and heavy losses for both parties.
vii. If the emotional intelligence level of the customer is high and the nature of decision is normal and the seller understands it badly or does not understood it due to less efforts, the results will be losses. They

will not be major losses due to nature of the decision but still losses are not good.

viii. If the emotional intelligence level of the customer is low and the nature of decision is normal and badly understood by the seller due to fewer efforts, the result will be losses. Yet again they will not be heavy losses due to nature of the decision.

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INTERLINKAGES BETWEEN EQUITY MARKETS OF G-8 COUNTRIES

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ABSTRACT

This study attempts to investigate the inter linkages between equity market of G-8 countries. Daily data of stock market returns of G-8 equity markets for the period of 2000 to 2010 has been used. These markets include Canada, France, Germany, Italy, Japan, Russia, United Kingdom and United States. In order to explore the interlinkages among these markets, Granger causality test, Johansen and Juselius Multivariate test, Bi-variate co-integration test, Variance Decomposition and Vector error correction models have been used. The results reveal that co integration exists in equity markets of G-8 countries thus these markets do not offer an opportunity for portfolio diversification to the investors. Further, policy makers of these countries should be careful as the contagious problem may flow to these markets.

INTRODUCTION

The concept of portfolio diversification grabbed much attention in the early work of Harry Markowitz (1952, 59) contributing in the area of investment analysis, and providing bases for the development of famous Modern Portfolio theory. The portfolio return was weighted average of returns of single securities, whereas risk of a portfolio was dependent on the covariance among securities in the portfolio. Sharp (1964) expended the modern portfolio theory and offered famous Capital Asset Pricing Model. This study argued that systematic risk was relevant risk of any portfolio as unsystematic risk would be diversified through formulation of portfolio.

The late twentieth century had been marked by many significant occurrences. The advent of financial liberalization was one such phenomenon. This induced confidence among the investors and they started to invest internationally. A large number of countries also reduced regulations on the financial industry. This provided opportunities to investors to decrease the risks associated with any specific economy. Financial world was reshaped and the entire landscape of financial world was changed. Investors as well as the academicians were becoming more interested in exploring ways to minimize risks. They were indulged in understanding the interlinkages among the markets across the globe. Each market was marked by her distinctive features and characteristics. These characteristics affected the way these markets were interlinked. A large number of studies could be found addressing the linkages among international stock markets especially after the advent of financial liberalization. Technological advancements both in terms of communication services and trading systems had created more opportunities for international portfolio investments. These opportunities provided the investors and policy makers with ways to earn more profits and optimize market interactions. All this was the result of globalization, as it had accelerated the process of integration of financial markets. The emerging markets were seen as the opportunity for portfolio diversification by a large number of international fund managers. The academicians thus extended immense importance to understand the relations amongst international stock markets. An analysis of co movement among different equity markets had been taken a focus with reference to international portfolio diversification. Sharp and Litner (1964) argued that if the co-movement of stock markets was comparable across stock markets, then the gain from the portfolio diversification was not possible. Engle and Granger (1987), Johansen (1988), Johansen and Juselius (1990) presented methods to study the co-movement of stock markets. The objective of this study was to understand the dynamic inter-linkages between equity markets of G8. These countries include Canada, UK, USA, Japan, France, Russia, Germany, and Italy. If the markets would be independent then investors can invest to diversify their portfolio and minimize the risks involved.

This study had been divided into four sections. Second section provided an overview of the literature on the topic. The third section reported the data and methodology used. The forth sections encompassed the empirical results. This section is followed by last section that reported the conclusion along with policy implication of the results.

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LITERATURE REVIEW

The stock market integration had solitary of being an extremely studied area. Kharka, Turan and Kaushik, (2012) found no long-term relationship among Bhutanese stock with Indian as well as other regional stock markets. Al-Zalabani, Sagaran, Menon, and Subha (2012) investigated the co- integration among the foremost Saudi Stock market index (TASI) and other indices like of Hong Kong, India, USA, Japan, Singapore, Malaysia, UK and China. The objective was to study the inter dependence among these indices. TASI reported a significant connection. Sakthivel and Kamaiah (2012) spent efforts toward studying the persuasive inter-linkages connecting European, Asian, and US stock markets for the period of 3rd January 1998 to 30th June 2010. The study examined the short as well as long run relationships by using Johansen-Juselius co-integration, Vector Error Correction models (VECM) and Impulse Response Function (IRF). The results of the co-integration test demonstrate strong co-integration relationship among global stock price indices. The results of Vector Error Correction model reported the linkages of US with some of European and Asian Stock markets.

Aktar (2011) investigated whether there exist any long run association or Granger Causality among Hungarian, Russian and Turkish stock indices or not. Johansen estimation method was used to examine the co- integration between the stock indices. This, acquainted by way of use, was a short run relationship as well as causality along with the stock indices. He located bidirectional causality intended for the Russian and Turkish stock indices. Furthermore, he located that Hungarian stock market did Granger cause Turkish stock market although did not associate and vice versa. Furthermore, Russian stock market did Granger cause Hungarian stock market other than not vice versa. Thus, Russian stock market involves mutually stock markets of Turkey along with Hungary.

Korkmar, Akman (2010) examined the Istanbul Stock Exchange (ISE) and found that it was weak form efficient by selecting two indices from Istanbul Stock Exchange. They analyzed the efficiency by using unit root and co-integration test. Co-integration results subsequently showed that there was no co-integration among indices in the long term. Foreign investors were concerned with emerging economies because of their two objectives i.e. to augment the portfolio expansion and to decrease portfolio risk throughout efficient global portfolio diversification. Modi, Paterek, Son, Vedral, and Williamson (2010) studied a range of different methods to understand the co-movement between some chosen developed stock markets and emerging stock markets of the world. Daily data from July 1, 1997 to June 30, 2008 of Hong Kong (HANGSENG), India (SENSEX), Russia (RTS), Mexico (MXX), Brazil (BVSP), US (DJIA and NASDAQ) and UK (FTSE-100) had been employed and various co-integration method had been engaged to study the short term as well as long-term relationships connecting the markets under study. Harrison and Moore (2010) explored co-movement within five Caribbean stock markets (Jamaica and Barbados, Tobago as well as Trinidad, Bahamas along with Guyana) by means of common factor analysis. The common factors were obtained by principal component analysis along with explanation that was intended for the utmost segment of the variance in the stock exchanges analyzed. Both examined 10-year, 5-year and 3-year periods, and used a vector auto-regression model along with a simple test intended for co-movement among the five markets.

Aktan et al (2009) investigated the emerging markets of Russia, India, Brazil, Argentina (BRICA) and China, and explored the connections among the stock markets and their associations with the US market. The study employed the vector auto regression (VAR) methods to model the interdependencies along with VECM to verify a short-run relationship between these markets. Yalama (2009) examined the relation between Turkey and Brazil's Stock Exchange Markets for the period during 2002 to 2009. In order to establish causal show model, the study employed Johansen and Juselius (1990) co- integration framework and vector error-correction modeling, along with the Granger Causality Test. The study showed that there was a significant market interrelation between Turkey and Brazil. Time zone problem did not affect this relationship which creates an opportunity for investors to use international hedging strategies and asset allocation.

Mavrakis and Alexakis (2008) explored whether the Greek stock market was integrated with the equity markets of three foremost economies by applying the Johansen-Juselius methodology for the period 1991-2004. Empirical verifications specified the presence of two long-run relations among the Greek stock market and the equity markets of United Kingdom, Germany and United States. Impressive constraints, resting on the consequential co-integrating vectors, specify single frequent stochastic tendency intended for all co-integrating relations with a high degree of integration among the scrutinized European stock markets.

Coates and Wilson (2007) investigated and found out that there was no association between co- integration and market efficiency hypothesis. As a result, market was efficient in long-run and no arbitrage opportunities were present. However, arbitrage movement passing through the disequilibrium error correction allocated average risk-adjusted returns in the short run.

RESEARCH METHODOLOGY

The foremost objective of this study is to test the inter-market relationship among the stock market in G-8 equity markets via (1) correlation matrix (2) co integration test (3) Granger causality (4) Vector error correction Model (5) Variance decomposition. Firstly, unit root tests offered by Phillips (1987); Phillips and Perron (1988) and Augmented Dickey-Fuller recommended by Dickey and Fuller (1979) are used to test the stationary of data. After that, co-integration in the price series of others markets are examined by using Johansen and Juselius Test. The maximum likelihood method is used to find the existence of co -integration vectors in a set of non-stationary time series by Johansen (1988) and Johansen and Juselius (1990). To examine multivariate co-integration, Vector Autoregressive (VAR) is applied. VAR model assumes all the variables in the model are endogenous. Johensen and Juselius approach verified if both the price series are co-integrated in the long run, subsequently the system of equation must be modified by including an Error Correction Term in relation to the short run deviation of prices. If two variables are co-integrated, then Granger causality must exist in at least one direction, which is a consequence of the relationships described by the error-correction model.

Data Description

Stock index data are taken from daily, weekly, monthly closing prices of equity markets indices for G-8 countries i.e USA, UK, Russia, Japan, Italy, Germany, France, Canada, for the period Jan, 2000 to Dec, 20010. Data is collected through their respective stock exchange and Yahoo finance which is a well-known and reliable source of business information in Pakistan. The daily closing prices of G-8 equity markets indices are taken for the period Jan1, 2000 to Dec 31, 2010, which includes 4016 observations for each country.

TABLE 1
G-8 equity markets indices

Country Name	Index
USA	S&P 500 Index
UK	FTSE 100
Russia	RTS index
Japan	NIKKEI 225
Italy	FTSEMIB
Germany	DAX
Canada	TSX Composite Index
France	CAC 40

The continuously compounded rate of return for daily, weekly and monthly bases are used to measure the return for specific period as

$$Rt= \ln (Pt/Pt-1)$$

So 'Rt' is the continuous compounded return for daily, weekly, monthly 't'and 'Pt','Pt-1' is representations of closing prices of the equity indices of the G8 used for the daily, weekly, monthly 't' and 't-1' correspondingly and natural log denoted by 'Ln'.

RESEARCH ANALYSIS

Table 2 reports the results ADF, Phillip-Perron (PP) Test for daily, weekly and Monthly index series. It shows that index series is integrated of order 1. It shows that the hypothesis of non-stationary in the market returns is rejected. Similarly, the hypothesis of non-stationary in first differences is rejected for all returns.

TABLE 2
Unit root Analysis

	ADF (Level)	ADF (Ist Difference)	Phillips-Perron (level)	Phillips-Perron (Ist Difference)
Canada	-1.7105	-66.0444	-1.61707	-66.2668
Italy	-1.0513	-64.6077	-1.02661	-64.6159
Germany	-1.5859	-65.6762	-1.51462	-65.7340
Russia	-1.0525	-57.5806	-1.04996	-57.5823
UK	-1.6054	-32.4253	-1.61778	-68.6137
USA	-1.5290	-49.8563	-1.52798	-69.1933
Japan	-0.9590	-65.6783	-0.80702	-65.8335
France	-1.2511	-66.7664	-1.09294	-67.4404
Critical Values				
1%	-3.435654	-3.435659	-3.435654	-3.435659
5%	-2.86377	-2.863772	-2.86377	-2.863772
10%	-2.568008	-2.568009	-2.568008	-2.568009

TABLE 3
VAR Lag Order Selection Criteria

Lag	LogL	LR	FPE	AIC	SC	HQ
0	-247480	NA	6.73E+43	123.6206	123.6331	123.6250
1	-173263	148100.5	5.52E+27	86.58105	86.69425	86.62117
2	-172166	2185.064	3.29E+27	86.06497	86.2787*	86.14076

The estimation of Johnson and Julius co-integration approach required that there should be appropriate lag length. Schwarz information criterion is used for this purpose. Since the index series are required to be integrated of order 1 so stationary of the data is tested. Johansen's (1991) procedure provides two different

test statistics that can be used to test the hypothesis of the existence of "r" co integration vectors. The study employs Johansen's (1991) maximum likelihood ratio to examine that indices in question are co-integrated or not. The trace test results of G-8 countries are shown in Table. According to it, there is one co-integration vector between the underlying daily index series and hence long run relationship exists between these indices. The maximal Eigen-value test was used to test the null hypothesis. There are at most r co-integrating vectors against the alternative of r+1 co-integrating vectors. Table reports the result of Max-Eigen value test of G-8 countries stock markets. It shows that there is one co-integrating equation(s) at α=.05, hence long runs relationship exists between these indices.

TABLE 4
Multi-Variate Co integration Analysis
Trace Statistics

Eigen value	Trace Statistic	5% C Value	P.value	Hypothesized Number of CEs
0.014546	183.463	175.1715	0.0171	None *
0.009571	124.7064	139.2753	0.2567	At most 1
0.007314	86.14146	107.3466	0.5194	At most 2
0.005102	56.70589	79.34145	0.6972	At most 3
0.004298	36.1927	55.24578	0.709	At most 4
0.002338	18.92176	35.0109	0.7725	At most 5
0.001832	9.534881	18.39771	0.526	At most 6
0.000544	2.182513	3.841466	0.1396	At most 7

TABLE 5
Multi-Variate Co integration Analysis
Maximum Eigen Statistics

Eigen value	Max-Eigen Statistic	Critical Value	Prob	Hypothesized Number of CEs
0.014546	58.75652	55.72819	0.0242	None *
0.009571	38.56498	49.58633	0.426	At most 1
0.007314	29.43557	43.41977	0.6604	At most 2
0.005102	20.51318	37.16359	0.8781	At most 3
0.004298	17.27094	30.81507	0.7641	At most 4
0.002338	9.386878	24.25202	0.9339	At most 5
0.001832	7.352368	17.14769	0.6744	At most 6

Bivariate Cointegration analysis is used to explore the relationship between the markets. The trace test results of G-8 countries are shown in Table 6. There are two co-integration vectors between the underlying daily index series and hence long run relationships exist between these indices. Eigen-value test also confirms long runs relationship exists between these indices.

TABLE 6
Bi-Variate Co integration Analysis

	Eigen value	Trace statistics	5% C Value	P.value	Hypothesized Number of CEs
CANADA & FRANCE	0.0983	473.3903	18.3977	0.0001	None *
	0.0144	58.3721	3.8414	0.0000	At most 1 *
GERMANY & ITALY	0.0666	280.1194	18.3977	0.0001	None *
	0.0008	3.35643	3.8414	0.0669	At most 1
JAPAN & RUSSIA	0.0056	32.9532	18.3977	0.0002	None *
	0.0025	10.2483	3.8414	0.0014	At most 1 *
UK & USA	0.0804	396.981	18.3977	0.0001	None *
	0.0150	60.7740	3.8414	0.0000	At most 1 *

Granger (1986, 1988) pointed out that if two variables are co-integrated, then Granger-causality must exist in at least one direction. The test results of Granger Causality between various markets are presented in Table 7. Lag of 2 days is taken to study the effects of one market to another under the assumption of substantial informational efficiency. Results of Granger Causality are reported in Table indicating that there exists unidirectional granger causality between daily G-8countries equity markets.

TABLE 7
Granger Causality Test

Null Hypothesis	Obs	F-Statistic	Prob.
FRANCE does not Granger Cause CANDIA	4013	38.5559	3.00E-17
CANDIA does not Granger Cause FRANCE		25.9044	7.00E-12
GERMANY does not Granger Cause CANDIA	4013	18.7378	8.00E-09
CANDIA does not Granger Cause GERMANY		32.1769	1.00E-14
ITALY does not Granger Cause CANDIA	4013	18.0797	2.00E-08
CANDIA does not Granger Cause ITALY		10.3505	3.00E-05

JAPAN does not Granger Cause CANDIA	4013	180.841	6.00E-76
CANDIA does not Granger Cause JAPAN		1.63056	0.196
RUSSIA does not Granger Cause CANDIA	4013	134.532	3.00E-57
CANDIA does not Granger Cause RUSSIA		3.33891	0.0356
UK does not Granger Cause CANDIA	4013	38.668	2.00E-17
CANDIA does not Granger Cause UK		35.6906	4.00E-16
USA does not Granger Cause CANDIA	4013	32.7456	8.00E-15
CANDIA does not Granger Cause USA		61.7507	4.00E-27
GERMANY does not Granger Cause FRANCE	4013	15.9201	1.00E-07
FRANCE does not Granger Cause GERMANY		23.5124	7.00E-11
ITALY does not Granger Cause FRANCE	4013	12.3321	5.00E-06
FRANCE does not Granger Cause ITALY		4.42437	0.012
JAPAN does not Granger Cause FRANCE	4013	291.947	4.00E-119
FRANCE does not Granger Cause JAPAN		2.82144	0.0596
RUSSIA does not Granger Cause FRANCE	4013	40.7349	3.00E-18
FRANCE does not Granger Cause RUSSIA		3.89389	0.0204
UK does not Granger Cause FRANCE	4013	32.964	6.00E-15
FRANCE does not Granger Cause UK		8.20798	0.0003
USA does not Granger Cause FRANCE	4013	35.2751	7.00E-16
FRANCE does not Granger Cause USA		188.398	6.00E-79
ITALY does not Granger Cause GERMANY	4013	13.1733	2.00E-06
GERMANY does not Granger Cause ITALY		0.85697	0.4245
JAPAN does not Granger Cause GERMANY	4013	307.168	8.00E-12
GERMANY does not Granger Cause JAPAN		0.46536	0.6279
RUSSIA does not Granger Cause GERMANY	4013	46.5057	1.00E-20
GERMANY does not Granger Cause RUSSIA		9.91387	5.00E-05
UK does not Granger Cause GERMANY	4013	53.801	9.00E-24
GERMANY does not Granger Cause UK		12.7426	3.00E-06
USA does not Granger Cause GERMANY	4013	42.2056	7.00E-19
GERMANY does not Granger Cause USA		95.6337	3.00E-41

JAPAN does not Granger Cause ITALY	4013	80.2921	6.00E-35
ITALY does not Granger Cause JAPAN		2.36053	0.0945
RUSSIA does not Granger Cause ITALY	4013	15.0536	3.00E-07
ITALY does not Granger Cause RUSSIA		0.97408	0.3776
UK does not Granger Cause ITALY	4013	3.32476	0.0361
ITALY does not Granger Cause UK		4.81095	0.0082
USA does not Granger Cause ITALY	4013	8.72929	0.0002
ITALY does not Granger Cause USA		46.8527	8.00E-21
RUSSIA does not Granger Cause JAPAN	4013	28.2281	7.00E-13
JAPAN does not Granger Cause RUSSIA		101.405	1.00E-43
UK does not Granger Cause JAPAN	4013	5.48201	0.0042
JAPAN does not Granger Cause UK		215.56	1.00E-89
USA does not Granger Cause JAPAN	4013	4.24381	0.0144
JAPAN does not Granger Cause USA		375.165	4.00E-15
UK does not Granger Cause RUSSIA	4013	0.56539	0.5682
RUSSIA does not Granger Cause UK		58.6576	8.00E-26
USA does not Granger Cause RUSSIA	4013	1.79435	0.1664
RUSSIA does not Granger Cause USA		90.029	6.00E-39
USA does not Granger Cause UK	4013	21.7063	4.00E-10
UK does not Granger Cause USA		7.00E-81	193.39

The result of VECM model shows that the short term disequilibrium is mostly adjusted in one period of time.

TABLE 8
Vector Error Correction Model

	Canada	France	Germany	Italy	Japan	Russia	UK	USA
ECT	-0.10403	-0.21983	-0.99301	-0.84259	-0.694	-0.82189	-0.936	-0.509
S.E	-0.00484	-0.00317	-0.01563	-0.03526	0.0218	-0.03222	-0.017	-0.023
t Statistics	[-21.51]	[-69.31]	[-63.54]	[-23.89]	[-31.7]	[-25.50]	[-55.1]	[-21.3]

The variance decomposition indicates the amount of information each variable contributes to the other variables in the auto-regression. It determines how much of the forecast error variance of each of the variables can be explained by exogenous shocks to the other variables.

TABLE 9
Variance Decomposition

Period	S.E.	CANADA	FRANCE	GERMANY	ITALY	JAPAN	RUSSIA	UK	USA
1	2.93E-17	100	0	0	0	0	0	0	0
2	2.93E-17	100	1.20E-28	1.03E-28	2.35E-29	9.73E-30	1.98E-29	3.72E-29	6.77E-30
3	2.93E-17	100	1.33E-28	1.27E-28	2.46E-29	1.29E-29	2.03E-29	4.28E-29	1.07E-29

4	2.93E-17	100	1.33E-28	1.27E-28	2.46E-29	1.29E-29	2.03E-29	4.28E-29	1.07E-29
5	2.93E-17	100	1.33E-28	1.27E-28	2.46E-29	1.29E-29	2.03E-29	4.28E-29	1.07E-29
6	2.93E-17	100	1.33E-28	1.27E-28	2.46E-29	1.29E-29	2.03E-29	4.28E-29	1.07E-29
7	2.93E-17	100	1.33E-28	1.27E-28	2.46E-29	1.29E-29	2.03E-29	4.28E-29	1.07E-29
8	2.93E-17	100	1.33E-28	1.27E-28	2.46E-29	1.29E-29	2.03E-29	4.28E-29	1.07E-29
9	2.93E-17	100	1.33E-28	1.27E-28	2.46E-29	1.29E-29	2.03E-29	4.28E-29	1.07E-29
10	2.93E-17	100	1.33E-28	1.27E-28	2.46E-29	1.29E-29	2.03E-29	4.28E-29	1.07E-29

CONCLUSION

The augmented Dickey-Fuller and Phillips-Perron tests on the market index levels and their first differences showed that the hypothesis of non-stationary in the market indices cannot be rejected. However, the hypothesis of non-stationary in the first differences was rejected for all markets implying that the variables are integrated of order one. Since the index series are found to be non-stationary, the study examined Cointegration using Johansen's (1991) procedure. For this purpose Trace statistics is used. From results, it is evident that there is one co-integrating vector between underlying daily series and hence there is long run equilibrium. Pair-wise co-integration analysis also shows that co-integration exists between G-8 countries. Multivariate co-integration analysis also confirms the same results Granger causality test also confirms unidirectional bidirectional causality between G-8 markets.

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INTERACTIVE EFFECT OF PERCEPTIONS OF POLITICS (POP) AND IMPRESSION MANAGEMENT ON ORGANIZATIONAL CITIZENSHIP BEHAVIOR AND JOB BURNOUT

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ABSTRACT

This paper aims at investigating the direct and interactive effect of perception of organizational politics (POP) and impression management on organizational citizenship behavior and job burnout. We proposed after review of literature that POP is negatively related to organizational citizenship behavior and is positively related to job burnout. We also hypothesized that impression management weakens both these relationships. Data was collected from 151 teachers of Pakistan through questionnaires consisting of standardized scales. Moderated regression analysis was used to analyze the data. Our findings showed a significant negative relationship between POP and organizational citizenship behavior and a significant positive relationship between POP and job burnout. It was also confirmed that impression management negatively moderates the relationship between POP and organizational citizenship behavior while no moderating effect of impression management was found in the relationship between organizational politics and job burnout. Limitations of the study along with directions for future research and implications for organizational managers have been discussed.

INTRODUCTION

Employees spend their energy, time and effort to attain certain goals. These goals can be economic in nature like pay or social like status and personal power (Zivnuska, Kacmar, Witt, Carlson & Bratton, 2004). In order to attain these goals, they sometimes engage themselves into politics especially in case of scarce resources and intense competition (Poon, 2003, Zivnuska et al., 2004). Goffman (1955) suggested that people want to establish the image they wish to form in front of others and the strategy used to create this image depends upon the situation they are in. Impression management is one of the strategies used to influence the image.

Many studies have been conducted till now to see the influence of POP and impression management independently on work outcomes (i.e. Miller, Rutherford & Kolodinsky, 2008; Randall, Cropanzano, Bormann & Birjulin, 1999; Zivnuska et al, 2004; Higgins, Judge & Ferris, 2003; Bolino, Varela, Bande & Turnley, 2006 etc.). But relationship of certain outcomes with perceptions of organizational politics has not been frequently studied and little evidence exists about them like organizational citizenship behaviors and stress related attitudes like work place aggression and job burnout (Vigoda, 2002; Miller et al, 2008). Similarly, the impacts of impression management on certain outcomes like job performance have been studied by many research scholars (Higgins et al., 2003; Zivnuska et al., 2004; Chen & Fang, 2008; Wayne & Liden, 1995) but little research exists on the impact of impression management tactics on other outcomes like OCB, pay and promotion; and on behavioral outcomes like burnout has not been studied.

Direct relationship between POP and work outcomes have been studied many times but more empirical studies are required to support the presence of moderators (Vigoda-Gadot & Talmud, 2010). Besides studying the moderating role of demographics, personality, perceived control and understanding, more research is required on other variables which can moderate the POP-outcomes relationship (Poon, 2003; Miller et al., 2008).

Only some researchers have focused on impression management behavior as moderator between POP and certain work outcomes (Harrell-Cook, Ferris & Dulebohn, 1999; Zivnuska et al., 2004; Chen & Fang, 2008). They found that impression management moderates association between POP and outcomes (Supervisor satisfaction, turn over, Job satisfaction, and

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supervisor rated job performance). However moderated role of impression management with other outcomes and attitudes has not been studied like OCB and job burnout. Chen & Fang, (2008) suggested further advancement of impression management as moderator. Accordingly, we tried to investigate how POP influence employee's impression management behavior in pursuit of getting positive work outcome like OCB and suppress negative work outcome like Job burnout. We also studied direct relationship between POP and its outcomes (OCB and burnout) and direct relationship between IM and outcomes (OCB and burnout).

LITERATURE REVIEW

Perceptions of organizational Politics

POP has been defined in many ways. Ferris, Harrel-Cook & Dulebohn (2000) define POP as "an individual's subjective evaluation about the extent to which the work environment is characterized by co-workers and supervisors who demonstrate self serving behavior." According to this definition employee associates organizational politics with self serving behavior which is usually demonstrated to achieve personal objectives (Poon, 2003). Most of the researchers argue that POP stimulate negative outcomes or reactions among individuals (Salimaki & Jamsen, 2010). Individual's response and attitudes are based upon perceptions of reality rather than actual reality (Lewin, 1936). It means that political environment of any organization depends upon employee's perception of what is political and they show response according to their perceptions of politics. Similarly much of the research is based upon the POP rather than actual politics, that's why we have focused on POP and its consequences upon employees behavior and their work outcomes.

Research scholars have predicted various consequences of POP like employee's attitude such as job satisfaction and commitment (Randall et al. , 1999; Miller et al., 2008; Harrel-Cook et al, 1999; Poon, 2003;Vigoda, 2000), performance outcomes such as supervisor's rating of employees performance (Zivnuska et al., 2004; Chen & Fang, 2008), withdrawal behaviors such as intention to quit (Poon, 2003; Randall et al., 1999; Harrel-Cook et al., 1999; Miller et al., 2008; Vigoda, 2000), psychological outcomes such as job stress (Poon, 2003; Vigoda, 2002; Miller et al., 2008), aggressive behavior, job burnout (Vigoda, 2002) and organizational cynicism (Davis & Gardner, 2004) and other outcomes related to behavior of employees such as organizational citizenship behaviors (Randall et al., 1999). They have proposed significant relationships between POP and all these outcomes.

However in this study we have selected only two variables (OCB and Job burnout). As we have mentioned in the introduction these are the less researched outcomes of organizational politics, that's why we are trying to focus on these two variables.

Perceptions of organizational politics and Organizational citizenship behavior

The most used definition of organizational citizenship behavior was given by Organ (1988). He described organizational citizenship behavior as ""individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and that in the aggregate promotes the effective functioning of the organization". This definition explains us that citizenship behaviors are those informal and non-mandatory behaviors that are overlooked in job descriptions but are depicted by employees at their workplace and are beneficial for organization in many ways (Polat, 2009; Bienstock, Demoranville & Smith, 2003)

Despite an increasing interest in OCB, researchers have not developed a consensus on its dimensions (Podsakoff, Mackenzie, Paine & Bachrach, 2000). Organ (1988) gave a model in which he proposed five dimensions of OCB: Altruism, Compliance (conscientiousness), Sportsmanship, Courtesy and Civil Virtue. Altruism involves those behaviors in which individual try to help other person/colleague in some organizational related task. Conscientious include those behaviors that go beyond the role/job responsibility of employees like in attendance and in compliance with rules and regulations. Sportsmanship shows employees readiness of demonstrating tolerance in less than perfect circumstances. Courtesy involves behaviors individuals depict to prevent occupational problems with other colleagues. Finally, civic virtue is behavior in which employees show their willingness to contribute in the life of organization (Podsakoff, Mackenzie, Moorman & Fetter, 1990).

Three dimensions of Organ that are considered as important forms of citizenship behaviors by researchers and have gain much more importance in literature than others are Altruism, Conscientiousness and Civic Virtue (Podsakoff et al., 2000). That's why we have focused on these three dimensions in our study.

Investments are considered risky in Political environments. According to this, if employees think that organizational environment is characterized by politics then they will contribute a little effort towards the organization. Thus politics will lead to low OCB (Randall et al., 1999). According to expectancy theory employee performance is based on their reward perceptions. Politics is correlated with uncertainty of

rewards and accordingly, reward perception will be low in political environment (Zivnuska et al., 2004, Chen & Fang., 2008). Hence it leads to low positive behavioral outcomes like Organizational citizenship behavior.

Besides the theoretical support given above, certain researchers have also shown statistical backing for the negative association between POP and OCB (Randall et al., 1999; Chang, Rosen & Levy, 2009). They predicted that high POP leads to low OCB.

Thus on the basis of theory and empirical findings we proposed the following hypotheses

Hypothesis 1. There is a negative relationship between employee's perceptions of Organizational politics and organizational citizenship behavior.

Perceptions of organizational politics and job burnout

Maslach & Jackson (1981) defined burnout as "a syndrome of emotional exhaustion and cynicism that occurs frequently among individuals who do 'people-work' of some kind". Emotional exhaustion describes feelings of psychological overtiredness by one's work. Burnout is viewed as an effect of job stressors. Political environments of organizations cause work stresses and these work stresses may lead to job burnout (Vigoda, 2002). The possible reason behind this negative outcome is that organizational politics encourages the perceptions of inequity and injustice among organizational members ((Kacmar & Ferris, 1991). This point supports the equity theory (Adams, 1965) according to which inequity exists if employees perceive that their input to output ratio is not equal to others input-output ratio; it will lead to distress and cause negative outcomes. Similarly Salimaki and Jamsen (2010) predicted that politics and justice are antithetical (when politics is considered high in organization than justice will be perceived as low). Thus we can say that the inequity and unfairness is perceived high in highly political environment and it leads to negative work outcomes like job burnout.

Empirical findings also support the positive relationship between POP and Job burnout. Cropanzano, Grandey and Toth (1997) studied the relationship between perceptions of politics and job burnout and found that both are positively related. Similarly, Vigoda (2002) studied stress-related outcomes of workplace politics and found job burnout to be positively related with Perceptions of workplace politics.

Hypothesis 2. There is a positive relationship between employee's perceptions of organizational politics and job burnout

Impression management and OCB

Over the last five decades, researchers have given much importance to impression management behavior. Goffman (1955) first introduced the idea of impression management. Rosenfeld, Giacalonem and Riordan (1995) define impression management as "the process by which individuals seek to influence others perception of them". Similarly Wayne and Liden (1995) defined impression management as "those behaviors individuals employ to protect their self images, influence the way they are perceived by significant others or both". Two parties are involved in these definitions. One is an individual who tries to present information in a desirable way while the other party is an individual or group at whom this information is directed. To create a positive self image, employees will try to present the information that will be focused on developing good relations with others and enhancing other's perception about their talent and capabilities (Barsness, Diekmann & Seidel, 2005) and they will use both verbal and non-verbal type behaviors (Bozemann & Kacmar, 1997).

Jones and Pittman (1982) divided impression management behavior into five major dimensions: Ingratiation, Exemplification, Self-Promotion, Intimation, and Supplication.

Most of the researchers have only focused on first three strategies (Drory & Zaidman, 2007; Khilji., Zeidman, Tirmizi & Srinivas 2010; Appelbaum & Hughes, 1998; Harrel-Cook et al., 1999 etc.)

Ingratiation is defined as showing conformity with others, making attempts to be liked by others, while self-promotion means drawing attentions towards personal accomplishments (Drory and Zaidman, 2007). The exemplifier volunteers for tough jobs, helping others and wants to be respected for this moral integrity (Bolino, 1999; Drory & Zaidman, 2007)

Wayne and Ferris (1990) also classified impression management behavior into supervisor focused, self focused and job focused strategies. These strategies are the same as ingratiation, exemplifications and self-promotion (Bolino et al., 2006; Higgins et al., 2003) and are widely used in empirical work (Bolino et al., 2006), but in our study, focus is on impression management strategies used in Pakistan, that's why we have focused on dimensions given by Khilji et al. (2010). According to the nature of their sample (Israel, India and Pakistan), they developed three main dimensions of Impression management behavior: Job focused, Initiative focused and relationship focused.

Job focused: In this strategy individual want to demonstrate and show a job related behavior that will be taken as positive by his/her supervisors. For example

attempts to make supervisor aware about job related accomplishments

Initiative focused: Includes volunteering for additional works and responsibilities.

Relationship focused: Showing ingratiatory behavior.

On the basis of these definitions we can conclude that Job focused is related to self-promotion tactics, Initiative focused involves exemplification behaviors and relationship focused tactics involve ingratiatory behaviors.

Although most of the researchers have focused on impression management tactics and its positive impact upon supervisor's ratings of job performance as mentioned in introduction, some researchers have also mentioned that employees will use impression management strategies to be perceived as "good soldiers" in front of others and to show that they are ready to do things that are helpful for organization but are not their job responsibilities e.g. OCB (Bolino, 1999; Bolino et al., 2006).

According to expectancy theory, if employee expects that his impression management behavior is perceived as sincere by others and his supervisor and will yield him positive outcomes like good job performance, salary and promotion, then he is likely to be more engaged in impression management and will get positive outcomes (Zivnuska et al., 2004; Chen & Fang, 2008). So, we can apply this theory for other positive behavioral outcomes like OCB. Exemplification (Initiation) and ingratiation (Relationship) strategies appear to be more related to organizational citizenship behaviors (Bolino, 1999). Bolino et al., (2006) predicted a positive significant relationship between Impression management tactics and OCB.

Thus on the basis of this theory and empirical findings we predicted a following relationship:

Hypothesis 3. There is a positive relationship between impression management and OCB.

Impression management and job burn out

Much of the previous research has predicted positive relationship between impression management strategies and positive job outcomes but the impact of impression management on negative outcomes has not been studied. Many researchers have focused on Impression management strategies used to show suppressed negative organizational outcomes (Merkl-Davies & Brennan, 2007). On the basis of this we can say that Impression management strategies can be used to decrease or suppress negative behaviors and outcomes at job. Thus we predicted a following relationship:

Hypothesis 4. Employee impression management is negatively related to job burnout.

Moderating Role of Impression management

According to expectancy theory, employees are aggravated to adjust actions to get the desired outcomes. Motivation of these employees depend upon the likelihood that a particular behavior will yield a desired outcome. Political environment is highly uncertain and expectations of the positive outcomes are tarnished (Zivnuska et al., 2004). In accord with above mentioned theory, if employee feels his/her organizational environment highly political, they are likely to believe that no matter whatever effort they put it will be useless and it will not bring any positive outcome. Thus it will not motivate them to promote their good works and achievements. If employees perceive that politics is low in organization, they are likely to be motivated to promote their achievements and indulge in IM that can increase possibility of getting positive outcomes and decrease negative outcomes.

Zivnuska et al., (2004) and Chen & Fang, (2008) supported the moderated role of impression management between POP and employee performance. Their empirical findings suggested that when politics perceptions of employees are low, they will indulge in IM behavior and it will help them in yielding high performance ratings.

Thus on the basis of expectancy theory and previous findings we have formulated following hypothesis:

Hypothesis 5. Impression management moderates the relationship between POP and OCB in such a way that when perceptions of organizational politics are low, employees who engage in high impression management behavior are more likely to be seen high in Organizational citizenship behavior.

Hypothesis 6. Impression management moderates the relationship between POP and Job burnout such that when perceptions of organizational politics are low, employees who engage in high impression management behavior are more likely to be successful in reducing negative outcome (Job-Burnout).

Population and Sample

Education sector has been selected for our study to better predict the Organizational citizenship behavior and Job burnout. OCB helps to improve the quality of service in great deal (Polat, 2009; Bell & Menguc, 2002; Bienstock et al., 2003). It is considered an important variable in

services sector, that's why we have opted for education sector. Similarly burnout leads to decline in the quality of service (Pines & Maslach, 1978, 1980; Freudenberger 1974) so this variable can be better examined in service related professions like teaching or nursing.

210 questionnaires were administered to teachers of different universities of Pakistan, 170 of which were delivered back. After excluding unfinished questionnaires, usable sample encompassed 151 questionnaires, yielding a response rate of 72%. Respondents had an average age of 31-40 years, comprised of 51% women and 53% held an M-Phil degree. Regarding tenure in the current organization, 45% showed their service period of 1 -5 years. All responses were kept strictly confidential.

Measures

Perceptions of organizational politics

POP was measured by using Kacmar and Carlson's (1997) 15-item scale. Example includes "people in this organization attempt to build themselves up by tearing others down". This scale has 3 sub dimensions: pay and promotion, going along to get ahead and general political behavior. All the subscales have been included because they all looked very important to determine work outcomes and behaviors. Chronbach alpha reliability of this scale is 0.795

Organizational citizenship behavior

Organizational citizen ship behavior of subordinates is measured by using three subscales of Organizational citizenship behavior questionnaire (OCBQ) produced by Podsakoff et al., (1990). Three subscales were civic virtue, conscientiousness and altruism. Altruism was a 5 item scale. Example includes "Help others who have heavy workloads". Conscientiousness consisted of 4 items. Example includes "believes in giving an honest day's work for honest day's pay". Civic virtue included 4 items. Example includes "attends functions that are not required but help the company image". The Reliability of OCB scale was 0.796

Job burnout

Job burnout among subordinates is measured by using the "emotional exhaustion" subscale of Maslach Burnout Inventory (MBI) given by Maslach and Jackson (1981). This scale consisted of 6 items. Example items include "I feel emotionally drained from my work" and "Working with people all day is really a strain for me". Alpha reliability of this scale was found to be 0.853.

Impression Management

To measure subordinates' IM tactics, 25 item scale developed by Khilji et al. (2010), relevant in Pakistani context, was used. They divided the scale into three main categories as mentioned above in literature review of IM.

Job-focused category contained 11 items. Example items include "Demonstrating a serious attitude towards work" and "working at an expected pace" etc. Initiative-focused contained 9 items. Example items include "frequently introducing new ideas" and "Volunteering for activities outside the job". Relationship-focused consisted of 5 items. Example items include "expressing consent" and "showing you know and love your work". Chronbach's Alpha Reliability of impression management scale was 0.882

RESULTS

Descriptive statistics, correlation among variables and reliability estimates of variables are shown in table 1. All correlations are statistically significant at $p < 0.01$. The bivariate correlations are indicating that perceptions of politics are negatively associated with organizational citizenship behavior and positively associated with job burnout, offering beginning support for hypothesis 1 and 2. The correlation between perceptions of politics and stress related variable (job burnout) is consistent with the correlation reported by Vigoda (2002) between these two variables. The value of correlation was 0.480 while the value reported by us is 0.556. Similarly hypothesis 3 and 4 also garnered preliminary support that impression management is positively related to OCB and negatively associated with Job burnout.

TABLE 1
Mean, Standard deviation, Correlation and Reliability Matrix

Variable	M	SD	1	2	3	4
Perceptions of Politics	3.079	0.543	(0.795)			
Impression management	3.906	0.430	-0.351**	(0.882)		
Organizational citizenship behavior	3.813	0.465	-0.505**	0.753**	(0.796)	
Job burnout	2.535	0.706	0.556**	-0.418**	-0.503**	(0.853)

N = 151; Cronbach alpha reliabilities are presented in this table in the form of diagonal (in brackets).
**p<0.01

We have presented direct regression analysis and

moderated regression analysis in table 2. There was no control variable in our study. Simple linear regression analysis was conducted to test the direct relationship of Perceptions of politics with dependent variables we selected for our study.

The results support hypothesis 1 that POPs are negatively and significantly related with OCB while our results have revealed strong positive significant relationship of POP with burnout. So we have accepted hypothesis 2 also. According to hypothesis 3 and 4, we also studied the relationship of impression management with dependent variables and found them to be statistically significant.

Impression management appeared as a strong predictor of OCB while it was also significantly and negatively related with job burnout.

Moderated regression analysis was conducted to check the interactive effects of POP and impression management on our selected dependent variables. To check the interactive effects we used cross product term "Perceptions of organizational politics X Impression management". We found that this product term has negative impact on OCB (β = -0.793*, $\Delta R2$ = 0.007*) as we suggested in hypothesis 5. So on the basis of these results we concluded that impression management slightly moderates the relationship between POP and OCB. While for hypothesis 6 our results were not statistically significant and we concluded that Impression management does not moderate the relationship between POP and job burnout.

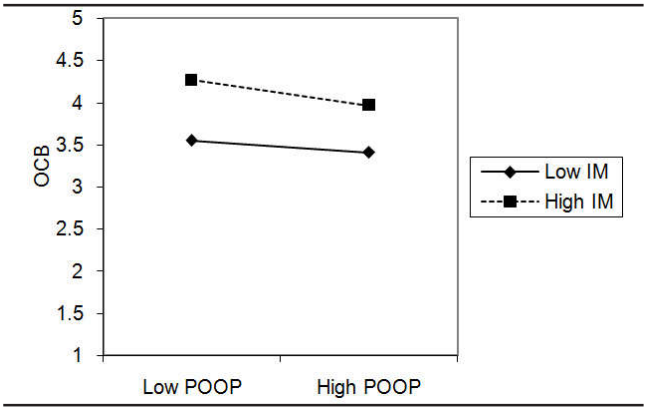
TABLE 2
Results of direct and moderated regression analysis

	DV = OCB			DV = Job burnout		
Independent Variables	**β**	**R^2**	**ΔR^2**	**β**	**R^2**	**ΔR^2**
Direct effect:						
Step 1:						
Perceptions of politics	-0.275***	0.633	0.633***	0.466***	0.366	0.366***
Impression management	0.657***			-0.255***		
Moderating effect:						
Step 1:						
Perceptions of politics	0.532	0.633		0.186	0.366	
Impression Management	1.168***			-0.433		
Step 2: Cross product						
Perceptions of politics X Impression management	-0.793*	0.640	0.007*	0.276	0.367	0.001(ns)

n =151; There were no control variables in our study, ns = Not significant
***p<0.001, *p<0.1

To further understand the interactive effects of impression management and POP on OCB, we have presented its graphical illustration in figure 1.

FIGURE 1
Graphical representation of interactive effects of POP and IM on OCB.



Graph shows that high IM weakens the relationship between POP and OCB. Graph also reveals that when POP among employees are medium to low employees exhibiting more of IM are likely to be seen high on OCB as compared to employees who are exhibiting low level of impression management. Though at high POP, impression management is still showing its effects but it appears to be more strongly related with OCB when POP is perceived low among employees

DISCUSSION

Researchers interests in politics in organizations, its consequences and on the role of impression management in organizations has been growing over the last few years. This growing interest is due to the reason that these factors are considered very important for employees and the influence of these factors on their career success is also very important (Zivnuska et al., 2004).

Due to this increasing interest we tried to enhance our understanding of POP and IM by studying their impact on certain work related behaviors like Organizational citizenship behavior and job burnout by employing the concept of expectancy theory (Vroom, 1964).We also tried to study the interactive effects of POP and impression management on OCB and job burnout by again using expectancy theory.

While studying the main effect we found results in support of our first 3 hypothesis and consistent with past studies. Perceptions of organizational politics was negatively related with OCB as proposed in hypothesis 1, while it appeared to be positively related with burnout as we suggested in hypothesis 2. Our findings were consistent with past studies and showed that if employee perceives that organizational environment is political, it reduces the possibility that he or she can meet the desired rewards and positive outcomes and ultimately it leads to tension and anxiety related behaviors (Cropanzano et al., 1997) e.g. job burnout. Hypothesis 3 was also accepted because our results showed a strong positive relationship between impression management and OCB. This strong positive relationship shows what Bolino (1999) said that impression management strategies appear to be related to OCB and Bolino et al., (2006) also predicted a significant relationship between IM and OCB as consistent with our findings.

Consistent with our hypothesis 4, we found that IM had negative association with job burnout. We concluded that when employees show more impression management behavior at their job, they are more likely to suppress or reduce job burnout. As we know that employees show impression management strategies to attain career success in terms of pay and promotion (Judge & Bretz, 1994), job performance and OCB. Lack of these successes will lead to frustration which leads to burnout. So we can conclude that by using impression management strategies employees can attain the career success and reduce the frustration factors and stress related variables like job burnout among themselves.

We further studied the moderating impact of impression management between POP and OCB as proposed in hypothesis 5 and found that impression management moderates this relationship in such a way that when POP is low, high impression management behavior by employees are more likely to be seen high on OCB. Though at high level of politics, impact of impression management was seen to some extent, but its effect was more as a moderator when perceptions of politics were low. In case of hypothesis 5 we found no significant moderating effect of IM between POP and job burnout. It was maybe due to the fact that relationship between IM and job burnout is not much established though we found significant relationship between them and maybe employees thought that they were not going to get any career success in a political organization (whether that perception about politics is low or high) and this lack of career development lead to burnout. Therefore in this case, whether politics is low or high, impression management does not moderate the relationship between POP and burnout.

Limitations

The first limitation of our study is that our sample consisted of only teachers of university sector of Pakistan therefore we cannot generalize our findings to the whole services sector.

The Impression management scale we have used in our research was developed in 2010 and has been empirically tested in fewer studies.

Thirdly, three subscales of OCB are included in our research paper. Though in the past research the included subscales appeared to be more related to OCB than others but the future researchers should try to include other two subscales while studying this relationship.

Fourth limitation of our study was that we used self rated OCB in our research. While to better understand the interactive effects of POP and IM on OCB supervisor or peer rated OCB appears to be more effective.

Implications for managers

Services sector organizations are usually perceived as highly political. This workplace politics produce many negative job outcomes and these negative job outcomes ultimately lead to organizational outcomes. In case of services sector, negative outcomes like decrease in OCB and job burnout will directly affect organizational goals. So it is very important for the managers to try to reduce the perceptions of politics among employees by avoiding biasness and effectively giving the rewards on merit.

Our study will also help managers to identify the impression management techniques in which employees engaged themselves to gain the career success and for this they will do works above and beyond job expectations. By identifying these techniques, managers will be able to give career opportunities to these employees and ultimately, it will motivate employees to perform well at job and make their contributions towards organizational goals.

Future research

We studied moderating impact of IM between POP and self rated OCB. In order to get better understanding of this moderating impact, future researchers should use supervisor rated OCB or peer rated OCB. Our study will

also motivate scholars to keep studying the interactive effects of POP and Impression management by including other work outcomes.

We studied about political environment as a whole in organization. Another aspect for future research can be to study the perceptions of politics at different hierarchical levels (Salimaki & Jamsen, 2010). It will help researchers to understand at which hierarchical level POP will affect Job related outcomes, and at which level impression management will be more effective.

Further, future researchers should study the effect of POP and IM work outcomes in diverse cultures.

Some previous researchers have shown that sometimes too much use of impression management tactics may negatively influence work outcomes instead of positively influencing. Therefore, future research should try to examine this likelihood that in what conditions impression management can negatively influence work outcomes. Is it due to cultural differences or for some other reason? (Higgins et al., 2003).

Future researchers should also try to examine the direct relationship between impression management and job burnout in different cultures while they can also study these variables by introducing career success as a moderating variable between them.

Finally future researchers can extend this study to other services sectors like Hospitality and Banking sector; check the influence of these variables on nurses and bank employees.

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IMPACT OF HUMOR ON FORWARD INTENTION OF CUSTOMERS MEDIATED BY ATTITUDE TOWARDS MESSAGE; A CASE OF VIRAL MARKETING

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ABSTRACT

Technology has enabled marketers to use internet for enhancing their marketing efforts in reaching their customers effectively and efficiently. This paper examines the effect of humor in a viral marketing campaign on the forward intentions of individuals, mediated by attitude towards message. An experiment was conducted in the classrooms of Public Sector University, on undergraduate and graduate business students, and a questionnaire was personally administered at the end of the experiment to measure post treatment effect on their attitude towards message and forward intentions. The data was analyzed using different statistical tools. The results indicated that there is full mediation effect of attitude towards message on the relationship between humor and forward intentions.

INTRODUCTION

The dependence of business on the use of technology has increased tremendously, especially in marketing communication. Amongst all technology that has been used so far, internet is the most useful and rich technology. Its use has increased a lot in the last decade or so in Pakistan. It has reached to 20.43 million internet users against .133 million in 2000 (Internet World Statistics Report, 2011).Previously, internet was not considered as a credible and responsible medium, but now, with its real and good perception, people lean more towards its usage. The diffusion of internet with emergence of various social constructs supported by internet technologies is changing the concepts of developing, and it is redefining the concept of marketing.

Internet has helped marketers increase its voice among its customers efficiently. Marketing practitioners, in their effort to be effective, use different promotional media like television, radio, billboard etc. to increase its reach to disseminate the marketing message. One such effective technique which has become of high interest to marketers throughout the world, because of its effectiveness, is viral marketing. Viral marketing is all about spreading word of mouth by electronic means i.e. through e-mails, social groups/ communities online; hence using all choices available online to spread a message in masses as it works on the principle of multiplicity. According to Dobele, Toleman, & Beverland (2005), individuals pass along interesting and favorable marketing information received via hypermedia. Viral marketing is a new practice in marketing area. It is conceptually similar to word of mouth marketing which has been considered as an effective and persuasive marketing tool (Bansal & Voyer 2000).Viral marketing has a compounding effect; a consumer tells five to ten people and then those five to ten people tell another five to ten people. It is like a virus that continuously infects more people and spreads without requiring any more marketing efforts.

The hypermedia environment is an important aspect of viral marketing. Viral marketing is dependent on the hypermedia environment to spread the message. It is the hypermedia environment that facilitates the quick spread of the message, because with email, several people can be reached simultaneously. This leads to a rapid spread of the message which is typical for viral marketing (Wilson, 2000). It makes the use of communication networks of customers (Helm, 2000) for forwarding the message to those potential people who are supposed to forward that message to friends,

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family, colleagues and acquaintances via social media. There are several factors identified in earlier literature like commercial intentions, content of the message (humorous, emotional, incredible etc.), structure of the campaign, (Papagiannidis et al. 2008) media richness, source credibility, message persuasiveness (Bussiere 2009) that has been used to measure the effects on viral marketing. As viral marketing is all about sharing messages to masses, marketers look for the hypermedia context (online communities and online forums) which help them form a base to reach potential respondents who further will share that data; basically it has a multiplier effect. The matter of concern is what makes the message viral? How the attitude to forward or share a message develops? Although there have been a number of factors identified in earlier literature, but all these factors have been examined in the countries where internet is a way of life; businesses use viral marketing with a commercial intention to enhance its effect. It has never been examined in Pakistan where internet and mobile phone usage has been increasing at great pace, although 53% of the population lives under the poverty line (UN Report 2011) who can barely spend on basic needs. Even then, viral marketing is one of the emerging marketing techniques in such a country and marketing practitioners have started to use viral marketing for promoting their products and idea sharing in all age groups, specifically youth. Can viral marketing that heavily uses internet for its spread be a viable strategy? Can humor playa significant role in developing attitude of individuals toward message and their forwarding intentions?

This study aims to find out the relationship of humor on the receiver's forward intention mediated by attitude towards message in internet viral marketing campaign. Basically the study would try to answer as to why people forward humorous messages on internet, and also does humor create a positive attitude toward message?

LITERATURE REVIEW

Bussiere (2009)examined the effects of humor on the processing of word-of-mouth (WOM) messages. He assumed that the impact of a humorous message seems to be contingent on who receives the message. He found that neutral WOM messages had a larger impact on behavioral intentions than humorous WOM. Tang (2005) studied the effects of commercial intention, humor, and media richness on receivers' forward intention using internet viral marketing campaigns. He found a positive relationship of humor with forward intention and attitude towards message. Izawa (2010) analyzed the roles of emotions, impressions, utility and social ties in online sharing behavior. Lu, Fu, and Yen (2007) studied the phenomenon that makes people read and forward message, based on theory of reasoned actions. They concluded that user attitude is the main factor that affects the compliance of reading message. They also found the positive effect of gender on attitude and forwarding intentions. De Bruyn & Lilien (2008) identified the role word-of-mouth plays during each stage of a viral marketing recipients' decision-making process, including the conditions that moderate such influence. Thurau and Walsh (2004) explored the answer to what motivate consumers to read the content of other unknown consumers. Their results illustrated that consumers are used to reading online content, mainly to save time and do better buying decisions. Jonker (2008) explored the message aspects and motivations that make individuals to forward viral messages. He concluded that humor and wonder increase the likeliness of forwarding a video, and that a humorous video is forwarded to more people than a non-humorous video. However, he found no evidence on forwarding the provocative videos. He also found that people enjoy forwarding videos to those with whom they have strong ties.

Variables and Model of the Study

Viral Marketing

Helm (2000) described viral marketing as any company's activity that use customers' social communication networks to make people aware about their products, and a communication and allocation concept that relies on the support of customers to broadcast digital products via email to other potential customers in their social circle, and to enforce these contacts to also send out the products. Another definition by Langner (2007) suggests word-of-mouth advertising for promoting the company with its products. Langner (2007) also explained it in the process of approaching customers via web that are more persuasive toward forwarding a company's marketing message to their own contacts (Laudon & Traver, 2001).

Viral marketing was first initiated by venture capitalists Draper and Jurvetson (2004)to portray rapid adoption patronage through word-of-mouth networks. Viral marketing uses electronic referral voluntarily due to their persuasive behavior to forward those messages to their contact circle, and that make them less complimentary. Abundant literature is available on WOM but has not been adopted so far, and a lot of attention is given to spontaneous WOM communication, but not from electronic context (De Bruyn & Lilien 2004).

The Viral marketing is used as a strategy that encourage individuals to forward marketing messages that they receive in a social transfer of messages, in the context of hypermedia environment, creating the prospective for exponential growth in the message exposure. It also influence others to broadcast message to their social contacts as well (Doblele Toleman & Beverland 2005, Wilson 2002).

Humor

Literature provides evidence that the messages containing humor are most likely to be read and forwarded (Dobele, Toleman & Beverland, 2005;Kharif, 2000). An analysis conducted in their study showed that half of the emails were humorous. Humor is more used in viral marketing in comparison to T.V ads (Porter & Golan 2006).

According to perception and intensive work by Lynch (2002), it was concluded that humor is a proposed or unplanned message interpreted as funny, yet the communication field has only skimmed the surface of the world of humor. Duncan (1979) argued in support of humor that the little use of it in message content can ensure audience concentration, increase advertisement memorability, overcomes sales resistance, and enhance message expressiveness. However, it also depends on the recipient that how he processed it (Zhang & Zinkhan, 2006).

Humor is a shared event by an individual with another individual, that is amusing to the target and that the target perceives it as an intentional act (Cooper, 2005). It is a stimuli that provokes laugh or smile and can be little offensive as well, yet playful to the object of laughter and done solely with the aim of amusement (Gruner, 1976). These definitions reveal that humor is an intentional interaction between two or more people having a clear goal. The goal hereby is to make customers laugh, compelling them to share further. Whereas the target of the intended humorous message decide whether the message was funny or not. It has also been categorized as puns, limericks, jokes, and one liners (Brooker, 1981) and also classified into processes, humorous disparagement (interpersonal), arousal safety (effective), and incongruity-resolution (cognitive) (Speck, 1990). From industrial application it was concluded that the humorous ads outweigh the non-humorous and that it is directly linked to attention and recognition (Madden 1982,Weinberger 1997). Researchers also provide evidence that humor make messages more attractive, likeable and hence more memorable (Rossiter & Percy 1997). In reference to above literature we can hypothesize that humor can have a significant effect on the attitude.

Hypothesis 1. Humor in a message has a significant effect on the attitude toward that message.

Attitude Towards Message

Attitude towards message pertains to the impression that message forms on the receiver. It is the behavior of the receiver that how he will perceive, interpret and like or dislike the message. If he likes, then would he forward it to the others or not? To analyze how message will affect consumer cognition, behavior and attitude, it must be first learnt as to how this attitude is formed (Rosenberg & Hovland, 1960). It has been evident by researchers that the outside look of the message will first affect the attitude and then will affect the cognition and behavior. If the attitude towards message is positive, it is more likely to be shared.

A number of literatures have proved this fact that behavioral intention is greatly influenced by attitude (Mackenzie, 1986). The consensus had arrived at this point that attitude is the most important element that mediates and the consumer decides to purchase or not. While related to email forward behavior, it is even more important that attitude must be made positive by forming such messages for receiver, because only then the forwarding of email will be possible. People have a different emotional response when they receive forwarded emails and these responses are those that further influence receiver's behavior (Phelps et al., 2004). The attitude of the receiver towards message is thus crucial to make it viral, as the negative attitude will form a barrier in forwarding the message.

Hypothesis 2. Individuals attitude toward message will have significant effect on his intention to forward a message.

Forward Intentions

Forward intentions refer to a receiver/individual's urge to share message with others on the network. It basically forms when the receiver find something very unusual, interesting and amusing to be shared with others in his contact list. Many theories are proposed to explain why people engage in interpersonal communication, one such conceptual framework was formed by Schutz (1966) that integrates various motivations essential for forwarding the web content. He projected a three dimensional theory of interpersonal behavior named FIRO (Fundamental Interpersonal Relations Orientation) explaining that people appoint for interpersonal communication because they are motivated by their needs; they express one or more of three interpersonal

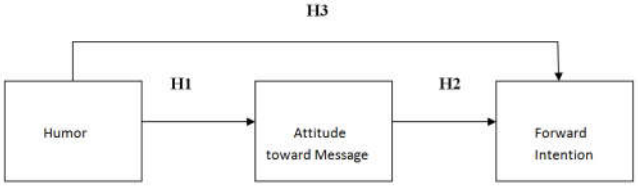
needs: inclusion, affection and control. Inclusion is the need to be part of a group (need for attention), affection is to show gratitude and apprehension for others, and control is considered as the need to exert power to others in one's social environment.

People feel reluctant to forward messages unless the message promises some kind of satisfaction, that is emotional, social and beneficial (Dichter, 1966). It was further suggested that motivating people to forward content is possible when that content fulfills individual, interpersonal and relational needs (Snyder & Cantor, 1998). Forwarding is also more likely to happen when the receiver has ease of internet usage (technology) (Fagan, Neill, & Wooldridge, 2008), his intention to use internet (Davis, 1992) and the frequency of that internet usage (Teo, Lin& Lai, 1999). This is also related with the intention of knowledge sharing, i.e. when receiver receives or finds something worthy to add to the knowledge; he is more likely to forward it (Osterloh & Frey, 2000). The researches on WOM indicate that self-involvement and enhancement serves as motivation to forward messages (Dichter, 1966). Based on the above discussion the following hypothesis is developed.

Hypothesis 3. Humor in message will have significant effect on individual forwarding intentions mediated by attitude toward message

The relationship among the above mentioned variables are shown in the following figure 1, where humor is hypothesized to have cause and effect relationship with forward intention mediated by attitude of the individual toward message.

FIGURE 1



Research Design

This study aimed at finding a causal relationship between dependent and independent variables, therefore a field experiment was conducted to find the same. Field experiment would not only address the internal validity of the study, but also, to some extent, the generalizability of the study (Sekaran, 1999). The population for the study included those individuals who were internet proficient and they have been using internet for some reason. As learning and using internet has become part of our education, therefore to get a computer proficient sample, the study deliberately conducted a field experiment in Public Sector University in Rawalpindi and Islamabad. The university has enrolled a mix of individuals from not only the twin cities of Rawalpindi and Islamabad, but also from across the country. The sample was drawn from the population using purposive non-probability sampling due to the nature of the field experiment. This experiment was necessarily undertaken during the ongoing classes without sensitizing the sample.

Procedure

For conduction of this experiment the lecturers of different graduate and undergraduate classes were approached to embed a humorous clip in their lecture slides and administer a questionnaire at the end of the lecture, where the respondents were subjected to an experiment (without having prior knowledge) and post experiment data was collected once. This activity was performed at different undergraduate students' classes at different times. A humorous video clip (three minutes duration approximately) were used as treatment effect and then the attitude toward the message was measured with a help of self-administered questionnaire. The respondents were asked to mention their email to get a copy of the video if they are willing to share it.

Research instrument

The research instrument contained a total twelve (12) items, where 4 item measured humor (adapted from Cline, Altsech, & Kellaris 2003), five item measured attitudes toward message (adapted from Muehling & Laczniak 1988), three items measured forward intentions (adapted from Harrison-walker 2001). The study used 5 point likert interval scale as response scale. The cronbach alpha for the above mentioned constructs are given below in table 1.

TABLE 1

Construct	Cronbach Alpha	Number of Items
Humor	.76	4
Attitude toward Message	.75	5
Forward Intentions	.81	3

RESULTS AND DISCUSSIONS

Descriptive statistics including mean, standard deviation and correlation matrix are provided in Table 2.

TABLE 2
Descriptive Statistics and Pearson's Correlations

Variable	Mean	SD	1	2	3
1. Humor	20.16	3.25	1		
2. Attitude to ward Message	20.30	3.43	.621(**)	1	
3. Forward Intentions	11.58	2.71	.350(**)	.618(**)	1

**= p < .01(two tailed) and N = 78 for all analyses

The descriptive statistics show the mean ranges from minimum value of 11.58 (Forward Intention) to a maximum value of 20.30 (Attitude toward Message). The table also shows that there is positive significant relationship between all the variables of the research i.e. humor, attitude towards message and forward intentions.

The study used Baron and Kenny's (1986) model of mediation to identify the intensity of mediating effect by attitude towards message. Before analyzing the mediation effect, the study determined the direct effect of all variables, i.e. humor on attitude towards message, attitude towards message on forward intentions, and humor on forward intention. The study found significant direct relationship between these variables. These results validate our first and second hypotheses. This result also validate the work of several researchers (Eisend, 2001; Bussiere, 2009; Spots, Weinberger & Parsons,1997; Beverland, Lindgreen & Van Wijk, 2007).

TABLE 3
Regression Equation Coefficients for Humor, Attitude towards Message and individuals forward intention

	R^2	F	B	S.E	ß	t
Step 1						
Constant			5.691	1.834		3.104*
Humor	.123	10.61	.292	.090	.350	3.258*
Step 2						
Constant			2.027	1.678		1.208*
Humor	.384	23.361	-.046	.097	-.055	-.478
Attitude toward Message			.517	.092	.652	5.640*

**= p < .05 (two tailed) and N = 78 for all analyses*

Table 3 showed the regression analysis of humor as predictor of forward intention. In step 1, humor was entered into regression equation. The value of R square = .12 with F(1, 78) = 10.61, p< .002 explains 12% variation in forward intention. The regression weight substantially changed (.35 to -.055), but the relationship became insignificant, therefore there is full mediation (Baron and Kenny, 1986). This means that humor only has direct effect on attitude towards message, not forward intention as it is totally mediated by attitude towards message. With this result the study accept hypothesis no 3 where the relationship between humor and forward intention is hypothesized to be mediated by attitude towards message. It means that the receiver could not forward message until and unless the message shape their attitude towards message either in a positive or a negative way. As we hypothesized that formation of attitude due to humor (as message content) positively affect the forward intention, the results support the hypothesis. The results of the study is in line with Tang (2005)

DISCUSSION

Although a number of studies reported a positive effect of humor on forwarding attention, but the viral marketing only works if the receiver is always intended to forward message it receives to its social contact circle online because it lies on the basic concept of exponential increase or spread. And that forward intention is not to be solely considered but is dependent on many things like the content, medium, and the receivers. The intention to forward is thus dependent on the attitude but once the attitude is formed, the message becomes viral. Internet has given that advantage to make message as you want it and provide convenience to share it by easily adjusting your message according to your receiver. The higher the humorous message, the positive it would make the attitude of respondents which would lead them to forward that information to their social contact circle. For example, if a message contains emotional factor, i.e. humor in its context and have sufficient audio video feature that supports the information and represent that information in such a way that it becomes easy to understood, then that message would generate a positive attitude in respondents. They would feel happy, amused, pleased etc. and will definitely forward that message to their contacts in their address book. Humor message and its impact on forward intention may vary because of the receiver's intention to forward the message. If one feels the message is amusing, he/she would prefer to forward it, but if one does not find it amusing, then there are fewer chances to forward messages.

CONCLUSION

The study concludes that messages do go viral, and making them viral depends on the attitude of receiver towards that message. It proves that the attitude plays basic role in making messages viral. The attitude, if formed positive incites forward intention. The forward intention is dependent on the attitude of the receiver

towards message; hence the message content is a major element to be considered to shape that attitude to perform desired action, i.e. sharing. The study indicates that the respondents are willing to share among their contacts if they find message appropriate for the purpose, and that internet is a rich medium to be considered where males are more inclined towards sharing as compared to females. It was also observed that viral marketing works but only needs to be handled properly. The study concluded that the potential respondents will forward humorous content to their contact circle, no matter to which group they belong. There is no significant effecton forward intention of respondents on the basis of their education levels.

Limitation and Future Research Direction

The study is conducted with a limited sample because of the nature of experiment. It may be tested on a large sample in order to increase its generalizability. The study used a questionnaire in order to ensure the predictive validity of the respondents' responses regarding intention to forward the humorous clip. By asking respondents to write their email addresses served as a limitation for receiving the clip. The study should be carried on social media with a specially designed URL for the purpose. The study provides baseline to conduct research in the emerging technique of viral marketing.

Reexamining the conceptual model would help to increase the results' reliability. Further research is required to decompose the relationship between the variables and the probability of more mediating variables could strengthen the relationship and would produce more generalizable results.

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