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Sarhad Journal of Management Sciences (SJMS) is the 2nd academic and research journal of Sarhad University of Science and Information Technology, Peshawar, Pakistan. The journal has an established peer-review process for quality evaluation. The journal is published biannually. It welcomes academic and research contributions from scholars, researchers, and academicians across the world in the discipline of Management Sciences.

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- ▶ To contribute in the promotion of research culture in the country;
- ▶ To explore new vistas in the field of Business and Management;
- ▶ To facilitate scholars and researchers in their research endeavours to contribute quality research and to publish their ideas, results and findings; and
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Contact Information

Sarhad University of Science & Information Technology, Peshawar, Pakistan
Landi Akhun Ahmad, Ring Road (Kohat Road – Hayatabad Link) Peshawar Pakistan.

- Phone No. +92-91-5230931-3
- Fax No. +92-91-5230936
- E-mail: sjms@suit.edu.pk,

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MICROFINANCE MISSION OF POVERTY ALLEVIATION EMPIRICAL EVIDENCE FROM SOUTH ASIA

Wajid Khan* & Sun Shaorong**

*PhD Scholar, Business School, University of Shanghai for Science & Technology, China. Email: wajiduom@yahoo.com

**Professor, Business School, University of Shanghai for Science & Technology, China

***Abstract.** This article provides new insight to depth of outreach (a measure of mission drift) in the South Asian microfinance markets. For the purpose data of 62 rated MFIs for the period of seven years from (2007-2014) were analyzed. Data were collected from four South Asian countries, Pakistan, India, Bangladesh and Nepal. The objectives of the study was to investigate does microfinance helps in poverty alleviation or MFIs drifting from their original mission of serving the poor to making profits?. We have used fixed effect method to measures mission drift. The results reveal that the MFIs are align with their original mission of poverty alleviation but the negative relationship of women empowerment show that south Asia women's were least served by MFIs in the subject area.*

Key words: Microfinance institution, poverty, South Asia

Introduction

Microfinance institution from last couple of decades served the poor communities both in developed and developing world. Microfinance consist of various financial services which includes, deposits, payments, money transfer and provide insurance to low income household and entrepreneurs¹ (Asian Development Bank 2001). Micro-credit and microfinance has been used interchangeably, but there is a difference between micro-credit and microfinance. The former means only the provision of small amount of money to the poor people, while the latter also includes, saving, insurance and transactional services. Microfinance institutions (MFIs) exist because poor people are bankable which means that poor people can repay their borrowed money along with

¹ Asian Development Bank (2002). *Interim Progress Report on the Policy on Gender and Development*. Available online (<http://www.adb.org/sites/default/files/institutional-document/32030/in317-02.pdf>).

interest on time. Besides financial services, MFIs also provides non-financial service which includes counseling, training and education etc. The prime objective of both these services is to enable the poor to increase their access to a desirable life. But individual lending and dependent on grant and subsidies questions their sustainable position in the long run. MFIs primarily target those poor who were excluded by formal financial institutions in the past (Batman, 2010). MFIs operated with two focus objectives, one, to reach out and served the poor people, also called depth of outreach. Second, to remain sustainable during the process, it means that to target the poor clients profitably. Targeting the poor is risky because MFIs incur various costs, like administrative, to reach the depth (the poor) these cost lower down the profits digits of the MFIs. The amounts of loan of MFIs are small compare to commercial banks and the numbers of borrowers are large which also create cautious decision to select the reliable clients. For long sustainability MFIs need to receive the principle amount along with interest rate on time. In the long run MFIs heavily dependent on Government subsidies and donor funding, also like commercial banks MFIs do debt financing to have sufficient financial means to attain the desire outreach level.

Poor people receive little in the past from microfinance institutions, and majority of these MFIs are now working with less poor (Hulme & Mosley, 1996). Thereafter in 90s the financial system advocates accelerate this exclusion process (Batman, 2010). Commercial banks also extend microloans but their focus is on profitability. On the other hand, microfinance institutions focused on poor peoples and do individual lending. Though credit risks are very high in individual lending, this can be reduced through group lending. But lending large number of small loans to greater number of individuals in disperse locations increases administrative costs which cause lesser returns on individual lending's compared to group lending. Poor borrower demands for smaller loan and pay their installments frequently which increases a borrower's ability to repay its outstanding amounts (Conning, 1999). That is why individual loans represent large proportion of microfinance institutions (Christen, 2001) because the aim of MFIs is to reach the poorer while also to increase its breadth. Broadening the base of individual lending may affect the sustainability and financial performance of the MFIs because broadening the base may be costly. Thus, in long run, if these MFIs are not subsidized through government or donor funding, their sustainability will be at risk. Therefore, in order to remain sustainable, these MFIs need subsidized credit. In short run subsidize credit programs benefits entrepreneur, but these programs cannot survive over a long term and fail to reach a significant number (Morduch, 2000). Further, other government involvement is considered bad but here are some evidences in developing countries where governments provided fruitful inputs.

This paper empirically examined two main issues of the business of microfinance, one, the mission of serving the poor, and second, leverage financing. Previous studies provide empirical evidence of mission drift (Mersland & Strom, 2010; Armendariz & Szafarz, 2011) on the other hand leverage financing is very important to study in microfinance because on one hand MFIs incur high cost on small loans and on the other hand cost of debt may make situation more turbulent for MFIs if they are not profitable. For the purpose, to measure mission drift two widely used measures were

used, Average loan size (Merland & Strom, 2010) and women borrower, and for leverage financing debt to equity ratio were used. Average loan size is the very common proxy to measure the depth of outreach (Mersland & Storm, 2010). Also to allocate the depth of outreach women empowerment level is need to analyze, because women are considered have low access to financial services and are excluded in household decisions (Morduch, 2000). We used various other related explanatory variables, Total Assets, Cost per borrower, return on assets ratio and age of institutions to examine the various aspect of outreach. According to Schreiner (2002) define various dimensions of outreach, first, value of the microfinance loan to the client, second, cost of a loan to the client, third, breath of outreach, fourth, scope of outreach and fifth length of outreach. Using average loan size means that MFIs are targeting service and trading business of his greater outreach potential than MFIs targeting manufacturing sector assuming that their average loan balances are big, We put restrictions on data and used larger dataset, average loan size, women borrower measure we come up with. Also these measures were used by various academia in their high impact studies.

Literature Review

The literature largely focuses on organizational issues associated with, microfinance and poverty. Microfinance represent small loan provided to low income individuals. Microfinance programs are in operation to help financially poor people to enable them to live a sustainable life. These programs were initially run by various governments and NGOs to assist the poor in both urban and rural areas. The aim of this study is to determine the contribution microfinance institutions in poverty alleviation of the world emerging south Asian economies. Microfinance is the financial service provide to the poor to alleviate poverty and bring financial development in a country (Sinha, 2008). Micro credit enables poor people to start their own business and start self employed projects to generate revenues and live a sustainable life (Onuamah, 2002). Micro finance institutions face a challenge of collateral, often mission drift occur, as they target the wealthy people and try to generate maximum returns and on their investments. Poverty is a key challenge faced by developing and developed economies to attain economic growth and development. Poverty prevails in various forms, low income, lack of basic resources, education and so on. Rhyne (1998) states that there is no way to determine the accurate loan size, financial report represent average loan lend to the borrower.

Like other Asian counties, Pakistan is rated a low income country by IMF facing serious problems in industrial sectors. These problems prevail in form of, lack of energy, lack of latest technology availability and uncertain law in order situation. The foreign direct investment has been decrease 9.7 % 2011. Like conventional banks in poverty reduction and economic growth, the role of microfinance intuitions is critical to examine in south Asia. Omotola and Murad (2011) examined and suggest that microloan and saving has direct positive impact on Gross domestic product. Akanji (2001) investigates that micro credit is the development process which provides an

opportunity to local entrepreneur and poor people of society to avail start a business and contribute to the economy. But, with time when the institution matures, they change their focus from poor to rich people of the society. Christen (2001) empirically examined that changes in loan size explain mission drift. Mission drift can be affected by institution age and nature of loan size i.e. individual lending or group lending not by profitability and regulation. Further, he added individual loan comprise of large proportion compare to group loans, because the goal of MFIs are to reach to the poorer while also at the same time increase the breath.

Cull, et al. (2007) examined that institutions who lend smaller loans are more profitable then firms who do group lending. But, in average loan portfolio poor and women are less in numbers. Added to this, micro lending was provided to the poor to eradicate poverty. And bring development in society at large. But, these institutions have also one prime objective 'profit'. It is known that nonprofit non government organizations usually lend smaller loan compared to institution operating with profit status institutions. And mainly work for the poor of the society (since it is assumed that poor people are interested in smaller loans). Love and Bruhn (2009) investigate microfinance institution ownership structure and conclude that improvement in ownership bring a positive change in income and employment. Mustafa (1996) identifies that, micro lending receipt earns economic values such as, increase in income, increase in spending, house proprieties, increase expenditure in foods and increase overall expenditure house expenditures. Hossain (1988) reported a significant impact of micro credit and poverty reduction in Bangladesh, indicating that micro credit receiver had high income and get recipient of capital and employments. Trivedi and Cameron (2005) examined that poverty as the result of low income.

To eradicate poverty investments are required in human and physical capital to boost the productivity and provide employment opportunity to poor. For instance, Cull *et al.* (2007) find out by analyzing data of 124 MFIs from 49 countries and concluded that individual lending institutions are more profitable then group lending institutions. More than a hundred of nongovernmental organizations are presently operating in both Rural and Urban areas of south Asia to eradicate poverty by means by financial assistance. Poor borrower demand for smaller loans and pay their instalment frequently which increase poor borrower ability to repay its outstanding amounts (Conning, 1999). Age of the institutions plays a vital role while reaching to the depth. Christen and Drake (2002) examined that mission drift is like a natural evolution for NGOs, when institutions matures their outstanding loan balances increase and they transferred to regulated institutions. Christen and Drake (2002) reported that nongovernmental institution follow natural evolution, when institution matures then transpired to regulated institutions and loan size tend to increase causing mission drift. Further, they argue that to know, whether institution achieve the outreach or not. At this point we can divide the literature discussed into three parts, the first one, the poor are excluded from financial services because they lack collateral requirements and cannot service the debt (Hulme & Mosley, 1996; Fernando, 2004). The wisdom behind this belief was that demand for credit in poor's is very limited because they were unable to bear the price of the financial services. Second, the poor should be reach out on a sustainable manner

and the poor need credit not the cheaper one, the idea was that there is exist demand for credit in poor masses and also informal finance has been approached by many poor (Morduch, 2000). Third, the depth of outreach should be expanded by employing the continuous innovative approach because very few MFIs do both individual and group landings.

Date and Methodology

Data

In order to test empirically the theoretical framework we have developed for this study. Data were collected from Mix Market. It is a reliable data source of microfinance institutions. Max Market is a non for profit organization established to exchange information of microfinance institutions. We have collected data of 62 rated MFIs from south Asia region of the world, (Mersland & Strom, 2008) also used rated MFI in their study. The qualified MFIs were those having data available for seven years from 2007-2014 and were rated from 4 to 5 diamonds. The variables are available in the table 1.

Table 1 *Variables of the Study*

| Variable | Measure | Source |
|----------|----------------------------|------------|
| DTER | Debt to Equity Ratio | Market Mix |
| PFB | Percent of Female Borrower | Market Mix |
| ALS | Average Loan Size | Market Mix |
| AS | Total Assets | Market Mix |
| CPB | Cost Per Borrower | Market Mix |
| ROAR | Return on Assets Ratio | Market Mix |
| AGE | Number of Years | Market Mix |

Methodology

In this method, we combine all the cross section and year (62*07) and estimate the regression analysis. The OLS doesn't capture the random effect and fixed effect in penal data.

Equation 01 represents the estimated form of regression used in this study.

$$\text{Ln DTER} = \beta_0 + \beta_1 \text{AS} + \beta_2 \text{CPB} + \beta_3 \text{ROA} + \beta_4 \text{AGE} \quad \dots\dots\dots(01)$$

$$\text{Ln PFB} = \beta_0 + \beta_1 \text{AS} + \beta_2 \text{CPB} + \beta_3 \text{ROA} + \beta_4 \text{AGE} \quad \dots\dots\dots(02)$$

$$\text{Ln ALS} = \beta_0 + \beta_1 \text{AS} + \beta_2 \text{CPB} + \beta_3 \text{ROA} + \beta_4 \text{AGE} \quad \dots\dots\dots(03)$$

Results and Analysis

The results in table 02 shows all the variables used in the study and the dependent variables are debt to equity ratio, percent of female borrowers and average loan size.

Table 2 *Regression Analysis*

| Variables | Dependent variables | | |
|---------------------------------|---------------------|--------|-----------|
| | DTER | PFB | ALS |
| Constant | -1.03* | 4.35* | -2571.75* |
| AS | 0.21* | -0.04* | 296.23* |
| CPB | 0.32* | -0.09* | 272.79* |
| ROA | 0.23* | -0.01 | 111.41* |
| AGE | -0.29* | 0.01 | 29.19 |
| Hausman Test | 47.93* | 26.99* | 47.67* |
| Redundant Fixed Effects LR Test | 21.72* | 9.43* | 6.61* |

*Significant at the 0.05 level (2-tailed)

The results show that total assets have a positive relationship with debt to equity ratio and average loan size, and negative with female borrowers. The debt to equity result shows that, when MFIs becomes larger their attitude toward leverage financing was increases. Also the positive sign of average loan size show that larger firm increase its loan balances and their depth of outreach increases with size of the MFIs. The negative significant relation-ship with female borrower suggest that MFIs targeting towards women empowerment decrease as the size of MFI increases. The cost aspect of targeting the poor clients show a positive relationship with debt to equity ratio and average loan size and negative with female borrowers, the findings shows that external financing and increase in loan size increases the overall cost of the loan, while targeting women decrease the MFI cost. The profitability which was measured through return on assets ratio show a positive relationship with average loan size and debt to equity ratio and negative with female borrowers, the results indicate that debt financing which is consider costly for MFIs but in our findings the results suggests otherwise. Also the profitability increases the average loan size of the MFIs. The age results show that with increasing the MFIs age their dependence on external financing decrease and their tendency to women empowerment decreased. Moreover, with age the MFIs increase their average loan balances as their age increases.

Conclusion

Microfinance birth took place with two distinguish feature, the first, not for profit (focused on social well being of the poor masses) the second one, financing through donor funding. This study discusses the depth of outreach (a measure of mission drift)

and other factors which has notable impact on depth of outreach. The present study was examined to check the impact of external financing and two outreach measures, female borrowers and average loan size. Other explanatory variables were taken to explain the potential impact of these variables on cost and profitability of MFIs. The findings conclude that, MFIs did external financing and their access to poor despite incurs high costs was increased. The women empowerment was taken a measure of mission drift and we found that MFIs attitude towards women are negative, the result show that empowering women were decreased because of its negative impact on profitability of MFIs. The second depth of outreach measure which was taken average loan size shows a positive relationship with cost and profitability of MFIs. It means that MFIs reach out the poor clients and serve them and they remain profitable in the process.

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THE IMPACT OF ADVERTISEMENT ON MUTUAL FUNDS AWARENESS A CASE STUDY OF ARIF HABIB INVESTMENT LIMITED

Sarmad Jan Mian *, Rabia Shah ** & Sana Tariq ***

*Lecturer, Department of Business administration, The Sarhad University of Science and Information Technology Peshawar, Pakistan
Email: sarmad.ba@suit.edu.pk

** Assistant Professor, Department of Business administration, The Sarhad University of Science and Information Technology Peshawar, Pakistan
Email: rabia.ba@suit.edu.pk

*** Lecturer, Department of Business administration, The Sarhad University of Science and Information Technology Peshawar, Pakistan
Email: sana.ba@suit.edu.pk

Abstract. *The critical role of advertising is to generate awareness about organization offerings regardless of the industry in which it is operating. Advertising and its effectiveness on mutual funds products in terms of awareness is studied in this paper. Arif Habib Investment limited was taken as case to investigate the impact of advertising on its funds awareness. Employees were interviewed for this purpose. Due to the investigative nature of the research qualitative research technique is used by the researchers. The studied showed that advertisement has positive impact on the attentiveness of products offered by mutual funds among patrons. The significance of advertising in generating brand awareness in financial sector is revealed during the course of the study.*

Key words: Advertisement, awareness, mutual funds

Introduction

In order to build good connection with customers, companies must do more than just producing good products, pricing it appealingly and making it available in market. It is significant for organizations to correspond their brands to target audience and it should be done with precision and effectiveness. The decisive role of communication is constructing profitable relationship with customers (Kotler, Armstrong, Wong, & Saunders, 2008). Imperative role performed by advertising is informing clients about the benefits of organizations products and services. Companies working in consumer goods markets and financial markets have realized the significance of advertising and mostly depend on advertising to communicate with their consumers, moreover consumer try those products which are advertised on regular basis as advertising helps

them in reminding about company's offerings and it keep them fresh in their reminiscence (Shimp, 1997).

Advertising perform essential function in company's overall marketing program. Its importance has been realized by businesses working on national and international fronts, because it performs the role of providing information, reminding, convincing and establishing subsistence of a product and services. It is useful because it is considered an important element to converse with large number of audience and enlighten target audience about organizations products, different functions performed by the product and show contrast between competing products. It is used for differentiating between competing products/services to consumers and informs them about their unique selling propositions. Furthermore advertising is used to sustain competitive advantage. Advertising plays a helping role in financial markets for consumer in making coherent decisions as long as there is factual information about companies' products. The increasing impact of advertising on corporate sales, profits, and market share and manufactured goods awareness has been felt by companies working in both financial and frequently marketed consumer goods markets (Pickton & Broderick, 2001).

Literature Review

Advertising is a progressively crucial fact in mutual fund industry as mutual fund business use advertising to draw attention of customer's to their past performance, uses it for building their product awareness, and help consumers in reducing their search cost, in return achieving increased sales and profitability (Cronqvist, 2006). The main efficient media to generate mutual funds awareness is advertisement (Nagaiah, Naidu, & Nagaraju, 2014).

Advertising plays a major function in generating brand responsiveness of a firm's offerings as it has number of key roles. It is commonly recognized that without having brand awareness, feeling for brand and brand likeness cannot be formed. To encourage customers to consume specific company products, awareness is an important element to indulge them in to purchase decision. Consumers might downsize between the heard brands and think that immense efforts are made in its advertising. Sustainable competitive advantage can be achieved while investing in brand awareness programs and can have positive consequences on long run value of the business (McDonald & Sharp 1996). It is the ability of purchaser to identify product under diverse conditions (Korgaonkar, Bellenger, & Smith, 1986).

Advertising is considered a central path for increasing brand acquaintance and understanding; it assists in ascertaining brands in minds of consumer's through sufficient occurrence of the brand by noticing and thinking about it, these results were founded using non-probability sampling technique that is expediency and judgment sampling (Radder, & Haug, 2008; Keller, 2003). Awareness can add value to the brand by inserting brand in a customer psyche and this awareness can act as barrier to ingress for recently launched un- recognized products (Stoker, 1985). Responsiveness to the brand can be measured through how well the information is disseminated to

consumer about the availability of the brand and its subsistence (Clark, Doraszelski, & Draganska, 2009). Using conventional mediums in advertising that is television and print media serve the function of generating brand awareness and aspiration among consumers for company's goods (Keller, 2003). Significant positive impact was found on consumer's awareness when social media advertising is used (Hutter, Hautz, Dennhardt & Fuller, 2013).

The use of innovation, uniqueness and segregation in advertising strategies have affirmative impact on creating customer brand awareness and it also creates positive acuity of their brands: impact of advertising on brand awareness is positive (Buil, Chernatony & Martinez, 2011). Advertising is important contrivance in building brand knowledge (Sawant, 2012). Using advertising for creating awareness can have significant positive consequence on consumer behaviour (Aaker & Day, 1974).

Main purpose of advertising is to shift consumers from lack of knowledge to information about the subsidised brand by providing information about the supported brand (Lavidge & Stiner, 1961; Grewal, Kavanoor, Fern, Costley, & Barnes, 1997). It was established that through advertising better message and brand awareness is achieved. Different cognitive and emotional results such as awareness can be attained through advertising (Lohtia, Donthu, & Hershberger, 2003).

Researchers like Mitra and Lynch (1995) found that awareness is created through advertising and with the help of this awareness consumers can take in dissimilar brands in their deliberation set. Once awareness is formed about the specific brands customers easily retrieve brand names while making selection between diverse substitutes (McMahan, 1980). Advertising is used as a main source for creation of awareness and providing information to consumers about the difference between rival products (Soberman, 2004).

Advertising message is considerably associated with creation of awareness: using right media and proper timing engenders awareness and increases the chances of product to be successful (Korgaonkar, et al., 1986). The above literature provides sufficient evidence that advertising creates awareness and has revealed affirmative relationship. Mutual funds may use advertisement to their competitive advantage by creating awareness of their present products as well as recent products among consumers.

Advertisement of individual fund in a family by mutual funds must assist in progressing brand awareness of that specific family, advertised fund will carry this effect and brim over other funds in the family; therefore it will facilitate and draw the attention of investors towards those brands who are not advertised and provoke them to invest in it, likewise advertisement of a single fund in a family may augment brand awareness in general and positive relation is found between advertising and performance of funds (Wei, Chen, & Peng, 2010). When implemented through right media advertising can be very effective and this success can be measured in the form of amplified brand awareness; the result may be in the form of purchase of product and services (Bendixen, 1993; Korgaonkar, et al., 1986).

Methodology

The main reason of the research study is to explore the impact of advertisement on mutual fund awareness and to observe whether advertisement has positive/negative effect on mutual fund understanding. Employees of Arif Habib Investment limited were interviewed using purposive sampling. In purposive sampling the selection of participants are based on serving an explicit purpose (Tashakkori, & Teddlie, 2003). Participant belonging to marketing department were selected for in depth interviews and five in-depth interviews were conducted. Participants with two or more than two years of experience were interviewed. As the nature of the study was exploratory so it encouraged researchers to use qualitative research method and for the collection of desired data in-depth interviews were used as tool.

Also known as one on one interview, it is a formalized process in which an expert interviewer asks respondents predestined and inquiring questions normally in face-to-face meeting (Shiu, Hair, Bush, & Ortinau, 2009).

In-depth interviews are helpful so as to it allows researchers to cover all time frames that is precedent, current and potential and helps them in collecting behavioural and attitudinal data from the subjects under investigation (Malhotra, & Birks, 2006). Telephone can be used for conducting in-depth interviews in unique cases (Chisnall, 2005). Observing behaviour of respondents and their beliefs about certain topic can better be achieved through in-depth interviews as it allows getting an initial insight into the topic (Shiu, Hair, Bush, & Ortinau, 2009).

In-depth interviews are useful for enlightening feelings, judgments or values which helps the researcher in understanding the various components of subject thoughts and why they exist (Cooper & Schindler, 2008; Stokes, & Bergin, R. 2006; Shiu, et al., 2009). It persuades respondents to give information about his/her feelings and behaviour towards an identified theme or purpose (Shiu, et al., 2009). One of the advantages of in-depth interview is that respondents are at ease and there is no communal pressure on them which helps in maintaining the free flow of information and for this reason sensitive issue can be discussed with the participants (Malhotra, & Birks, 2006).

Researchers have better control over respondents' selection in in-depth interviews which helps researchers in gathering more deep, context and flexible information in the process of exploration (Cassell & Symon, 2004). Respondents feel empowered as they know that their opinion is heard and is essential (Berent, 1966). In-depth interviews provide possibility for researchers to determine the views of individuals which lead to more precise understanding. Further more comfort zone and trust is established between respondent and researcher which lead to gathering of high quality data; due to comfort ability respondents can easily express themselves (Webb, 1995).

Findings

It was found during the course of in-depth interviews that as compared to other types of promotional tools advertising is more effective while reaching people as the coverage area of advertising is far greater as compared to other communication tools

giving organizations an edge over its competitors. Moreover due to awareness which is created through advertising a positive brand image and brand attitude is formed in consumers' mind which helps them in selecting appropriate product. Media selection is of great significance as appropriate medium choice and placement of advertisements has colossal outcome on buyer awareness.

Response towards advertised fund increases while using billboard and news paper advertisements and it has significant positive impact on consumer awareness by dissemination of information; moreover advertisement can have positive impact on awareness of those funds which are not advertised as investor also inquires about funds which were not advertised. In addition it was established that mutual funds can use advertisements to their reasonable benefit by informing consumers about distinctiveness and communicate investors about their differential advantage in the shape of annual returns plus features of funds as compared to their competing mutual funds. Furthermore mutual funds can make attentive their customer by communicating their previous performance to their current and potential target audience through advertisement. It is evident from the above findings that advertising does create awareness.

Discussion

The most important source of generating awareness among consumer about company's offerings/brands is advertisement and it may help in increasing performance of the organization brands as it is observed that consumer always form optimistic approach towards those brands which are advertised regularly. This has been found consistent in the extant literature on the prelateship of consumer behavior and advertisement. For example Macdonald and Sharp (1996) argue that "advertising helps in creating brand image in consumers' mind and it generates enough awareness to make them purchase a product. It is natural in human beings that they form and buy those things with which they are familiar and avoid products/brands/services with which they are unfamiliar" (p. 15).

Performance of a good brand is dependent on awareness, organizations have to show consumers about the benefits which they are going to get while using a certain product and making them believe that it will solve their problems and advertising is the tool which can serve this purpose. In addition advertisement is very efficient means for producing brand understanding, medium choice/communication channel is of critical importance and positioning of advertisement is the means for creating awareness about company's product. Moreover when proper medium, place and time slots are used advertisement can act as an important tool in increasing awareness and response rate towards company's products.

Limitations of the Study

Limitations of the qualitative research are generalization of its findings. Another limitation is that findings of qualitative research are not consistent. Advertising is taken

as the only independent variable to study its effect on fund awareness of mutual funds. As this study is limited to only one company and only employees of one company were interviewed it's results therefore cannot be a true representation of mutual fund industry; whether advertising really have an impact on the awareness of mutual funds offerings.

Conclusion

The effectiveness of advertising on mutual fund product awareness was observed by researchers in this paper. Arif Habib Investment Limited operating in mutual fund industry was taken as case study. To know the positive/negative impact of advertisement on awareness of the communicated fund In-depth interviews were conducted with the workforce of the organization to probe the research topic at hand.

The research study concluded that using accurate medium for propagation of information has significant positive impact on funds awareness. Formation of customer's positive attitude towards mutual funds products is not possible without regular advertising in appropriate medium as it has two fold effects; firstly it keeps products fresh in their minds by focusing on its previous performance, secondly it helps in spreading knowledge about newly launched offering. Different funds in a mutual fund are benefited from advertisement of only one fund as once a single fund is advertised it will definitely bring customer attentions towards other funds offered by the specific company. Customer might opt for investing in those funds which are not advertised as they might be of interest to them. It can be said that advertising can increase the overall performance of mutual fund by increasing awareness of all the funds in the family and significant positive relation has been found between advertising and performance of funds.

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THE EFFECT OF TRAINING AND DEVELOPMENT PRACTICES ON EMPLOYEES' ORGANIZATIONAL COMMITMENT AMONG THE EMPLOYEES IN PRIVATE HEALTH CARE SECTOR IN KHYBER PAKHTUNKHWA, PAKISTAN

Fayaz Ali Shah^{*}, Jawad Hussain^{**} & Wali Rahman^{***}

^{*} Assistant Professor, Department of Management Sciences, Islamia College Peshawar
Email: akhoon47@yahoo.com

^{**} Assistant Professor, Department of Management Studies, University of Malakand
Email: jawadhussain79@gmail.com

^{***} Assistant Professor, Department of Business Administration, Sarhad University of Science & IT, Peshawar. Email: mayarwali@gmail.com

Abstract. *This study examined the relationship between training and development practices, and organizational commitment for a sample of employees working in private healthcare sector in Khyber Pakhtunkhwa, Pakistan. The results showed that training and development practices were positively related to organizational commitment. To examine this relationship, a survey was conducted on 134 employees working in private healthcare sector in Khyber Pakhtunkhwa, Pakistan, selected randomly. Correlation and regression analysis techniques were used to analyze the relationship of training and development practices and organizational commitment. The results of the study showed that organizational commitment of private healthcare sector employees were dependent on the training and development practices.*

Key words: Training and development practices, organizational commitment, healthcare sector, Khyber Pakhtunkhwa

Introduction

Healthcare is an essential service and an effective healthcare system is critical for the health and well-being of the community (Yusoff, Shah, Ali, & Bakar, 2013). New demands placed on employees in health care related jobs are occurring at a time when the entire industry is dealing with repeated reform, restructuring, and reorganization driven at national, regional, and organizational levels. Job stress, burnout, and turnover continue to be issues of great concern to health care managers faced with ongoing and future projected staff shortages (Wahab, Hussain, Zadeh, Shah, & Hussain, 2014). This is increasing the value of loyal and committed employees able to deliver health care in ever more demanding conditions (Shumaila, Aslam, Sadaqa, Maqsood, & Nazir, 2012). Training is one of the most important investments because it enhances the knowledge, skills, attitudes and behavior of employees. Training and development as being able to

not only develop skill and knowledge for improved job performance but also to foster and contribute to desired work-place attitudes and behaviors of employees (Franco, Bennett, & Kanfer, 2002). Among the many work-place attitudes studied the construct of organizational commitment is singled out as an increasingly valued work-related attitude in health care settings (Shumaila, et al., 2012).

Recently, there has been a significant interest among both academics and management practitioners in the use of training and development practices within the healthcare sector across many developed countries (Stanton, Young, Bartram, & Leggat, 2010). Studies from the USA, the UK and Australia have revealed strong links between human resource development practices and improved organizational outcomes including reduced patient mortality and improved quality of patient care (Silber, et al., 2002; Fraser, et al., 2007; West, et al., 2002).

However, in many developing countries and especially in Pakistan relatively little is known about the training and development practices, particularly within an essential service such as the healthcare sector (Ahmad, et al., 2013).

Problem Statement

The success of organizations in this modern business scenario depends on the quality of the workforce that runs the day to day affairs of the organizations (Rahman, 2012). The process of training and development of employees for both private and public companies has been a matter of concern to many and needs attention (Wahab, et al., 2014). Managing people is a great challenge both at strategic or even organizational levels. Thus, human resources are well managed and developed in alignment with the organizational goals and strategies (Yusoff, et al., 2013). It has been examined that for any organization to achieve its stated objectives and goals there is the need for management to put in place training and development policies or strategies that will enhance employees' organizational commitment and will help them to achievement organizational objectives (Shumaila, et al., 2012). Different from physical and financial investments, investment in training brings a distinct advantage to organizations because training enhances organizational performance (Wahab, et al., 2014) . It does this through increasing the skills, motivation and knowledge of employees. Thus, the intellectual capital of organizations is increased. Moreover, it is argued that training within organizations creates a resource that is more valuable than any other, that is, committed employees (Bulut & Culha, 2010).

Despite rising attention to delivery of healthcare services in Pakistan, little attention has been paid to the role of human resource management especially training and development which can transform health workers into a committed, motivated, and supported workforce capable of improving healthcare services and saving lives. Lack of attention towards effective training and development strategy in health sector is one of the main factor standing between success and failure in Pakistan (Khan, et al., 2012).

Currently, in Pakistan the healthcare system comprises two tiers: public sector healthcare and private sector healthcare. Public sector healthcare is usually provided by the government through national healthcare systems while private healthcare is

provided through “for profit” hospitals and self-employed practitioners. Healthcare in Pakistan is administered mainly in the private sector which accounts for approximately 80% of all outpatient visits. Total sixteen approved teaching hospitals are working in the province of Khyber Pakhtunkhwa (KPK), out of which eight are public sector teaching hospitals while eight are private sector teaching hospitals (Government of Pakistan, 2011).

Research Objectives

The main objectives of this study is to assess the relationship between training and development practices and organizational commitment and also to examine the impact of training and development practices on organizational commitment among the employees working in private healthcare sector in Khyber Pakhtunkhwa, Pakistan.

In this paper, the researchers set out to identify the relationship between training and development practices and organizational commitment, as there is no conclusive evidence available which shows that what can increase an employee’s commitment to the organization (Haleblian & Finkelstein, 1999; Freese, et al., 1998; Asma, et al., 2012).

This paper contributes to the human resource management and hospital management literature in a number of ways. First, it is one of the first comprehensive research studies conducted on behavioral outcomes of training and development practices in private healthcare sector in Pakistan and especially in KPK. Second, the researchers have used multi-level respondents to drill down and unpack the research problem. Finally, this paper also will benefit stakeholders in healthcare sector to identify and understand critical issues in training and development and its relationship with employees’ commitment.

Theoretical Framework

Mayer and Herscovitch (2001) reported that employee commitment is an obliging force that gives direction to behavior i.e. restricts an employee’s freedom and binds him/her to designed course of action. McElroy (2001) opines that when an organization makes investment in trainings, it signals that the organization is committed to the development of its employees. Consequently, it creates a reputation for valuing and developing the employees. This not only attracts the best mind in the market but also enhance the commitment level of the existing employees. Scarpello, Ledvinka, and Bergmann (1995) believe that majority of the employees mostly want career success.

It shows that training and development practices affect employees’ attitudes and behavior in organizational settings. Figure1 demonstrates the proposed theoretical association among the constructs of the study.

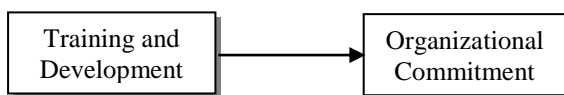


Figure1: Conceptual framework

Hypotheses of the Study

The following two main hypotheses were formulated for this study.

H1: Training and development practices are positively associated with employees' organizational commitment.

H2: Training and development practices affect employees' organizational commitment.

Methodology

The population for the study consists of all the employees working in the eight private teaching hospitals of Khyber Pakhtunkhwa, Pakistan. Two hundred questionnaires were physically distributed to employees of all levels working in private hospitals in KPK, Pakistan. One hundred and thirty eight were returned showing a percentage of sixty nine (69) within two months after two reminders. Four (04) questionnaires were dropped due to incompleteness. The remaining one hundred and thirty four (134) questionnaires were used for research study.

Training and development practices were measure through five items developed by Rahman (2012). For organizational commitment, a short form of five items of the organizational commitment scale developed by Meyer, et al. (1990), was used. Statistical Package for Social Sciences (SPSS 18 Version) was used for data analysis of this study.

Literature Review

Traditionally the term human resource management means the practices, formal policies and overarching philosophies whereby an organisation's employees are attached, deployed, retained, rewarded, developed and nurtured (Jackson & Schuler, 1995).

Many studies support the view that training and development practices should be linked in appropriate ways with wide human resource management practices in order to make its due organisational contributions (Rahman, 2012) . There is now a convincing weight of evidence that training and development practices have a crucial part to play in raising the skills and commitment level of employees needed by high-performing organisations. But, this activity needs to be supported by wider Human resource practices and to link with organisational goals (Tsui & Wu, 2005).

Harrison (2002) has mentioned eight stages process for training and development (establish needs, agree on purpose and objectives for the learning event, identify profile of intended learning population, agree on strategy and delivery of the learning event, select learner cohort and produce detailed specification for the learning event, finalise strategy and design the learning event, deliver the learning event and monitor and evaluate the learning event) to achieve both behavioural and structural outcomes for organization.

According to Bendell (2006), top managers need to make and describe such strategies that create an environment where everyone is encouraged to contribute ideas

to improve their own and other people's commitment. While making and describing strategies the top managers need to recognise the different needs of people and to make sure everyone has appropriate and fair access to the support they need and there is equality of opportunity for people to learn and develop which will positively affect their commitment and will improve their performance. He emphasises the importance of senior management commitment, that management in setting the strategy for training and development should emphasis on managers 'commitment, because these managers influence the middle and lower level employees' commitment.

He further suggests that to increase the outcomes of the organization's investment for improving employees' commitment and subsequently performance of the organisation, top managers can describe the organisation's overall investment of time, money and resources in training and development and can provide how their investment in people is used to enhance their commitment towards the organisation. Line managers can give examples how training and development has affected their teams' commitment. Similarly, employee can give examples of how training and development have affected their individual commitment (Bendell, 2006).

Rahman (2012) describes organizational commitment is a psychological state that affects an individual's attachment to the organization. An employee is termed committed when he/she maintains membership in a certain organization through thick and thin. This employee works with sincerity and devotion and exploits all his/her potentials to the maximum level, takes care of the organization's assets and, above all, shares company goals (Meyer & Allen, 1997). Commitment works as a stabilizing force and gives meaning and direction to behavior (Meyer & Herscovitch, 2001). The question is how an employee's commitment be won? There is a rationale answer to this question: when an organization happens to satisfy an employee's expectations.

An employee's needs and desires can be many and diverse. Though it is impossible to satisfy them all, organization's seriousness in employee's interests is always reciprocated. When management expresses its commitment to the training and development needs of an employee, it helps the employees to raise their morale and encourages their commitment to the organization. Therefore, realizing an employee's development needs is an attempt to affect his organizational commitment (Meyer & Herscovitch, 2001).

Analysis and Results

The quantitative tools applied to evaluate the data were Pearson's correlation and regression analysis by using SPSS. Correlation analysis has been performed to know about the strength of the relationship between the variables. This study has established a linear relationship between training and development and organizational commitment. Regression analysis has been used to assess the cause and effect relationship between training and development and organizational commitment.

Table 1 *Demographic Profile of the Respondents*

| | Description | Frequency | Percentage |
|----------------------|--------------------|------------------|-------------------|
| Age | 20-25 | 32 | 23.88 |
| | 25-30 | 28 | 20.89 |
| | 30-35 | 21 | 15.67 |
| | 35-40 | 23 | 17.16 |
| | 40-45 | 17 | 12.68 |
| | Above 45 | 13 | 9.70 |
| | Total | 134 | 100 |
| Gender | Male | 82 | 61.19 |
| | Female | 52 | 38.80 |
| | Total | 134 | 100 |
| Qualification | Graduate | 77 | 57.46 |
| | Masters | 57 | 42.53 |
| | Total | 134 | 100 |
| Tenure | 01 to 05 | 51 | 38.05 |
| | 06 to 10 | 44 | 32.83 |
| | 11 to 15 | 23 | 17.16 |
| | Above 15 | 16 | 11.94 |
| | Total | 134 | 100 |

Table.2: *Reliability Statistics*

| Variable | Cronbach Alpha |
|---------------------------|-----------------------|
| Training and Development | 0.76 |
| Organizational Commitment | 0.80 |

Correlation Analysis

The appropriate quantitative technique Pearson's correlation is used to analyze the data. Pearson's correlation is a popular and suitable way of assessing linear association between variables. Pearson Coefficient measures the level of association between different considered variables. Correlation co-efficient describes the strength of the relationship between the variables. This research has established a linear relationship between training and development and organizational commitment. The relationship between training and development was found significant at the level of 0.433 percent. So, the result supported H1 that predicted that training and development practices are significantly related to organizational commitment among the employees working in private healthcare in KPK, Pakistan. In other words, employees' commitment to their organization increases with increased opportunities of training and development and vice versa.

Table.3: *Correlation between Training & Development and Org. Commitment*

| Variables | | T & D | OC |
|-----------|---------------------|---------|----|
| T & D | Pearson Correlation | 1 | |
| OC | Pearson Correlation | 0.433** | 1 |

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

Regression Analysis

Simple regression analysis was used to assess how well training and development practices predict organizational commitment. Table 6 shown the value of $F=30.518$ which was statistically significant. The adjusted R^2 was 0.18, which indicates that 18 percent of variance in organizational commitment could be due to training and development practices. The regression analysis depicted and explained that training and development contributes significantly and positively in employee organizational commitment.

Table 4 *Coefficients*

| Model | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|--------------|-----------------------------|------------|---------------------------|--------|------|
| | B | Std. Error | Beta | | |
| 1 (Constant) | 2.942 | 0.226 | | 13.019 | .000 |
| T&D | 0.334 | 0.060 | 0.433 | 5.524 | .000 |

Independent Variable T&D; Dependent Variable: OC

Table.5: *Analysis of Variance*

| Model | Sum of Squares | Df | Mean Square | F | Sig. |
|------------|----------------|-----|-------------|--------|--------|
| Regression | 7.875 | 1 | 7.875 | 30.518 | 0.000a |
| Residual | 34.061 | 132 | .258 | | |
| Total | 41.936 | 133 | | | |

a. Predictors: (Constant), Training and Development

b. Dependent Variable: Organizational Commitment

Discussion and Conclusion

Based on the results, this study finds that training and development practices have a positive impact on organizational commitment among the employees working in private healthcare sector in KPK, Pakistan. The better training and development opportunities given to employee will increase their commitment towards their organizations. Employee training and development practices were positively associated

with organizational commitment. Organizational commitment is a psychological state that affects an employee's relationship with the organization, and accounts for his/her decision to continue or discontinue membership in the organization (Rahman, 2012). Results of the study also support the previous researches (Meyer & Herscovitch, 2001). An employee has diverse desires in employment perspectives. And it is simply not possible to address them all; nonetheless, organization's seriousness in employee's interests is always reciprocated. When management expresses its commitment to the training and development of their employees' career needs, it gives an impression to the employees that they are valued and are considered as a part of the organization. This helps the employees in raising their morale and engenders their commitment to the organization. Therefore, realizing an employee's training and development needs is an attempt to affect his/her organizational commitment.

Future Research

Base on the results of this study the researchers suggest that, since investment in employee training and development may differ from industry to industry and from country to country, so, replication of this study in different countries and industries may assist with the generalizability of the results and at the same time, it may also be helpful in understanding the cross-national similarities or differences in the relationships examined in this study. Moreover the sample size may be increased by getting data from public healthcare sector.

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PARTICIPATIVE MANAGEMENT IN MODERN ORGANIZATIONS A CRITICAL REVIEW

Muhammad Zeb Khan* & Muhammad Iqbal**

*Assistant Professor, Sarhad University of Science & IT Peshawar, Pakistan
Email: zebkhan.ba@suit.edu.pk

**PhD Scholar, Institute of Management Studies, University of Peshawar
Email: miqbalk12111@gmail.com

***Abstract.** Participation as a social system is a complex and dynamic product of human action. Despite certain limitations, it has great potential in addressing many debilitating issues confronting organizations. Regardless of whether it is intentionally and rationally created or whether it emerges as consequence of many and sometimes fortuitous factors, participation serves a variety of values and goals and takes on different structural and operational properties in various configurations resulting in a variety of desirable outcomes. However, much depends on the prevalent culture in an organization. The study in question attempts to dig out theoretical underpinnings of participative management and its relevance for contemporary organizations by critically reviewing the existing literature.*

Key words: Participative management, culture, organization effectiveness

Introduction

There has been a growing movement around the globe toward more “Participative” methods of decision-making. Academics and practitioners have, in general, endorsed the viability of participation in areas as different as the organization of work and government regulations. Participative Management is a system of management whereby non-management employees are supposed to be active participants in an organization’s decision-making process particularly in decisions that affect their work outcomes (Collins, 1997). It may take different forms including formal/informal participation, representative participation (workers unions), consultative participation (Quality Circles) employee ownership (employees as stockholders), and so on. This endorsement reflects the preference of contemporary managers for the new style in today’s increasingly competitive and turbulent world. The effectiveness or otherwise of participative management is often evaluated in terms of various outcomes, including workplace democratization, conflict resolution, job satisfaction, employee commitment and morale, productivity, employee development, and efficiency (Cotton et al., 1988). Participative management is, however, not a cure-all prescription. It passes through its stage of infancy. Its effectiveness in solving organizational problems is yet to be

precisely determined. The study in question attempts to critically evaluate the effectiveness of participative management by reviewing relevant literature on the subject.

Origin of Participative Management

Participative management has its roots in the human relations movement that began in the early 1920s, largely as a reaction to writings on the scientific management of organizations (e.g. Taylor, 1911), which focused primarily on the principles of specialization and control. The principles of human relations, on the other hand, stressed the unique needs of individuals in organizations. This movement argued that while organizations and people may have different goals, these entities need each other: organizations need the ideas, energy, and talent that people provide, while people need the careers, salaries, and work opportunities that organizations provide (Bolman & Deal, 1984). Moreover, theorists advocating this movement argued that optimal performance depends on the convergence of interests and needs of the organization and employees (Mc-Gregor, 1960).

One of the principal tenets of the human relations movement is that people have a right to have input into decisions that affect their lives (Dachler & Wilpert, 1978). It is suggested that employees should be given greater influence in decision-making as it leads to their self-actualization—the highest order of needs in Maslow’s needs hierarchy. By definition, giving employees greater influence over decisions reduces the impact of centralized decision-making and increases the chances of ownership and employee commitment. The question however is: Do the benefits of participative management exceed the costs involved? Or, alternatively, does participative management solve more problems than it creates?

Before answering these questions, it seems pertinent to understand the level of employees’ participation in decision making. The extent to which employees have voice in organization’s affairs depend on the nature of problem, time availability, the need for secrecy, capacity of employees, and prevalent organizational culture (Schein, 1990). The following ladder shows different ways of employees’ participation in decision making:

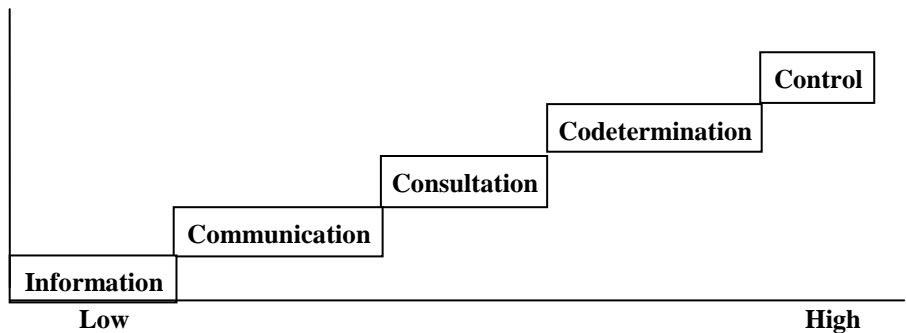


Figure 1 Participation Levels

According to Marchington and Wilkinson (2005), employees' participation in decision making moves upward in progression rather than a simple movement from no participation to full control. Moreover, participative management may be indirect in some situations and direct in others. As indicated in *Figure 2*, indirect participation may take different forms such as worker directors, joint consultative committee, and collective bargaining agent etc. Employees can also voice their views directly through attitude surveys, interviews, and emails etc.

Table 1 *Direct and Indirect Participation in Decision Making*

| Type of Involvement | Power-centered | Ownership-centered | Task-centered |
|---------------------|---------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|-------------------------------------------------------------|
| Indirect | Work Councils, Joint Consultative Committee Collective Bargaining Joint Partnership, Committee Workers Directors | Employee Share Ownership Employee Cooperatives | Task committee |
| Direct | Attitude Surveys, Interviews, Town Hall Meetings, Newsletters, Emails | Share options | Job enrichment Problem solving groups Quality circles |

Source: Adapted from Boxall and Purcel (2008)

Why and Why not Participative Management?

Answer to the question of whether participative management enhances organizational effectiveness or impedes it requires an analysis of various organizational responses to environmental changes. First, structural changes in the business world potentially favour participative management. Specifically, as organizations reduce layers of management, they need to rely more on the active involvement of employees at all levels for activities that once were the prerogative of management. Second, competitive conditions favour the diffusion of employee involvement practices. In particular, Lawer, et al. (1992) found that in the face of substantial foreign competition and shorter product life cycles, organizations were more likely to share with employee key information on operating results and competitors' performance, to invest more in training, and to adopt 'non-traditional' power and reward systems favoring employee involvement.

Several research studies have been undertaken to determine the effects of participative management on various outcomes. Personality growth, development of individual potential, and mental health are the desirable outcomes of involving employees in decision-making in the context of organizations (Mc-Gregor, 1960; Argyris, 1964; Likert, 1967). These theorists assume that human beings, owing to their very nature, strive for self-actualization, which means the need to be active, independent, and capable of self-control through awareness of their potential.

Productive efficiency is another rationale underlying participation. When employees are involved in decisions relating to how the work is organized, what is done, and who does what, their morale and self-confidence increases with the result of enhancement of productivity (Fleishman, 1965). However, there is significant pressure on management to abandon participatory mechanisms when it becomes apparent that employee involvement is not increasing productivity or profitability to the anticipated degree (Collins, 1997).

The cognitive models of participative affects suggest that capabilities of subordinates are more meaningfully utilized and job satisfaction is increased as a result of involvement. Managers often believe in involvement simply for the sake of involvement, because they think that as long as subordinates feel they are being consulted, their ego needs will be satisfied and they will be more cooperative (Ritchie & Miles, 1970). According to French and Israel (1960), one effect of a high degree of participation by workers in decisions concerning their work will be to strengthen their motivation to carry out these decisions. Such participation satisfies such important social needs of employees as the need for recognition, appreciation, and independence.

Despite strong support both from academics and practitioners, participative management is not stainless altogether. Some researchers argue that owing to the winds of change, the contribution of participative management is overblown. One of the problems with formal legal participation is that of political polarization, the formal group representatives tend to harden their positions to challenge their 'defined' adversaries and to impress the group they are representing (Rushefsky, 1991). Ongoing interaction may sometime lead to the institutionalization of conflicts rather than collaboration (Ring & Van-de-Ven, 1994). The researcher also notes that the repetition policy conflicts may cause polarization and mutual hostility and it gives each faction incentive to stand firm to keep opponents from easy concessions in future disputes. Participative management may also be interpreted by employees as symbolic at best and manipulative at worst (White, et al., 2003). Difficulty with participative systems arises when major structural changes are proposed. Moreover, participative management may bring more harm to organizations than good when employees lack the required abilities, attitudes, and values (Blumberg, 1969).

Conclusion

Participative management has become a cliché for modern organizations. Due to changing dynamics of organizations in the wake of global competition, change in the nature of work, and increased social pressures, contemporary managers are striving to attain and retain competent and committed workforce by offering them different incentives including opportunities of involvement in decision making. The scope and scale of employee participation, however, vary from one organization to another and the outcomes of participation depend to a larger extent on the organizational context. It may not work in an organization, which is devoid of norms of bureaucratic behavior, i.e. rule of law, rationality, professionalism etc. If these norms do not exist in the society at large, it may make the things worst if participative management is practiced

in an organization. Review of various research studies, undertaken for the present study, reveals that participative management is a double-edged sword and needs to be used with due consideration given to many contingent factors. It is, however, an uncontested fact that knowledge workers can and should not be treated like the conventional factors workers. They want autonomy, participation, and sense of achievement besides financial incentives in order to contribute to organizational goals and stay for long.

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IMPEDIMENTS TO WORKING WOMEN AT THE UNIVERSITIES OF PESHAWAR-KPK

Rabia Shah^{*}, Asim Shah^{**} & Lal Muhammad^{***}

^{*} Assistant Professor, Sarhad University of Science & IT Peshawar, Pakistan.
Email: rabia.ba@suit.edu.pk

^{**} Lecturer, University of Swabi, KPK, Pakistan
Email: asim@uoswabi.edu.pk

^{***} Coordinator, Sarhad University of Science & IT Peshawar, Pakistan
Email: lal.ba@suit.edu.pk

***Abstract.** In KPK, many universities have been established in public and private sector pertinent to last decade; which can directly affect the emergence of job opportunities equally provided to both genders. Universities normally are considered the platform for respect, dignity among the literate community members of the society. However, in our culture the men still dominate the female as they are not suppose to work despite their financial problems. People are bound to their religious cultural and social traits; illiteracy plays a vital role in this regard. In some families if the women break the barriers and come out to the market in order to join the economic activity, they face a lot of problems at their relevant work places. Therefore the researcher has tried to make detail investigation of the impediments of working Women at different universities of Peshawar.*

Key words: Impediments, working women, university

Introduction

In KPK, many universities have been established in public and private sector pertinent to last decade; which can directly affect the emergence of job opportunities equally provided to both genders. Universities normally are considered the platform for respect, dignity among the literate community members of the society. However, in our culture the men still dominate the female as they are not supposed to work despite their financial problems. People are bound to their religious cultural and social traits; illiteracy plays a vital role in this regard. In some families if the women break the barriers and come out to the market in order to join the economic activity, they face a lot of problems at their relevant work places. Therefore the researcher has tried to make detail investigation of the impediments of working women at different universities of Peshawar.

A research provided the facts that 60.8% of the employed women in Faisalabad have problems in managing house and children and 14.8% faced conflict with their husband and in-laws due to their jobs. 34% of the respondents are facing conveyance problem and 41.4% thought that their working conditions are not desirable (Maqsood, 2005).

Working women felt that their job is not secured; owner of the factories changed the workers without any reason and promotion offered on the basis of sexual favor. Most working women also facing face harassment in the form of catcalls and Gestures (Cheema, 2003).

In Pakistan Majority of women are working in Factories, where, they are facing three types of harassment namely, sexual harassment, physical harassment and mental harassment. A very few number of females are facing the husband's opposition towards their jobs. Reasons for those who do have the community and familial censure leading to male ego-problems neglect of children, housework and family ill health. Relatives (in-laws) criticize there paid employment because they are afraid of their morals will become loose; they become too independent and forget their actual status.

The women are suffering from market discrimination and hence are pushed to separate low-paid and low-status jobs. Majority of women are employed in the unorganized sectors. Mostly women are concentrated in sector known for low level of productivity, less income stability and low security of employment due to their dual role at home and workplaces. An organized service sector is mostly provides employment to a small proportion of women. The rate of unemployment among women is consistently higher than that of men, both in rural and urban areas (Mahpara, 2011). Many female face problems of daycare facility as there should be someone to look after them when these moms are working and if this facility is sponsored by the employer than the outcomes are even higher (Bowdoin, 2005). Another research showed that working women face two types of harassment at work one is due to discrimination and another is workplace harassment (Nobullying, 2015). According to Mordi (2011) women are mostly affected by their gender imposed factor, organization related factors & family oriented issues.

Most of the societies consider the top management positions suitable for men rather than women (Hannagan, 2005). Furthermore, it was explained with the help of different gender based theories by Blau and Hendricks (1997) that at lower level positions get less time for performing official duties because they have to work full time at home.

Some other factors considered to create problems to working women in order to reach to management positions is the reality that women most of the time can not avail the training opportunities and specially sponsored one might be caused be their high employee turnover rate which also affects the employers indirect cost (Blau & Hendricks, 1997). While exploring about the problems Abidin (2009) argued that among various factors traveling was not notified as a hurdle to the working women, but the factors commonly affecting were stress related to job activities, working for some extra hours and keeping a balance between family life and job.

As per the findings of Still (1994), the recently identified significant factor was the cultural forces & dilemmas such as if rare number of females were given top managerial positions was considered as to be a non-traditional area which required special efforts.

Gregory (2003) argued that women workforce might be increased in upcoming time but men employment ratio will still be nearly 75 % of the total employment. Williams (1989) notified in his research conducted on US economy that gender differences also arise from the appraisal perspectives of the supervisors.

Keeping in view the cultural and organizational barriers it was extracted by Cobb (1994) that major constraints to working women are the limited access to job opportunities, unfavorable working atmosphere at work and high iteration levels in different industrial sectors. His findings also highlighted about the other problems such as sexual harassment, paternalism & different standards for both genders such as their suggestions are given less importance than man etc.

This study was designed keeping in view the following objectives:

- 1) To find out the problems that employed women have to face in the universities (i.e., Harassment, Facilities provided by the organization, Job satisfaction & Requirements);
- 2) To find out the problems from their family side;
- 3) To find out the attitude of male colleagues/friends & Owner (Head) towards the working women; and
- 4) To suggest the measures to solve the problems of working women in Universities.

Research Methodology

There are 15 universities, both public & private sectors, currently working in Peshawar and our aim to study the problems of working women in universities, therefore, primary data is collected through scheduled interviews by using convenient sampling technique from the sample of 120 women, 10 from each university. The outcomes reveal on the basis of qualitative analysis technique. Although the research is qualitative in nature but the database was created to highlight the priority of the issue to be addressed and to know the most important problem.

Key Findings

Problems at university level

While investigating about the problems at university level it was observed that most of the married women claimed to give even better output if they are provided with day care facility for the infants. They argued that for the mental and physical participation there should be certain places at their workplace for their children so they can at least once or twice visit them. Some other universities do not provide the facility of sick room which is also very much important for their better performance. Similarly

working women have the responsibilities at home and at work so they have to manage both lives and have to keep a balance between two therefore, in those universities where Saturdays are not off it was a major problem for workload management. According to the cultural differences some women face the gender discrimination related their pay/ wage. As males are considered for higher pay/ wage then women which are also a major problem to them. Transportation and separate offices were also among the problems they face.

Problems from Family

In order to know about the problems that working women face due to family the researcher came to know after investigating them that most of the family members expect them to keep a balance between their family life and job. Another major problem to working women is that they get fewer chances to continue their education as they have to work at home after coming back from work. Furthermore some working women also identified as having health related issues in case of over burdening themselves when work is tough and time consuming.

Similarly while discussing about other problems such as child care and family politics the responses included that working women get less time to take care of their child although they try to but since most organization do not provide childcare facility so they have to leave their children with other family members or at daycare centers. They also argued that inspite of financial support to their families they suffer from family politics such as competition about lifestyle the working women have, specially to married working women where she is living in a joint family setup. Some married working women shared their problems related earning capacity that if their husbands earn less than they earn mostly husbands go into inferior complexity and their family life get disturbed.

Attitude of Male colleagues/Friends and Head

While inquiring about their problems with Colleagues, friends & head the response revealed upon these findings. The first and the most important are of attention they described was the gender discrimination related compensation. As per them here in this society working men are given higher pay then working women. Another problem not all of them but few face is related to harassment workplace harassment & harassment due to discrimination. According to them those working whose skin complexion are fare and they are beautiful plus they give more time to bosses get better promotions then those who do not have. Some women pointed out that their male colleagues take better care of them than female colleague might be because of jealousy problem.

Conclusion

The researcher has tried to investigate about the problems of working women at different universities of Peshawar concisely from 120 women from 12 universities. It was observed that working women face different problems at university level, from

family and from their colleagues. The problems included daycare facility for married working women, sick room, separate offices, transportation, and less wage due to gender discrimination. Whereas from family they face the problems of family and work life balance problem, health issues, less attention to their children, family politics and life disturbance due to increased pay from their husband. Similarly while investigating about the problems they have from colleagues and head it was noticed that they suffer from harassment problems, gender discrimination issue once again and jealousy problem from other women.

Suggestions

The women are playing a vital role in the growth of Pakistan; therefore, it's the responsibility of organization that they provide all the facilities required to the working women. These can include Separate offices, Sick rooms, separate conveyance and time relaxation in case of married women, day care facility for the women having kids as their rights.

Keeping in view the above stated few facilities working environment should also be relaxed and respectful so that the women feels secured & comfortable in performing their duties. Furthermore, Higher Education Commission has already introduced implemented Harassment policies/Law in all universities but HEC should keep a control over the proper utilization of these policies in the universities. And at university level the women suffering from workplace harassment should note down all the facts with them and should take their supervisor into confidence and professionally should discuss with them along with all the facts they have gathered so their bosses are convinced and support them by taking proper action against the person creating problems for them.

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EFFECT OF LEVERAGE ON STOCK RETURNS AND SYSTEMATIC RISK: EVIDENCE FROM PAKSITANI INDUSTRIES

Adeel Rahim^{*}, Zahirullah^{**}, Taimoor^{***} & Humair^{****}

^{*}Lecturer, Sarhad University of Science & IT, Peshawar, (PhD scholar IMS, Peshawar)
Email: adeel.ba@suit.edu.pk

^{**}PhD scholar IMS, University of Peshawar

^{***}MS scholar, IM Science, Peshawar

^{****}MS scholar, IM Studies, University of Peshawar

***Abstract.** This paper evaluates the effect of leverage on stock returns and systematic risk in the corporate sector of Pakistan. It determines the relationship between leverage and systematic risk. Data was collected from eight industries such as; Cotton, Engineering, Chemicals, Sugar and Allied, Cement, Fuel and Energy, and transport and Communications. High leverage was experienced which led to high level of systematic risk and volatility in the stock prices.*

Key words: Leverage, stock returns, systematic risk, stock prices, Pakistan Stock exchange (PSX).

Introduction

Risk is the adverse impact on profitability of several distinct sources of uncertainty: Risk varies in types and degree and some of factors play a vital role in shaping it such as; size, complexity in business activities and volume etc. The purpose of leverage in investment portfolios is to borrow money at lower cost than the return. Financial leverage is used to get flexible access to capital markets, buy back equity, and creating shareholder's value. Strategies varies upon nature of the company but are closely aligned to management's overall goals and objectives.

Problem Statement

The Corporate Sector of Pakistan is facing multiple issues in Return on investment specially low Stock returns because of Leverage and existence of systematic risk in following industries such as ; Cotton, engineering, chemicals, sugar and allied, cement, fuel and energy, and transport and communications.

Literature Review

Financial leverage results from the difference between the rates of returns the company earn on investment in its own asset and the rate of return the company must pay its creditors (Garrison et al., 2004).

Anas (2013) studied relationship between stock return, systematic risk and financial leverage in context of companies list on Ammon stock exchange between Jan 2000-Dec 2009 on sample of 48 companies. The results of this study showed were negative relationship between variable in case of conducting it on more developed stock market while it showed positive relationship on underdeveloped market.

Majeed (2010) studied corporate sector of Pakistan. The author on evaluated relationship between leverage and systematic risk while taking sample of 8 industries of Pakistan, they concluded positive relationship between leverage, systematic risk and stock prices.

Garrison, et al. (2004) financial leverage is a end product of difference between rate of return on investment and dividends to customers. Duffy equity capitals will sometime deliver high rate of return on equity funds. According to Jones (2003) end product/result of an investment will always be less than expected outcome and risk will be also high in this case.

Anderson (2009) risk management is a key to exploit opportunities and avoid adverse between and has positive relationship between each if financial leverage is lower. Company stability and financial leverage ratio are indirectly proportional to company profitability and vice versa.

Mcewen (2000), through an empirical research came to the conclusion that large companies takes more long term debt and risk them small companies. Khedaraloghi (2011), studied relationship between financial leverage and systematic risk on companies registered on Tehran stock exchange and found normal effect of both variables on Tehran stock exchange.

Mavia (2010), investigated relationship between financial leverage and equity return and their link with firms capital structure and found the result that determinants of firms capital structure are sensitive to firm financial leverage and equity return.

Acevedetajdamia (2007) studied effect of financial leverage at market and firm level and found result that financial leverage produce less changes in stock return volatility at market level but significant changes at firm level. They also concluded that financial level contributes more changes in stock return volatility for a small firm while it has little/low affect in case of large firms.

Jodsone, et al. (2006) worked on cross-sectional relationship between leverage and future returns in context of capital structure and market reactions. Authors concluded that there is a negative relation between leverage and future returns as expressed by investor of market.

Paymanalebari and Mohammad (2012) studied 115 companies in Tehran stock market for period of 2008-12 in which systematic risk (beta) relationship with leverages ratios was tested. The data was gathered from financial statements,

committee reports and other documents. Results showed no significant relationship between these variables on the basis of regression and Pearson correlation applied to analyze the data.

Darabi, et al. (2009), evaluated relationship between operating leverage and systematic risk result showed, significant relationship between operational leverage and systematic risk but no significant relationship between operational leverage and efficiency.

Jones (2003) analyzed that actual outcome from an investment will differ from the expected outcome is called risk. Most investors are concerned that the actual outcome will be less than the expected outcome. The broader the range of possible outcomes the greater will be the risk.

Anderson (2009) studied risk management effectiveness combines both the ability to exploit opportunities and avoid adverse economic impacts, and has a significant positive relationship to performance. This effect is moderated favorably by investment in innovation and lower financial leverage. Financial distress has a series of financial events that reflect diverse phase of corporate adversity. These are decrease in cash flows from continuing operations, reduction of dividend payments loan default and technical or troubled debt restructuring (TDR), these are considered as the financial distress.

Financial structure's accounting measurements, liquidity, performance, firm specific attributes and operating risk have been shown to capture risk components that potentially impact the durability of distressed firms. Time varying stock volatility explanation is that leverage changes as the relative stocks and bonds prices changes, changes in the volatility of stock returns happened due to change in the leverage firm causes. Strongly growing corporations represent economic development. The corporate leverage have negatively relation to corporate growth, it also include the debt financing to be negatively correlated.

The GDP development Significant negative effect of economic growth depends on short term debt and total debt but it not considers the long term debt. The average rate of return on their equity funds business enterprises leverage their capitals Leverage will do this if the rate of return on the invested funds is significantly higher than the interest rate paid on the rented funds. In different situations the equity capital gives a relatively high rate of return on the equity funds.

Financial structure is optimized over time by the corporation to reflect asset type, tax rate, profitability bankruptcy and business risk. Total debt ratio is strongly affected by the tax rates even if it includes different circumstances like investor's relevant tax bracket. Superior corporations usually take on more debt. Companies with a high proportion of net fixed assets are normally financed with more long-term debt and less short-term debt.

The marketing and research community has been measuring the wrong thing that is attitudes versus financial returns and thinking about investments in the wrong context (communication channels versus customers). Strategies and investments are not about

attitude goals and communication channels, they are about meeting customer needs better while improving ROI.

Financial leverage results from the difference between the rate of return the company earn on investment in its own asset and the rate of return the company must pay its creditors. Risk management effectiveness combines both the ability to exploit opportunities and avoid adverse economic impacts, and has a significant positive relationship to performance. This effect is moderated favorably by investment in innovation and lower financial leverage.

However, the base of any business is a healthy appetite for risk, since returns higher than the risk-free interest rate can only be achieved through risk taking. This is why one of the greatest and most important challenges for corporate executives is to define the optimal risk level for their business.

A risk management system is a valuable instrument for assessing the exposure to risk that participants in the financial sector in general are subject to. Risk systems also provide a measure of the amount of capital necessary to provide a cushion against potential future losses, a vital element for both managers and regulators.

Schnabl, et al. (2013) found that very little risk is transferred because the risk was highly concentrated towards banks and that is why the stock returns of banks goes down. Merton (2013) says that a new kind of systematic risk arises when refinancing opportunities; decreasing interest rates and increasing home prices collectively create their linkage with the house owner leverage. This type of risk does not depend upon dysfunctional behavior. This risk was termed as ratchet effect.

Shibu, et al. (2014) Studying the stocks of five companies for five years (2006-2010) by using OLS regression methods said that there is strong negative relationship between the stock returns and the leverage taken but individually the relation was found not that much strong. They also showed that there is positive relationship between size and the stock returns.

Rockinger, et al. (2015) believe that a firm is considered undercapitalized by any financial institution when the whole financial system is undercapitalized, this is called systematic risk. Investigating 196 non-US European financial institutions found that the cost for some banks were too large to be controlled.

Research Methodology

Research is Quantitative in nature and data was collected for the period of 2007-15. Secondary data was gathered from annual reports of the subject eight industries, daily shares trading documents, State Bank of Pakistan site, Karachi Stock Exchange (now PSE) site, digital library, finance search engines and sites, general Index of Share prices site, articles from Pakistan Development Review, research articles from various journals and online databases of JSTOR, Emerald, John Wiley and some of data was gathered from face to face interviews with the top management of selected industries of Pakistan.

Annual reports of selected eight corporations have been gathered from the industries and retrieved the required information. The stock prices of last eight years of selected industries have been gathered from Karachi stock exchange. The total time of data collection was almost four months including both primary and secondary data.

Review of Pakistani Industries

Cotton textile production is the most important of Pakistan's industries, accounting for about 19% of large-scale industrial employment, and 60% of total exports in 2000-01. The textile industry as a whole employs about 38% of the industrial workforce, accounts for 8.5% of GDP, 31% of total investment, and 27% of industrial value-added.

The Chemical industry is one of the most basic and important manufacturing business globally. Its total turnover approaches \$1,000 billion, giving it a size comparable to that of other large international industries such as the automotive, steel, mechanical engineering and electronic industries. Pakistan's chemical industry produces a number of basic chemicals used in its other industries, including soda ash, caustic soda and sulfuric acid. Industrial output from other major industries also includes refined sugar, vegetable ghee, urea, rubber tubes, electric motors, electrical consumer products (light bulbs, air conditioners, fans refrigerators, freezers, TV sets, radios, and sewing machines), and pharmaceuticals.

It is estimated that production of engineering goods in terms of value amounted to more than Rs.200 billion, with average annual growth rate around 10 %. Total fixed assets in the engineering sector are estimated to be around Rs. 125 billion. The Eighth Five Year Plan envisaged an investment of Rs.80.43 billion in the promotion and development of engineering goods industry out of which 40 percent or Rs.32.64 billion was proposed to be absorbed in the modernization and creation of new capacity in transport equipment while 39.32 % or Rs.31.63 billion would be channelized.

Pakistan's sugar industry is passing through an unprecedented tempo of growth. As of 1991-92 there were 53 sugar mills operating in the country with a total installed TCD of about 172,200 which produced 2.33 million tons of sugar. With the advent of 1992-93 seasons so far five new sugar mills have come into operation. Pakistan at present has 53 sugar mills with a cane crushing capacity of 180,000 tons per day (including beet adjusted to cane). These are capable of producing about 1,800,000 tons of sugar in a normal crushing season of 150 days and at average recovery-

Energy is one of the world's most important resources. Over the last century, petroleum products have become the major supplier of the world's energy demand. In Pakistan petroleum products supply 42 percent of the energy needs. The industry which comprises exploration and production (upstream), refining and marketing (downstream), is the single largest contributor to the national exchequer. Demand for oil products has grown at nearly 8% per annum in Pakistan since 1948 and is expected to continue at similar levels in the years to come. This translates into the demand of oil increasing from the current 14 million tones to almost 25 million tones within 10 years. With the government's emphasis on rapid economic growth, road construction and a

shift towards greater urbanization, the country's vehicle population is expected to reach 3.9 million by 1999 from the present 2.6 million. Tractors are also expected to add to the demand for diesel fuel.

Transport and Communication network is among the most important of basic infrastructures. The development of country's economy is largely dependent on its efficiency. At the time of independence, Pakistan had inherited a limited network. There was only 50,367 km of roads, 8,553 km of rail track, and seven shipping vessels having 59,414 dead-weight ton capacities, only 21,209 registered vehicles on the roads, 3,036 posts offices, and seven telegraphs offices (all located in the urban areas). There were only 12,436 telephones and 45,426 radio sets and no air transport facilities were available for common use. The network has since been vastly expanded and improved but still remains deficient in fully meeting the present requirements.

Cement Production in 1995-96 is estimated at 9.403 million tones as compared to 8.420 million tons in the preceding year. The present installed capacity of 22 cement plants (17 private & 5 public sectors) is 10.492 million tones. Total estimation of production of these plants was 8.544 million tons in 1994-95. As many as eleven new cement plants are being planned or implemented all in the private sector. The capacity of these projects is estimated at 12.988 million tones. The existing plants have also planned to expand their capacities. This worked out to 5.070 million tones. Thus the total capacity of cement projects, existing and upcoming is increasing day by day.

Production of paper and board increased from 80,920 tons in 1984 to 169,228 tons in 1990 showing more than 100 % rise in six years. In the last three years the paper industry has shown improvement. This is evident from the capacity utilization which was 63 % in 1988-89 increased to 70 % in 1990-91. At present Karachi Stock Exchange have 13 companies in the paper and board section with total paid-up capital of Rs. 743.60 million. According to Pakistan Pulp Paper & Board Makers Association, there were 23 paper units that were its members. Production of these units increased from 80,920 tons in 1984 to 169,228 tons in 1990 showing more than 100% rise in six years. The production in different categories was: writing and printing paper 33% packing and other 20% paper board and 26 chip board 21 %. In the last three years capacity utilization in the paper industry has shown improvement. This is evident from the capacity utilization which was 63 % in 1988-89 increased to 70 % in 1990-91.

Analysis and Interpretation

After data collection researchers have analyzed data by using formulas of return on equity, return on investment, CAPM formula, standard deviation, and leverage and applied all these formulas in Microsoft Excel, Beta through risk free rate, rate of return (stock & market) etc.

Research Hypothesis

A hypothesis is a statement that shows the inferred relationship among the different variables. The conjectured relationships among the variables are established

on the basis of previous literature available. These relationships can be verified using certain statistical tests/techniques. These hypotheses may be substantiated or not, depending upon the results derived from statistical analysis.

The following hypotheses have been proposed in the light of literature:

H0: High leverage increases the risk.

H1: High leverage decreases the risk.

H0: High leverage increases the stock return.

H2: High leverage decreases the stock return.

Result and Findings

The researcher found high level of leverage calculated through Debt to equity which was 1.68 (2015) creating a high level of systematic risk, leading to high volatility in the stock prices of these industries traded on PSE.

Table 1 *Leverage of Eight Industries for the Period (2007-15)*

| Industries | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---------------------------|--------|-------|----------|--------|---------|----------|-------|--------|
| Cotton | 0.3092 | 1.546 | 0.249966 | 1.2495 | 0.43464 | 0.240663 | 2.546 | 1.4094 |
| Chemicals | 0.0909 | 0.455 | 0.018537 | 0.0925 | 0.1154 | 0.01787 | 0.578 | 1.8400 |
| Engineering | 0.3963 | 1.982 | 0.325681 | 1.628 | 0.56 | 0.25815 | 2.8 | 2.2978 |
| Sugar & Allied | 0.3371 | 1.686 | 0.313745 | 1.569 | 0.411 | 0.29583 | 2.381 | 1.3192 |
| Paper & Board | 0.3864 | 1.932 | 0.294686 | 1.473 | 0.5395 | 0.22605 | 2.697 | 1.5165 |
| Cement | 0.4653 | 2.327 | 0.43631 | 2.182 | 0.7008 | 0.47649 | 3.503 | 1.8938 |
| Fuel & Energy | 0.1993 | 0.997 | 0.049779 | 0.249 | 0.2532 | 0.01628 | 1.266 | 0.6829 |
| Transport & Communication | 0.1161 | 0.581 | 0.351013 | 1.755 | 0.2481 | 0.41163 | 1.240 | |

*The market risk that beta was 2.178548 during the studied period of eight years.

Table 2 *Industry Leverage for Fiscal Year (2015)*

| Industry | Leverage Ratio |
|--------------------|-----------------------|
| Cotton Textiles | 1.4094 |
| Chemical | 1.840 |
| Engineering | 2.297 |
| Sugar & Allied | 1.3192 |
| Paper & Board | 1.5165 |
| Cement | 1.893 |
| Fuel & Energy | 0.6829 |
| Transport and Comm | 2.1785 |
| Average | 1.6803 |

Average leverage is 1.6803. Engineering, cement, and transport and communication, indicated the value above than average leverage ratio. However, the pattern of leverage across industries does not change much over time. The extent of leverage is lower compared to previous years as determined by the other researchers. This is because of reforms introduced from 1988 onwards in corporate sector by the Government of Pakistan, primarily, through the Securities and Exchange Commission of Pakistan. The strategy of corporate financing has also been changed gradually to reduce debt to equity ratio from 80:20 and 60:40 to 50:50 over time.

The notable change is observed in Engineering, cement, and transport & communication where the leverage magnitude is higher. Other industries do have variations in their leverage magnitudes. But the pattern has been almost the same in the January 2001 to December 2010. Transport & communication; Engineering has the highest level of leverage whereas fuel and energy, sugar and allied have the lowest level of leverage.

Conclusion

The researcher found high level of leverage calculated through Debt to equity which was 1.68 (2015) creating a high level of systematic risk, leading to high volatility in the stock prices of these industries traded on PSE. The market risk that is beta was calculated to be 2.17. The strategy of corporate financing needs to be changed to reduce debt to equity ratio from 80:20 and 60:40 to 50:50 depending upon size and financial position of the industry over the time .

Despite the reforms introduced so far by the Government, corporate sector still carries a high level of leverage creating a high level of systematic risk, leading to high volatility in the stock prices of these industries traded on KSE. It is recommended that the debt equity ratio should be brought in line with international norms, i.e. 40:60.

The commercial banks can be advised by the State Bank of Pakistan to keep this ratio in view while extending fresh loans to the corporate sector. The underwriters in Pakistan significantly under-priced the new issues (IPO's) to minimize their own risks of the new issues. This under-pricing causes direct loss to the issuing firm and their collection of funds is lower than the intrinsic value of the issued stock. It may temporarily increase the stock price of the firm but in the long run it works negatively and increases the systematic risk of the firm leading to lowest stock prices. It is, therefore, recommended that the SECP and KSE Now Pakistan Stock exchange (PSX) should ensure that underwriters price the new issues relevant to the intrinsic value of the stock. As in the U.S. and other development countries, there could be an under-pricing of up-to 10% to make the stock attractive for the investors. This research could be beneficial for Corporate Sectors specialists like: financial analyst, investors, Brokers, and PSX traders who can use this research for investment decisions in buying or selling stocks enlisted on PSX.

In future of this research can be extended to all 34 sectors listed on Pakistan Stock exchange and not only limited to these eight sectors discusses. Financial analyst and PSX traders can use this research for investment decision making in future as well.

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IMPACT OF TRAINING AND DEVELOPMENT ON EMPLOYEE'S PERFORMANCE: A CASE STUDY OF PRIVATE LOCAL SCHOOLS, DISTRICT NOWSHEHRA, KPK

Saqib Shahzad^{*}, Zunnoorain Khan^{**} & Muhammad Nauman Habib^{***}

^{*}Demonstrator, Abdul Wali Khan University, Mardan PhD-Scholar, Institute of Management Sciences, Peshawar. Email: saqibshzad26@gmail.com

^{**}Lecturer, City University of Science and I. T, Peshawar, PhD-Scholar, SZABIST, Islamabad

^{***}Assistant Professor, City University of Science and I.T, Peshawar, PhD-Scholar, Institute of Management Sciences, Peshawar

Abstract. *Training and development has been the phenomena related to organizations in different programs and activities and its objective to improve the performance of individual employee. This research study was aimed to identify the impact of training and development on employee's performance. The research methodology was based on primary data that was collected through self administered questionnaires from teaching staff in private local schools in district Nowshehra, KPK. 250 questionnaires were distributed among the teaching staff. 217 questionnaires were returned, whereas 8 improperly filled questionnaires were discarded and 209 properly filled questionnaires were included in the analysis of the study. From the results, it has been concluded that training and development was found to have significant impact on employees' performance, hence hypothesis H_1 was accepted.*

Key words: Training, development, employee performance

Introduction

Training has been one of the important among the components of success for any organization. It has importance because by providing proper training the employees of any organization get equipoised. This skill enhancement through training has added to the efficient performance of the organization. In human resource development to train the employee has been the best and positive point for the organizations. The human resource department has improved the skills of their employees and they have to trained them and remove the deficiencies because successive organizations have trained employees with high polished skills. The terminology of training has shown that an activity through which an employee gains knowledge, skill and competencies. Other were different names given by the researchers for the terminology of on the job training, such as workplace learning, work related learning that strongly influenced the

competence of an employee and also developed the employees' competence (Fenwick, 2001). The methodological practices has strongly influenced the on the job learning from the perspective of an employee (Bering, Doorknobs & Simons, 2007). Those have taken only two methods for on the job learning.

Research Question

What is the relationship between training and development and employee's performance?

Objectives of the Study

- To find out the determinants of training and development.
- To investigate the impact of training and development on employee's performance.

Problem Statement

The author has tried to touch upon an area of training and development in the private local schools and to identify whether or not the training and development practice effect employee's performance. To the best of author's search efforts no study has been found in district Nowshehra that have linearly modeled these variables in a study.

Significance of the Study

The study will carry importance towards the effectiveness of private local schools, to ensure the training and development practices for improving employee's performance. The individuals as well as the management of the private local schools will be specifically among the beneficiaries. The results of the study will open doors for the researchers to focus on these schools and suggest recommendation for improvement so these schools may also be in a competing mode with the established private schools of the country.

Literature Review

Every employee has been in the need for some training where they performed their works in an efficient and accurate way where they showed some excellence in their work. Now in organizations every employed were having some non technical skills where they participated in every work sessions and programs and they all need it because they respond in different environment and in different organizations and training sessions(Cooney & Danny, 2002). every person are bounded to be trained where they were trained to performed in non-technical skills so that they are able to participate in quality improvement activity and also they needs a high range of skills so that they can easily respond or adopt the customer and market requirements (Schonberger, 1994). Organization must have to make such policies which are easy to implement and action to be performed easily because the person who making decision

was once from the same position. It also has led to the value making for the organizations by the employees which was good sign of good employee. Edwards (2005) has stated that organization job rotation was important because with the job rotation. It increases the abilities of employee to work in different environment and designations. Training has been used as a major tool for retaining current employee development and ultimately for improving organizational performance (Paek & Jeeyon, 2005). Organization adopted the job revolving also there were reasons for the adoption of rotating jobs (Eriksson & Ortega, 2004). Energetic and sharp minded whereas the advisories found such type of adviser who were once a champion in their fields (Ragins & Miller, 2000). Knowledge from the development job rotation and the skills that the employee needed for development to perform their full range of responsibilities and duties which were being assigned from the beginning of the career enrichment job rotation. The relationship of employee's where there were two relation the one was agency workers and the other was permanent employee's (Pfeffer, 1994; Rousseau, 1995). In this paper they were concerned with the 2 commitments. One was the job and second one was co-workers and the reasons are four. First, commitment can improve the work (Yoon, Baker & Ko, 1994), second seems to the workers with low standard of job who are most in trusted in their jobs (Gallie & White, 1993), third shows that the commitment of employees was not necessary that it shows his good performance. Meta-analysis we found that time was important for building commitments (Mathieu & Zajac, 1990; Meyer, Stanley, Herscovitch & Topolnytsky, 2002) coworker relationship make a physiological relationship between his/her colleagues and enjoy working with them (Wiener, 1982). Work experience was effective when it was correlated significantly and positively (Meyer, et al., 2002). Motivating the employees had a positive effect on the occupied agreements where not on the organizational agreements (Wallace, 1997).

H₁: Training and development has significant impact on employee's performance.

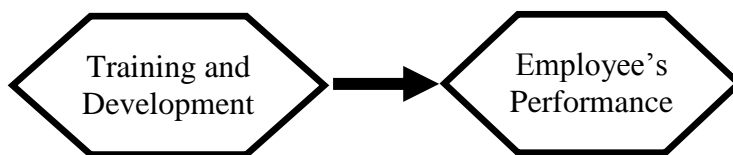


Figure 1: Conceptual Framework

Research Methodology

The study was explanatory in nature. The population of the study was the teaching staff in private local schools in district Nowsherha. For the research study selected areas (villages) were targeted as the target population of the study. The sample size of the study was 250 employees. 250 questionnaires were distributed among these 250 teaching staff using convenient sampling technique. 217 filled were received out of

them 8 questionnaires were improperly filled, so 209 properly filled questionnaires were used for analysis. The response rate with respect to 209 was 83.6%. The questionnaire comprised of two sections. Section A included Demographic Characteristics i.e. Gender (Male and Female), Age, Qualification (Secondary, Bachelors, Masters etc), Professional Qualification (PTC, CT, B.Ed, & M.Ed).

Results

Table 1: *Reliability Analysis*

| Variable | Cronbach's Alpha | No of Items |
|--------------------------|------------------|-------------|
| Training and Development | 0.821 | 13 |
| Employee's Performance | 0.783 | 10 |

The above table reliability show that the Cronbach alpha values for training and development and employee's performance respectively are $\alpha=0.821$ and $\alpha=0.783$. Hence it is evident that the questionnaire was highly reliable.

Table 2: *Correlation Table (N=209)*

| | | TD | EP |
|----|-----------------|-------|----|
| TD | Correlation | 1 | |
| | Sig. (2-tailed) | .001 | |
| EP | Correlation | .622* | 1 |
| | Sig. (2-tailed) | .002 | |

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

TD= Training and Development, EP=Employee's performance

The above table of correlation show that the co relational value between training and development and employee's performance is 0.622 ($p=.002$), means that there is 62.2% association between training and development and employee's performance.

Table 3 *Model Summary*

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|---------------|
| | | | | | R Square Change | F Change | Sig. F Change |
| 1 | .522 ^a | .353 | .295 | .56175 | .353 | 6.361 | .001 |

a. Predictors: (Constant), Training and Development

b. Dependant Variable: Employee's Performance

Table 3 shows that the model summary statistic represent the value of Adjusted R square is 0.295 which represent that 29.5% of variance in employee's performance has

been explained due to variation in training and development. The F value tell us about statistical significant of the model. Since the calculated value of $F = 6.361$ with significant level ($p=.001$), thus representing that the model was statistically highly significant.

Table 4: *Coefficients*

| Model | | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|-------|--------------------------|-----------------------------|------------|---------------------------|-------|------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 2.541 | .432 | | 5.126 | .000 |
| | Training and Development | .317 | .104 | .343 | 2.513 | .002 |

a. Dependent Variable: Employee Performance

The above table 4 shows the coefficients value for the variable of the model. The beta value training and development is $\beta=0.317$ which represent that if training and development is increased by 1 unit then it will cause 0.317 units increase in employee's performance. On the basis of t value the researcher decide upon whether the hypothesis should be rejected or accepted .The threshold value t at 5% is ± 1.96 , the calculated of 't' is 2.513 with a significant level of .002 ($p < .05$), which means that hypothesis H_1 is accepted that training and development has significant impact on employee's performance.

Conclusion

This study has focused to find out the impact of training on employees performance of teaching staff employed in private local schools. Where, training and development was independent while employee's performance was dependent variable. It has been concluded from the analysis of this research that training and development was found to have significant impact on employee's performance. As long as the trainings are arranged for the teaching staff on frequent basis ultimately it will help in developing and polishing the teaching skills of employees working in the private local schools. The outcome of this training and development will be in the form of employee's better performance. In addition to this professional training regarding teaching at these schools the turnover ratio in these schools can also be reduced to optima level.

Recommendations and Limitations

In the light of the above results the management of private local schools are encouraged to focus on training sessions properly for betterment of employees performance, whether on the job or of the job. The employees should be sponsored for trainings for the purpose of development that will ultimately improve the organizational performance. The management of the schools is encouraged to finance

the teaching staff for their professional qualification towards their respectable profession. While conducting the study the limitations faced were first the time constraint for the researcher. Second was the respondents' willingness to participate in the study because the employees were not trained and even not used to, to such studies. The specific areas selected were not enough. The sample size was limited as well.

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THE RELATIONSHIP OF INTERNAL AUDIT QUALITY AND CORPORATE GOVERNANCE MEASURES OF MULTINATIONAL CORPORATIONS (MNCs) OF PAKISTAN

Ajab Khan

Assistant Professor, Management Sciences Department Bahria University Islamabad

E-mail: ajabburki07@gmail.com

Abstract. *The internal audit is a primitive element for good corporate governance. This need has been largely felt in the developing countries to enhance and promote the corporate governance mechanism. This research evaluates the implication of internal audit of Multinational Corporations (MNCs) of Pakistan on corporate governance's quality. The outcomes of this research reveal significance of internal audit role in corporate governance of MNCs. The significance of audit committee and management in this aspect is predominant. Similarly the results also show the vitality of corporate governance in terms of quality is significant when there is independent audit department with requisite expertise of auditing. However, the reliability of internal audit is primarily determines the characteristics of management of corporate governance. Contrary to this, the implication of internal audit is insignificant on the external audit workers as well as the board of directors of MNCs in Pakistan.*

Key words: Corporate Governance, Internal Audit, MNCs, Pakistan.

Introduction

This study adds on value in producing a greater understanding into the implication of quality of internal audit and corporate/organizational governance mechanisms in MNCs working in Pakistan. The significance and efficacy of these results is valuable for the regulators, investors, and overall stakeholders for their requisite concerns in terms of value creation and performance.

The purpose of this paper is to estimate the implication of good internal audit practices on the organizational/corporate governing practices in MNCs of Pakistan. The relationship in terms of quality of internal audit performance and its due implications on organizational/corporate governance has been redefined in larger spectrum (Abdullah, 2014; Sarens, et al., 2012).

The importance of sound internal audit performance and the up-to-mark mechanisms of organizational/corporal governance have becoming very imperative after the world financial crisis of 2007-09 (Mohamad & Sori, 2011).

Literature Review

In the recent two decades, the importance of corporate governance has gained a tremendous attention because of various notorious financial scandals happened. The critical aspect related to the smooth functioning of corporate governing is the quality of internal audit of the firms. Due to financial turmoil and scandals, that hampers many businesses across the globe from smooth working which resultant in the economic activity deterioration which caused the higher inflation and lowering the purchasing power of the incumbents (Ibrahim, 2011).

The Securities Exchange Commission of Pakistan has initiated a strong and bold step for the codes of corporate governance in 2002. These codes are better aligned with the international codes, standards and guidelines for effectively protecting the incumbent stakeholders. The essence of deploying good corporate governance is to attain the sustainable economic development by increasing and invigorating the requisite resources of the corporations for better financial performance and attaining maximization of shareholders' value at the end. Good corporate governance mitigates the clashes of interests and aligns the interests of all stakeholders in the better prospects of the corporations on win-win phenomena. Congenial corporate governance reduces the clashes of interests between shareholders and the management (Jensen & Meckling, 1976). The effective corporate governance places high value and satisfaction for both entities by protecting their interest and attaining the overall goal of the corporation with efficiency.

Internal audit function

Internal audit is defined by Reding, et al. (2013) is a unit that provide a thorough insights to the management and boards in terms of internal control, risk management, governance parameters for the reasons to improve upon the governance aspects, operational efficacies (reporting and compliance as per standards) to cope up the strategic goals and objectives. The internal audit function is having significantly positive association with organizational/corporate governance mechanisms for improving upon the strategies for risk management by augmenting the internal control, enabling management for taking corrective measures when needed and catering all inputs of audit committee for reaping more sophisticated outcome for the achievement of the organizational objectives (Sarens, et al., 2012).

The internal audit provides with a deep insight of understanding the imminent risks with appropriate suggestions and recommendations to hedge and mitigate it (Jie, 2012). Internal control is imperative for the system in terms of safeguarding organizational assets and ensuring all the activities of the businesses according to the incumbent organizational policies and rules. The domain of internal control can be versatile i.e. financial as well as non-financial aspects of the organization for its management and control. The internal audit function is responsible for coping up with the adequate control of the organization for ensuring smooth running of it (Boghean & Boghean, 2013).

According to El-Kassar, et al. (2014) determined that the internal audit functions critically impacting the organizational/corporate governance specifically for audit committee and administration. Furthermore, the independence of audit department with its due expertise is having far reaching positive implications on the mechanisms of good corporate governance. Besides, it is also impacting the characteristics of management in general.

The internal audit is highly imperative for effective corporate/organizational governing practices in any business environment for effectively coping up the objectives of the management for enhancing value creation of stockholders. This is based on the notion of effectively protecting their rights from any undue influences (Mihiotis, & Konidaris, 2007). The importance of internal audit is highly recognized throughout the whole globe after promulgation of Sarbanes-Oxley Act of 2003. The core theme was to protect the incumbent shareholders by protecting from unwanted anomalies happening in the businesses with the perspective of adding more value in the requisite organization (D'Silva & Ridley, 2007).

Organizational/corporate governance

The objectives of any organization can't be effectively achieved without having efficient organizational/corporate governance in place. The most imperative role resides on the shoulders on board of directors for effectively deploying the corporate governance mechanisms in true spirits. Their presence necessitates that all the departments should congruently work for catering the envisaged vision and objective for achieving higher value creation efficiently. On the other hand, the external auditors provide the unbiased and impartial reports regarding the working activities of the internal governance structure for their boards and management's role played for the creation and sustainability of value for the shareholders (Saltaji, 2013).

The essence of effective corporate governance has been initiated and coined by Organization for Economic Cooperation & Development-OECD in 1999 as the mechanisms and system through which corporations would be controlled and run effectively for the better interest of the organization and stakeholders. This has been validated by Kirkpatrick (2009). Similarly, Cadbury (2010) defined the organizational/corporate governance as it keeps balance between social and economic goals of the organization.

The Method

Design

This research utilizes comprehensive and objective questionnaire to determine and estimate the implication of internal audit functionality and its due implications on corporate/organizational governance parameters and practices deployed in MNCs of Pakistan. The incumbent questionnaire entails questions regarding various aspects related to the mechanisms of corporate/organizational governance: For instance, Top Management; Board of Director; audit committee; external and internal audit. The

incumbent questionnaires were distributed to the internal employees of the organizations i.e. heads/executives of internal audit; Heads of audit committee; and chief executive officers for knowing the importance of internal audit in shaping effective mechanism. For reliability and accuracy, the survey results have been measured.

Methodology

An objective questionnaire has been designed from the previous questionnaires of King 2 and 3 to determine relationship between the organizational/corporate governance mechanisms in association to top management; board of directors; audit committee; the quality work of internal as well as external auditors.

This study is utilizing the suitable sample of 100 questionnaires distributed to the top executives (Chief Executive Officers-CEOs); Heads of audit committee; and heads of internal audit units. The completed questionnaires returned were 72. Each questionnaire comprised a total of 34 related queries about the internal audit and organizational/corporate governance mechanism in MNCs of Pakistan (a detailed questionnaire can be found as Appendix-1 at the end).

- The first section comprising questions related to demographics
- The second section comprising questions related to internal audit function quality
- The third section comprising questions related to examine the requirements and features of corporate/organizational governance.

This study utilizes 5 points Likert scale for measurement. The scores obtained are averaged of organizational/corporate governance quality mechanisms (CGQ) and internal audit quality (IAQ). Besides the 03 sub-calculated internal audit measures in terms of quality are determined as:

- The freedom and independence of internal audit determined by IAQ-1 (IAF: 01 to 04).
- The trustworthiness of internal audit practices/functions determined by IAQ-2 (IAF: 05 to 09).
- The testimonials of audit staff (internal) determined by IAQ-3 (IAF: 10 to 14)

Similarly the incumbent 4 parameters of organizational/corporate governance quality recognized are given as follow:

- The efficacy of the boards of directors (BODs) determined by CGQ-1 (CG: 01 to 04).
- The efficacy of the committee (audit) determined by CGQ-2 (CG: 05 to 10).
- The efficacy of administration/management determined by CGQ-3 (CG: 11 to 12).
- The efficacy of external audit role determined by CGQ-4 (CG: 13 to 14).

The Results

Statistical analysis

This part comprises the statistical analysis of data gathered from the respondents cater descriptive statistics, correlation and regression analysis. The data from the requisite respondents are analyzed through descriptive statistics for larger understanding of the incumbent association. Besides, the gathered data are analyzed through correlation and regression for understanding the imperativeness of the given parameters. The data are analyzed for its reliability. Given the value of Cronbach alpha, the various aspects relevant to organizational/corporate governance are obtained in terms of quality, which are: for board of directors' questions it was 0.821; for audit committee it was 0.832; for management it was 0.758 and for external audit, it was 0.768. Similarly for internal audit, the Cronbach alpha values were as follow: independence related questions cater 0.835; reliability related questions cater 0.864; and education related questions of internal audit workers, it was 0.895. Here it is safe to summarize the outcome achieved through the incumbent objective questionnaires is highly valid and reliable for thorough and complete analysis.

The outcomes in terms of demographic can be précised as follow: 82 percent of the questionnaire respondents were male and 18 percent were female; 67 percent were in the age bracket of 30 to 40 years -11.80 percent of less than 30, and 20.60 percent were over more than 40 years of age; Master degree holders stood the highest as 60.30 percent, 25 percent were having bachelor degrees, 8.8 percent were having high school diploma, and 5.90 percent were having doctorate degrees; 47 percent were having a CPA qualification, while 7.4 percent were having CFA, and 6 percent were having CIA; 46 percent were having specialization in auditing and accounting, 44 percent in business administrative studies, and 10 percent in finance; in terms of experiences, 50 percent were having minimum of 10 years of experience in the same field while 44.5 percent were having work experience in between 5-10 years.

The above mentioned facts and figures in terms of qualifications, knowledge, experience and maturity of respondents enhances the reliability of the information with trustworthy conclusion at the end.

The descriptive statistics regarding the quality of internal audit are scored against IAQ, IAQ-1, IAQ-2, and IAQ-3. The mean scores were varying in between 4.26 and 4.45. Based on compiling these results against 5 point Likert scale approach, it shows that all the multinational corporations working in Pakistan are effectively complying up with all essential criteria and requirements to cope up with high quality of independence, skillful internal audit workers and reliability in all parameters.

On the other side, average for corporate/organizational governance ratings CGQ, CGQ-1, CGQ-2, CGQ-3, and CGQ-4 put together to be in the range of 4.21 and 4.74. Therefore, all such corporations have excellent corporate/organizational governance efficiency in conditions of well-governing boards of directors (BODs), well-working audit committees, efficient control of management/admiration, and good worth of external audit workers.

The Discussion

Correlation analysis

Having obtained the critical value of $\pm 0.240^*$ at significance level of 5% and critical value of $\pm 0.311^{**}$ at a significant level of 1%, the following outcomes can be established:

At 5% degree of significance, there is no connection and correlation exists between 3 internal Audit's scores i.e. IAQ-1, IAQ-2, and IAQ-3 offered by correlation coefficient with lower level. This facilitates the determination of the given ratings for the implication of internal audit on organizational/corporate governance of MNCs working in Pakistan.

A significant correlation occurs between corporate governance quality and internal audit quality, indicating the largely quality of internal audit and corporate governance. Corporate governance quality has been found to be having significantly positive correlation with the freedom of internal audit IAQ-1 at 1% and with the qualifications and knowledge of the internal auditors represented through IAQ-3 at 5% significance level. While the internal audit reliability represented through IAQ-2 does not show correlation with corporate governance quality represented through CGQ. Thus it can safe to conclude from these findings that independence and level of expertise of internal audit workers significantly effecting the corporate governance quality.

Considering and evaluating the rest of the corporate governance sub-measures, it showed no correlation existed between the board quality represented through CGQ-1 and the quality of external auditors represented through CGQ-4 with any of the internal audit scorings. This showed that the internal audit work does not have any impact on the quality of the board and the functionality of external auditors.

The quality of the audit committee represented through CGQ-2 has shown with significant positive correlation with internal audit scorings of IAQ-1 and IAQ-3 at 1% significance level but its opposite with the reliability measures at the same significance level. This shows that internal audit impact the audit committee in terms of effectiveness and functionality while it does not have any impact on reliability measures.

The quality of management which is represented through CGQ-3 shows significant correlation with internal audit at 1% level of significance. That means that internal audit practices has a significant impact on management/administration in terms of quality.

Table 1 *Correlation Matrix*

| | <i>IAQ</i> | <i>IAQ1</i> | <i>IAQ2</i> | <i>IAQ3</i> |
|------|------------|-------------|-------------|-------------|
| CGQ | 0.311** | 0.359** | 0.013 | 0.287* |
| CGQ1 | -0.03 | 0.100 | -0.09 | -0.09 |
| CGQ2 | 0.425** | 0.444** | 0.099 | 0.389** |
| CGQ3 | 0.487** | 0.347** | 0.249* | 0.379** |
| CGQ4 | -0.156 | -0.09 | -0.16 | -0.09 |

Regression analysis

Table-2 shows the regression analysis which are as follow: The quality of board and external auditors represented through CGQ-1 and CGQ-4 respectively, both dependent variables, has shown no significant effect. This outcome is in line with the already availed results of correlation coefficients. While the quality of internal audit has shown positive implication in terms of board independence and qualification of audit team which could influence positively the audit committee governance represented through CGQ-2.

At the end the regression analysis having CGQ-3 (as dependent variable) is indicating that the internal audit quality clearly impacting the audit committee domination for its individuality at 1% degree of significance. While the reliability of internal audit workers along with qualifications are showing positive significant result at 5% level of significance.

Table 2 *Regression Model*

| <i>Variable</i> | | <i>Intercep</i> | <i>IAQ1</i> | <i>IAQ2</i> | <i>IAQ3</i> | <i>Overall</i> |
|-----------------|--------------|-----------------|-------------|-------------|-------------|----------------|
| CGQ1 | Coefficients | 4.1179 | 0.1127 | -0.0239 | -0.040 | |
| | p-value | 0.0000 | 0.4047 | 0.8276 | 0.6557 | 0.8189 |
| CGQ2 | Coefficients | 0.0649 | 0.5967 | 0.029 | 0.3389 | |
| | p-value | 0.9580 | 0.0015 | 0.8229 | 0.0098 | 0.0001 |
| CGQ3 | Coefficients | 0.3116 | 0.4809 | 0.2986 | 0.2907 | |
| | p-value | 0.7767 | 0.006 | 0.0518 | 0.0276 | 0.0002 |
| CGQ4 | Coefficients | 6.1789 | -0.1656 | -0.3120 | -0.008 | |
| | p-value | 0.00012 | 0.5817 | 0.1417 | 0.9649 | 0.4679 |

Conclusion

In the recent decade there has been an imperative focusing on corporate governance practices specifically how to improve upon its quality. In this connection, the internal audit is the main element that determines the effective corporate governance in firms. This study evaluated the impact of internal audit quality in stimulating and promoting the corporate governance measures related to the multinational corporations working in Pakistan. This study analyzed and investigated the association and relationship between quality of internal audit, reliability, independence, qualifications and expertise of team working for the firms and the effectiveness of corporate governance in light of board of directors, management, committee for audit and external auditors.

The outcomes show substantial association and relationship between the characteristics of internal audit quality and corporate governance. It has been evident that the audit committee and management have been largely affected due to internal audit quality. Furthermore, it has been revealed that keeping high grade of

independence and audit department expertise, could have significant implication on the corporate governance quality. Besides, the internal audit reliability has shown significant implication on management. Contrary to that the external auditors and the board of directors are relatively less impacted by the internal audit.

Recommendations

In light of the above results, it is safe to recommend that organizational/corporate governance in light of audit committee, the executive of internal auditors should properly maintain accurate, in-time, reliable and independent reporting to the head of audit committee and to the top executive of the organization i.e. CEO for larger disclosures and compliance as per standards. Apart from that the audit committees are supposed to develop the annual financial planning couple with budgeting independently. Such development on the part of audit committee may not bear any influence from the management. This notion of carrying along with the standards and governmental regulations would eventually be protecting the interest of the stakeholders in larger spectrum which would contribute to the smooth functioning of management.

To cater and enhance the measures of corporate governance, it is imperative to have a team of internal audit well equipped with appropriate qualifications, skills, experiences and training to comply audit according to the given charters and standards independently.

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Appendix-1: Questionnaire

The first section comprising six questions related to demographic.

| | |
|----|------------------------------------------------------------------------------------|
| 01 | Level of qualifications (High school, Bachelor, Masters, Doctorate) |
| 02 | Specialization (banking, business administration, accounting & auditing ,other) |
| 03 | Experience (<5 , 5-10 , >10) |
| 04 | Specialized certifications/qualifications (CIA, CPA, CFA, no certification, other) |
| 05 | Age bracket (<30, 30-40, >40) |
| 06 | Sex (male, female) |

The 2nd section comprising fourteen questions related to internal audit function quality

| | |
|----|-----------------------------------------------------------------------------------------------------------------------------------------|
| 01 | Internal audit function's head has a functional and effective reporting line to the chairman of audit committee. |
| 02 | The internal audit head has managerial reporting link to the chief executive officer (CEO). |
| 03 | The plan of internal audit and budget are prepared without taking into account for the senior management recommendations. |
| 04 | The head of internal audit sees confidentially with the board of directors or Head of audit committee with-out administration presence. |
| 05 | The internal audit department has formal and official strategy in the shape of |

| | |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | audit contract. |
| 06 | Does the internal audit comply the standards set by the government? |
| 07 | The internal audit workers work as per the guidelines and formulated procedures and techniques developed by the board. |
| 08 | The practice of in-time and real time reporting from internal auditors are intact for avoiding any unlawful and unwilling functionality to the requisite top management. |
| 09 | To cater higher quality of job and accuracy in formulating audit report, the internal auditors are having privilege to conveniently accessibility to information and the incumbent people. |
| 10 | Sufficient training and development programs are carried for enhancing the capabilities of internal auditors. |
| 11 | The quality of the job is intact due to requisite skills and expertise from the internal auditors. |
| 12 | Professional qualifications/certifications are acquired by the majority of the internal audit workers. |
| 13 | The head of internal audit unit is having the requisite skills and experiences for doing the due tasks effectively. |
| 14 | The head of internal audit unit is normally coming from a versatile business background rather than effectively from the background of appropriate and professional audit's prospective. |

The 3rd section comprising fourteen questions related to examine the requirements and features of corporate/organizational governance.

| | |
|----|-----------------------------------------------------------------------------------------------------------|
| 01 | The composition of board if fair and independent. |
| 02 | The board members are having the requisite sills, expertise and related information. |
| 03 | The member of the board is entertaining sufficient timing for moving along with their duties effectively. |
| 04 | Each year, there used to hold at-least 4 meetings of the board. |
| 05 | The composition of boards' member is fairly independent. |
| 06 | At-least one of the board's member is having good knowledge of finance. |
| 07 | The plans and key changes of the internal auditors are supported by the audit committee. |
| 08 | The internal audit reports are analyzed by the audit committee. |

| | |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 09 | The work responsibility carried out by the audit committee in terms of appraisal of the performance and even termination of the head of internal audit is effectively tackled by audit committee. |
| 10 | The working relationship between the audit committee and internal audit workers are congenial. |
| 11 | The internal controlling parameters given in the policy framework are in place. |
| 12 | The controlling mechanisms given in the policy books of the organization are effectively operational. |
| 13 | External auditors are intact in one of the big 5 accounting firms. |
| 14 | The internal and external auditors are synchronized in terms of working of the audit of the incumbent organization. |

EXAMINING THE INTERCEDING ROLE OF LEADER-MEMBER EXCHANGE (LMX) IN THE RELATIONSHIP BETWEEN TRUST AND EMPLOYEE ENGAGEMENT

Haji Rahman* & Hafiz Ghufuran Ali Khan**

*Assistant Professor, Faculty of Business Administration, Preston University, Islamabad. Email: haji616@yahoo.com

**Assistant Professor, International Islamic University Islamabad
Email: hafiz.ghufuran@iiu.edu.pk

Abstract. *The quantity of research work on employee engagement and leader-member exchange signifies the importance of these organizational aspects from both the employee and employer point of view. The results of these researches vary from culture to culture and organization to organization. The purpose of this paper is to understand the role of leader member exchange between trust and employee engagement. For this purpose a sample of 133 respondents has been selected and their perceptions have been sought through a questionnaire. The results somewhat weakly supported the existing leader-member exchange theory in the relationship between trust and employee engagement. These results have practical as well as academic implications. Future research may look into the detailed causes of these results.*

Key words: Leader-member exchange (LXM), trust, employee engagement

Introduction

Employee's inputs are vital to any business organization. In fact, organizations have no ways other than to produce more from employing their respective expertise and competences (Ulrich, 2013). Therefore, firms acquire those individuals who keep interest in firm's values and goals, and who produce more from less inputs (Cauldron, 1996). To enable the employees to fully utilize their competencies an atmosphere of trust is highly critical. And within this atmosphere they are required to be engaged properly and adequately. Leader member exchange (LXM) is a dyadic relationship between the leader and the members in an organization. The essence of this relationship is that leader of an organization develops an exchange with her/his subordinates, and that the quality of this relationship influences employees' attitude and behaviour in the organization. Trust and respect and considered the two building blocks of this relationship. This relationship often becomes emotional relationship that extends beyond the scope of employment.

Trust is observable by individuals activities – eventually reflecting center principles, norms (Schein, 2004), and the profundity of individual promise (Senge, 2006). In this sense trust is essentially characterized as the shared comprehension between two persons that vulnerabilities would not be abused and that the connection is protected and polite. According to Doney, Cannon, and Mullen (1998), trust is "an eagerness to depend on another gathering and to make a move in situations where such activity crafts one powerless in contradiction of the other gathering".

The relationship between trust and work engagement is reciprocal and could positive organizational consequences (Chughtai & Buckley, 2008). Research witnesses that an atmosphere of trust prompts wide-ranging advantages for people. Research has also proved that rise in trust effect in a straight line or roundabout means in further affirmative environment practices and dispositions like authoritative responsibility and representatives work engagement (Dirks & Ferrin, 2002). Gupta and Kumar (2015) examined trust as an arbitrator between justice and worker engagement. Keeping in view the importance this reciprocal relationship in organization, this paper attempts to explore the mediating role of LXM between trust and employee engagement.

Research Question

- What the level of the existing relationship between trust and employees engagement in the target population?
- Does LMX mediate trust and employees engagement in the target population?

Problem Statement

Studies on LXM from various dimensions and in various populations abound (Chughtai & Buckley, 2008; Gupta & Kumar, 2015; Harris, Harris & Brouer, 2009; Ilies, Nahrgang & Morgeson, 2007; Law, Wang & Hui, 2010; Roberts & Davenport, 2002). However, the mediating role of LXM between trust and employee engagement has scarcely been touched upon. This paper addresses this gap. Secondly, the subject population has not been researched in terms of any of the variables in the study.

Employee Trust

Trust has widely been researched wherein the researchers have pointed out that trust is essential for understanding a culture (Doney, et al., 1998), leadership (Dirks & Ferrin, 2002), justice and employee engagement (Gupta, & Kumar, 2015), for managerial innovation (Gabris, Grenell, Ihrke & Kaatz, 2000) and organizational productivity, and organizational commitment (Nyhan, 2000). There appears a wide range of definitions by different scholars and practitioners that lacks consensus that is why it termed elusive and difficult to comprehend. However, there appears that for majority of the scholars the concept of trust encompasses faith, fairness, uncertainty, vulnerability, and risky situations. On the whole employee trust is an employee willingness to rely on a trustee's behavior in an uncertain, risky situation.

Leader member exchange (LMX)

Leader-member exchange is also a very common process related to employee engagement and trust. By definition, it is the quality of the relationship dyad between a supervisor and the subordinate. Leader-member exchange and trust have a complex relationship (Dirks & Ferrin, 2002). According to Graen and Uhl-Bien (1995) LMX consists of three dimensions—trust, respect and obligation. The theory of LMX expostulates that for the development of quality relationship there should be balanced efforts from both the subordinate and the supervisors. This means that trust is an integral part of the LMX theory with the caution that trust need not be completely reciprocal and mutual (Mayer, Davis, & Schoorman, 1995).

Liden and Maslyn's (1998) look at this relationship from a more multidimensional aspect. According to them LMX includes dimensions of loyalty, affect, contribution and professional respect. These bases of trust have been widely studied. As work trust and its role in LMX has both cognitive and practical aspects, one can hardly, it is quite natural that some may be highly effective in nature whereas some may be highly cognitively loaded. In the latter case the LMX dimensions of professionalism and contributions are more likely to enhance cognitive trust as opposed to affective trust. On the other hand, dimensions like loyalty and liking may increase affective trust. On the whole, whether it is affective or cognitive the quality of trust is central to a powerful base of LMX relationship.

Leader-member Exchange relationship is generally presumed to get developed in three stages—the organizational stage, the role development stage and the establishment of a leader-led relationship where a person rises from a group for various reasons. There usually is a task that needs to be performed and the approaches of doing it range from anarchy to a single person directing everything. A number of factors like cultural, social, economic, charismatic, etc. can solidify leader-led relationship and maintain them over time.

Employee engagement

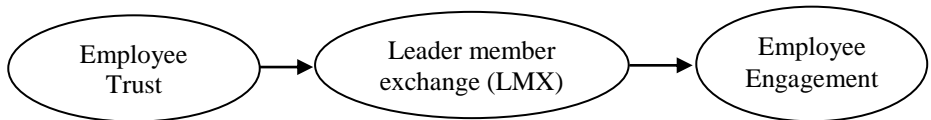
The centrality of HR has since been firmly established, researchers are busy in exploring physiological and psychological bases for making this asset more effective and efficient. Employee engagement is one of the factors that have attracted the attention of the researchers. In simple terms it is an employee's attachment in business (Roberts & Davenport, 2002). The more employees are involved in their occupations the more they find themselves highly motivated in work itself. Engaged employees have been found inclined more to put efforts tougher, more effectively and efficiently as compared to those not engaged. Employees through engagement—physical, mental, and emotional—drive to better presentations (Kahn, 1990). Employees' engagement has been found a very fruitful tool for achieving organizational goals.

Employee engagement is not completely an independent construct. There is a deep relationship between engagement and trust. This relationship is reciprocal in attaining the desired results for organization (Chughtai & Buckley, 2008). Research has empirically proved that an environment of trust leads toward extensive plus varied

assistances in lieu of people performing within organization. Researchers have proved that rise in trust effect in a straight line or roundabout means in further affirmative environment practices and dispositions like authoritative responsibility and representatives work engagement (Dirks & Ferrin, 2002). Organizations prefer engaged and productive workers as they are the main pillar for keeping service quality.

Theoretical Framework

For a good research a good theoretical framework that structures a theory is very essential. A number of research works (Chughtai & Buckley, 2008; Gupta & Kumar, 2015; Harris, Harris & Brouer, 2009; Wang & Hui, 2010; Sanders & Frenkel, 2011; Wat & Shaffer, 2005) have addressed the relationship of trust, LMX and employee engagement in different situations and from different angle. In the light of these and many others, the following theoretical framework has been set for this study.



Research Methodology

Survey research technique has been employed. The survey has been undertaken with the help of a self-administered questionnaire. The question for all the three constructs has 27 items in total. Trust variable is measured through Krot and Lewicka (2012) with reliability coefficient Cronbach alphas more than 0.80. LMX has been measured through five-item scale produced & validated by Bernerth, Arminakis, Feild, Giles and Walker (2007) with reliability coefficient Cronbach alphas 0.82. Employee engagement has been measured scale developed by Crabtree (2005). For measurement of these constructs a five point Likert scale from strongly disagree to strongly agree has been employed. For interpretation of the data SPSS has been used.

Sample and the target population

The population of the present study is concentrated on Punjab small industrial estate Taxila with its 13 recognized companies. The total number of workers and managerial staff in these 13 operational companies are 203, while the estate is in constructive stage. Sample size is calculated through finite formula of (Krejcie & Morgan, 1970). Through multistage random sampling 133 respondents randomly selected out of 203 employees of small scale industries of 5 unsystematically nominated companies, which remains almost 65% of aimed inhabitants.

Results

Reliability of the scale has been checked through Cronbach Alpha for internal consistency which is 0.604 for the complete scale. Though the value is not that much good, it is within the acceptable level. Other descriptive statistics are given in table 1.

Table 1: *Descriptive sample statistics*

| | N | Minimum | Maximum | Mean | Std. Deviation |
|------------------------|----------|----------------|----------------|-------------|-----------------------|
| Employee Trust | 133 | 3.00 | 4.89 | 3.8477 | 0.46858 |
| Leader member exchange | 133 | 3.29 | 4.86 | 4.1402 | 0.37796 |
| Employee engagement | 133 | 3.18 | 4.73 | 3.9983 | 0.35954 |

To measure the strength of the association between the variables in the model Pearson correlation was run. Table 2 provides the results of the correlation analysis.

Table 2 *Correlation Analysis*

| Variable | Trust | Leader-member exchange | Employee engagement |
|------------------------|--------------|-------------------------------|----------------------------|
| Trust | 1.00 | | |
| Leader-member exchange | 0.491 | 1.00 | |
| Employee engagement | 0.123 | 0.101 | 1.00 |

The values in the table 2 demonstrate positive correlation among the variables. However, the values for employee engagement with employee trust and LXM are small i.e. 0.123 and 0.101 respectively while the value for LMX with trust is medium i.e., 0.491. The reason behind the low values could be the nature of the work in the sample companies. As each employee works in such a setting that almost free and there are very little chances wherein such relationship could get mature.

To know the strength, direction and the validity of the relationship between the variables of the study, regression analysis was applied to the above model. The results of the model estimation are produced in table 3.

Table 3a: Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|--------------------|----------|-------------------|----------------------------|
| 1. | 0.296 ^a | 0.187 | 0.152 | 0.0512 |

a. Predictors: (Constant), Leader member exchange, Trust

Table 3b ANOVA^a

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|-------|------------|----------------|----|-------------|-------|-------------------|
| 1. | Regression | 0.599 | 2 | 0.300 | 2.445 | .097 ^b |
| | Residual | 6.252 | 51 | 0.123 | | |
| | Total | 6.851 | 53 | | | |

a. Dependent Variable: Employee engagement

b. Predictors: (Constant), Leader-member exchange, trust

By looking into values in the table, the value for R^2 (0.187) is quite low which denotes that the model seems “weekly fit” to explain the relationship between independent and the dependent variables. Possible explanation for this could be the small number of the sample and the level of understanding of the respondents regarding the questionnaire. Other explanation could be the omission of some other variables like justice, etc. Besides this, the regression model is significantly weak to predict the dependent variable. The value for p is 0.097, which is more than 0.05.

Conclusion

Human resource in an organization has empirically been proved indispensable. Researchers have continuously been researching various factors that keep this asset happy and health. To cultivate and encourage a working atmosphere where employees feel at home leader-member exchange is considered crucial. This research endeavour looked into that aspect from the extant literature and then empirically looked for the support of the existing theory. The results supported the centrality of the existence of this feeling. However, the values did not happen very strong. From it is easy to conclude that further research is required by including other variables like justice, OCB, etc. to have more holistic picture of the LMX and employee engagement.

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SOMATIZATION AND DEPRESSION AMONG UNIVERSITY STUDENTS: ANTECEDENTS AND ANTIDOTES

Syed Gohar Abbas^{*}, Arbab Muhammad Shahab-ud-Din^{**} & Kamal Badar^{***}

^{*} Assistant Professor, Department of Business Administration, Sarhad University of Science and Information Technology Peshawar, Pakistan
Email: abbas.ba@suit.edu.pk

^{**} MBA Student, Department of Business Administration, Sarhad University of Science & Information Technology Peshawar, Pakistan.

^{***} Assistant Professor, Institute of Management Sciences (IMS), University of Balochistan, Quetta, Pakistan
Email: kamal.badar@um.uob.edu.pk

Abstract. *This exploratory research aims to shed light on the sources and consequences of stress of university students of a private sector university of Peshawar, Pakistan. Studies on stress reveal that the stressors though vary in different environments but ultimately lead to physical (somatic) ill-health and even depression. The students in educational institutions increasingly face many stressors which may have negative impact on their physical and psychological health. A sample of 100 students from a private sector university of Peshawar filled a structured questionnaire. Results revealed that most of our independent variables i.e. family problems, financial problems, work overload and vulnerability to terrorism have a significant positive relationship with somatic stress & depression. However, teachers' support did not reveal any significant relationship with both our dependent variables i.e. somatic stress & depression. Stress management strategies at primary, secondary and tertiary level have been recommended to help university students in coping with the harmful effects of stress.*

Key words: Students, Family Problems, Financial Problems, Terrorism, Overload, Somatic Stress, Depression

Introduction

Stress is the general term applied to the pressure we feel in life and is almost inevitable in every walk of life however, individual differences lead to wide range of reactions to stress for example a task viewed as challenging by some individuals may produce high level of unease in others (Newstrom & Davis, 2003). This unease may cause adverse strain on a person's emotions, and physical conditions and if it becomes excessive, people may develop different symptoms of stress which can harm their health and performance. Not only professionals, but a student life is also exposed to many types of disturbing and stress creating events, although some of them are

necessary for success and growth, but others are really depressing and effects health negatively (Fish & Nies, 1996) e.g. students' financial & family problems, work overload, lack of teachers support etc. As in the current world situation, where terrorist networks are present and particularly where the terrorists' attacks have already taken place in educational institutions, terrorism can be guessed as one of the significant stressors leading to stress & depression. This study aimed to explore the linkage between different sources & consequences of stress being faced by university students of Peshawar (Kyber Pakhtunkhwa), a province of Pakistan where the educational institutes have been prone to terrorism during last two years. In this context, through this research we aim to present some suggestions in the form of recommendations particularly for the higher education administration, which has a pivotal role of facilitating all the functions of any organization to assure the implementation of policies in true letter and spirit (Nas, Rahman & Rahman, 2015).

Stress & Stressors

The dictionaries define stress as the negative feelings between individuals or groups that encounter unfavorable and uncomfortable situation which the other way round means that those who experience stress will have difference in their thoughts and experiences (D 'Zurilla & Sheedy, 1991). As far as stressor is concerned, Feng (1992) defined it as something that confronts with the ability of anyone and may have physical (somatic stress) or mental effects (depression) on an individual. The psychological factors, environmental factors, societal factors and biological factors are causes of stress. There are many experts who think of stress as the pressures in the world that produce emotional discomfort however others feel that emotional discomfort is the stress that is caused by pressures or conditions called stressors. A stress or pressure can have a positive or negative effect on an individual, dependent on the ability, strength and determination of the stress, the individual's personality traits and social support (Abbas, et al., 2014).

Stress is not static but considered as a dynamic condition in which people are faced with an opportunity or demand related to what they desire, and for which the results is perceived to be uncertain and important (Robbins, 2001). There are many experts who think of stress as the pressures in the world that produce emotional discomfort however others feel that emotional discomfort is the stress that is caused by pressures or conditions called stressors thus the concept of stress is very difficult to define in specific terms, manifest itself in both negative and positive way.

Students' Stress: Sources & Consequences

Dealing with stressors among university students and other professionals as well have been the focus of a many studies previously emerging from the English-speaking countries (Bédeian & Amenakis, 1981) and, then recently from the French-speaking countries (Perrot, 2001) but very few studies conducted in Asia (e.g. Hang-Yue, et al., 2005).

Adding up to the several previous studies which have shown that there are many factors which are related and have influence on students perceived level of depression and stress. These factors are gender, age, marital status, financial dependency, family problems, lack of support and societal issues which varies from country to country. Folkman and Lazarus (1984) said that, these different factors should be recognized and examined to determine their significance and influence in creation of stress, therefore the management of such institutions should design the response plans to help the students in dealing with them (Bosco & Harvey, 2003). No doubt, everyone intends to reduce his/her stress and depression through motivation, as it affects the performance, (either negatively or positively). This positive or negative effect depends on how one sees it. When the stress is taken negatively, it affects health and creates mental and physical illness.

Cotton, et al. (2002), states that generally the students face different stress causing factors, and when they are unable to cope with them, they get stressed and this can be well defined as unhappiness, doubts, anxiety, disturbance etc. which causes depression and that can be temporary or long lasting. It has been cleared from many researches and studies that highly depressed and tensed students are more prone towards suicidal intentions. According to Leskow and Field (1989), stress causes depression and due to this the health matters and performance in academia is highly affected. As other health matters are concerned, it can cause the high blood pressure, which leads to risk of other diseases and even depression.

According to Walker (2005), some of the ordinary reasons of depression can be the problems with the parents and siblings, troubles in the school, difficulties in studies, faculty and staff, class fellows etc. and such issues start as a usual stress which can turn into depression and the outcomes are many health harms. According to Peden (2001) the level of stress is increasing in students as they found in one of their studies and 9.7% of freshmen were having stress and depression problems. In one of the other studies, 48% of female students and 59.3% of male students were considered to be certain in their emotional and mental health.

Studies show that stressors in any form effects the student`s health (Archer, et al., 2003) and directly affects the endocrine system, the cardiovascular system, the muscular system, and the emotions. Stress has been linked with a vast array of disease, such as headaches, muscle spasms, heart diseases, peptic ulcer, hypertension and various psychological problems ending up in depression. (Abbas, et al., 2014). The existing text and research that deals with stress revealed the negative feelings and thoughts of students about stressors leading to more disturbing factors specifically in family and other relations.

Rakesh and Shailendra (2007) studied the various groups of university students in India and found overburden and role stagnation were the most significant stressors, which the students experienced. When the outcomes and results were seen, that do not proved any main differences on any of the role stressors among first year students and their seniors. Some studies also show that teachers on a normal basis emphasize on the gaining of knowledge, and they do not pay any attention to the feelings of students,

which creates the emotional stress and educational troubles for students. Moreover the students might suffer other situations like dissatisfaction, nervousness, be anxious, depression and abasement etc .If proper and timely decisions and advices are not taken and considered by the institutions, teachers and parents, these certain and unstable feelings easily start strange behavior, which results in influencing the student learning and achievements, (Chen et al , 2006).

Towbes, et al. (1996) in “College of Life Survey” focused on the level of stress in the students’ lives. This survey consisted of items, such as interpersonal conflicts, self-esteem problems and financial problems that are considered for a long time to create stress. These were evaluated on the basis that how many times a student has to deal with them in a week. It was found that the stress in the students of first year was higher than other level and years of students. Rocha (1994) also investigated the sources of stress among students with similar studies. Hirsch and Ellis (1996) stated that the active connection between a person and the environment, in stress sensitivity and response, is especially amplified in students. The situations and troubles which the college students face can be different from those which are faced by their non-student peers. The most important academic stressors, which were discussed, subject related or time related which support Carroll’s (1963) argument that learning is a function of time permitted, capacity, class of instruction and capability to know instruction. Some of the studies concluded that student stressors included: societal relations, financial matters, academic activities and routine hassles (Larson, 2006). Within each area difference, time demands, deficient resources, and new tasks had characterized stress.

Northern, et al. (2010) defined the financial stress as the failure to meet one’s financial obligations, and as a result the psychological and physical effects are caused. Much of the studies and literature regarding financial stress has paid attention on stress results. Many of the researches has pointed out the following unfavorable outcomes of financial stress: like depression, nervousness, reduced academic performance, poor health and problems in degree completion. Presnall (2008) conducted the survey regarding student stress, that survey showed that high stress causing academic problems affected their emotional and mental health. Moreover, the survey questioned 2,253 students aged 18 to 24 who were randomly selected shown that the main causes of stress were relationships issues, financial matters, family problems, and extracurricular activities. MacGeorge, Samter and Gillihan (2005) stated that depression and stress has been a big issue and trouble for students. Intrapersonal and interpersonal factors were examined by the psychologists that worsen college stress. The study showed that stress was a usual part of their daily living. The study indicated that student’s face encounters many and unique kinds of stress, getting good grades, managing schoolwork with other tasks, decisions about future careers were the common stressors.

An important student stressor particularly nowadays is vulnerability to terrorism. The terrorist attacks on students not only affect their immediate health and life, but it leaves long term psychological scars of hatred and aggression against some religious groups and minorities (Argyrides & Downey, 2004; Pyszcynski, et al., 2002). To the present date a very little amount of research has been done on the students stress related

to terrorism. This is because very few instances have been noted where the students were directly targeted, and it was perceived that most institutions of education will not be the main targets of terrorism in the future. However, it is important to know and understand the effects of students stress related to terrorism particularly in wake of terrorists attacks conducted in educational institutes.

Research Context

The research in the field of stress and depression has been mainly conducted in the Western context. However in this era of change, where the Pakistani universities are striving too hard to have good rankings, and as there is a trickle down impact on students as well, there is a need to browse the Pakistani students’ stress, where there are significant differences in socio-cultural environment. This research was conducted in Pakistani context involving private universities of Khyber Pakhtunkhwa (KPK) province. Pakistan is a developing country, ranked 6th highest in world population, estimated as approximately 200 million in July 2014 which makes 2.61% population of the whole world. Pakistan being a rapidly developing country is one of the “Next Eleven”, the eleven countries that, along with the BRICs, which are the world’s emerging markets (Zahirullah & Adeel, 2015), have a high potential to become the world’s largest economies in the 21st century. However, in recent years, Pakistan’s economy has suffered a lot due to many factors particularly energy crises, law and order situations and war against terror, political and social instability. Being a low income country, confronted with many challenges on economic front, Pakistan faces many issues pertaining to jobs creation which is the failure of the economy being unable to create jobs in comparison with the increasing population. These economic problems of Pakistan have a trickle down impact on the students who desire to study at higher level (universities), even get admission in the universities but with a fear of unknown. The number of courses being offered and student enrollments also increased with an appreciable rate e.g. the number of students during 2000-2001 was 276,274 which jumped to 1,230,000 in 2013-14.

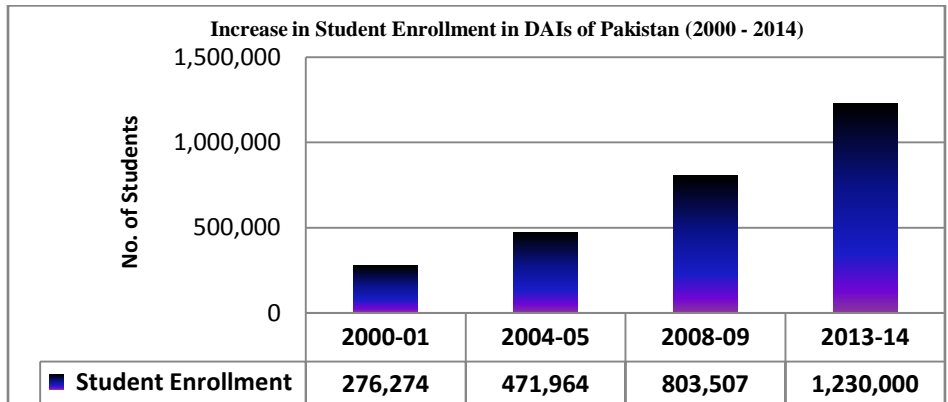


Figure 1 Increase in Student Enrollment in DAIs of Pakistan (2000 - 2014)

The rapid growth of private sector and public sector universities in most of the developing countries has initiated an environment of competition, which in turn has changed the conventional culture of a university where not only the faculty but also the students have much more challenges to overcome, more financial issues, more performance pressures, more overload and work-life conflict and have perception of more vulnerability to terrorism particularly after the incident of Army Public School in 2014 and Bacha Khan University in 2016. Hence there is an ominous need to explore the higher education sector within the context of student stress, which is an area of main importance for universities in the developing countries like Pakistan.

Thus, this research effort was made to explore the following stress related issues with particular reference to university student stress and propose recommendations to overcome these issues

- What are the perceptions of students regarding sources of stress?
- What is the impact of those stressors on the psychosomatic health and behaviors of the students?
- Which stressors have the most significant impact of somatic stress & depression of the university students?

Research Design

This exploratory study is basically quantitative in nature, mainly based on statistical applications and use of quantitative techniques (in SPSS). However, to enrich the understanding about the research problem we decided to conduct a brief qualitative study as well. Thus for this study we initially conducted the qualitative study using brief interviews and for the analysis, we preferred to use quantitative study using questionnaires.

Preliminary Qualitative Study

As mentioned above, we conducted brief structured interviews for our qualitative study. These interviews enlightened us regarding the perceptions of students of a private sector university (of KPK) regarding the different sources and consequences of stress. We conducted 20 informal interviews to get an insight into the above mentioned issues. From the feedback of the students, we concluded the following sources & consequences of stress to be explored in this study; Work Overload, Vulnerability to Terrorism, Family Problems, Financial Problems, Lack of Teachers' Support, Somatic (Physical) Stress, & Depression.

Quantitative Study

This quantitative study was based on detailed questionnaires and the target sample was students of a private sector university of KPK. We focused on quantitative data collection techniques and used questionnaires using cross sectional design. We used the

cross-sectional research design using survey questionnaire so as to comply with the research questions under consideration and the study objectives.

Population

This study focused on the students of private sector universities of Pakistan. The rationale for selecting higher education sector as a population for this study is the dynamic and challenging work environment (for the students) in universities of Pakistan, which has observed an abnormal/mushroom growth during the last decade.

Thus despite of the financial crunch and negative image of Pakistan because of terrorism and political instability during last ten years, the higher education sector of Pakistan witnessed growth and prosperity which has not been observed in any other sector. We thus decided to select higher education sector as a population for this study and our target population for this exploratory survey was a private sector university of Peshawar (Khyber Pakhtunkhwa-KP)

Sampling

We used non probability sampling for drawing the sample for this study. A convenience based sample of 110 regular students of a private sector university was selected for gathering information through questionnaires. In convenience sampling, members of the population are chosen based on their relative ease of access and is suitable when the researchers have little time for data collection as it is one of the limitations of the current study.

Operationalization and Measurement of Constructs

To measure somatic stress & depression, we did not take the risk to construct new instruments but preferred to use the already tested instruments and a survey instrument/questionnaire based on five point Likert scale was. Because of the complexities involved in defining & measuring stress, we preferred to use a simplified version of the Four Dimensional Stress Questionnaire (4DSQ – Terluin et al., 2004) for this study and limited our study to somatization and depression only but not all the 4 dimensions of stress as studied by Terluin, et al. (2004).

However, as discussed earlier, to get an understanding of some of the stressors (with particular reference to university students) tools used in this study and to adapt the already existing scales in this particular context, 20 students were interviewed which provided us with a number of insights regarding sources of stress, which in-turn helped us to construct some survey instruments according to our needs.

Variables of Study

As mentioned earlier, this study aimed to explore the sources & consequences of stress among university students. Table 1 shows the list of the Independent & Dependent Variables used in this study.

Table 1 *List of Variables*

| Independent Variables (Stressors) | Dependent Variables (Outcomes) |
|------------------------------------------|----------------------------------------|
| Work Overload | Somatic Stress (physical ill – health) |
| Work Overload | Depression (mental ill – health) |
| Vulnerability to Terrorism | |
| Family Problems | |
| Financial Problems | |
| Lack of Teachers’ Support | |

All the measures were based on five point Likert scale ranging from strongly disagree (1) to strongly agree (5).

Survey questionnaires collection

The survey forms were distributed personally to the respondents, and were also collected personally from all the respondents. This effort helped us to proactively overcome some of the problems related to missing values in data. While distributing the survey forms, some of the apprehensions of the students pertaining to anonymity and our research aims were specifically discussed. 10 of the semi-filled questionnaires were removed and only completely filled (n=100) questionnaires have been considered for our study. In additional, we briefly interviewed few of the students who seemed to be interested in this noble effort.

Table 2: *Demographic Break-up of Sample (Questionnaires Collected n=100)*

| Demographic Variables | | Frequency | Percent | Cumulative Percent |
|------------------------------|-----------------------------------|------------------|----------------|---------------------------|
| Gender | Male | 86 | 81,0 | 81,0 |
| | Female | 14 | 14,0 | 100,0 |
| | Total | 100 | 100,0 | |
| Course Type | Science & Technology oriented | 66 | 66,0 | 66,0 |
| | Social Sciences & Theory oriented | 34 | 34,0 | 100,0 |
| | Total | 100 | 100,0 | |

Initial Data Analysis

Once the data was obtained, it was coded into SPSS and preliminary data analysis was conducted. Preliminary data analysis was aimed to clean our data for further analysis and we analyzed missing values, psychometric properties and descriptive statistics of all variables.

Variance inflation factor

The Variance Inflation Factor (VIF) and tolerance are both widely used measures of the degree of multicollinearity in a regression model. As a rule of thumb, VIF more than 4.0 may require further investigation. In our case we found no issue of multicollinearity as the VIF values were less than 4.

Principal component analysis of students stressor scale

Our initial exploratory factor analysis on the items of students stressors scale generated a five factor solution. Table 3 shows that there were few items which had multiple factor loadings on some other factors so we suppressed those items. After deleting those items, exploratory factor analysis showed very clear loadings of the five independent variables of our study i.e. Work Overload, Vulnerability to Terrorism, Family Problems, Financial Problems & Lack of Teachers' Support.

Table 3: *Rotated Component Matrix – Stressors*

| | Rotated Component Matrix (Initial) | | | | | | Rotated Component Matrix (Final) | | | | |
|------------|---------------------------------------|------|------|---|------|------------|-------------------------------------|------|------|------|------|
| | Component | | | | | | Component | | | | |
| | 1 | 2 | 3 | 4 | 5 | | 1 | 2 | 3 | 4 | 5 |
| Tsupport1 | .713 | | | | | Tsupport1 | .719 | | | | |
| Tsupport2 | .660 | | | | | Tsupport2 | .628 | | | .428 | |
| Tsupport3 | .804 | | | | | Tsupport3 | .808 | | | | |
| Tsupport4 | .819 | | | | | Tsupport4 | .800 | | | | |
| Tsupport5 | .840 | | | | | Tsupport5 | .835 | | | | |
| Woverload1 | | .592 | .510 | | | Woverload3 | | | | .786 | |
| Woverload2 | | .629 | .539 | | | Woverload4 | | | | .809 | |
| Woverload3 | | | | | .748 | Woverload5 | | | | .646 | |
| Woverload4 | | | | | .734 | Terrorism4 | | | .846 | | |
| Woverload5 | | | | | .611 | Terrorism5 | | | .783 | | |
| Terrorism1 | | .537 | .463 | | | Terrorism2 | | | .831 | | |
| Terrorism4 | | | .814 | | | Terrorism3 | | | .734 | | |
| Terrorism5 | | | .742 | | | Fam_prob1 | | .814 | | | |
| Terrorism2 | | | .772 | | | Fam_prob2 | | .807 | | | |
| Terrorism3 | | | .706 | | | Fam_prob3 | | .731 | | | |
| Fam_prob1 | | .698 | | | | Fam_prob4 | | .758 | | | |
| Fam_prob2 | .410 | .719 | | | | Fin_prob1 | | | | | .674 |
| Fam_prob3 | | .645 | | | | Fin_prob2 | | | | | .635 |
| Fam_prob4 | .433 | .606 | | | | Fin_prob3 | | | | | .734 |
| Fam_prob5 | | | | | .688 | Fin_prob4 | | | | | .604 |
| Fin_prob1 | | | | | .645 | | | | | | |
| Fin_prob2 | | | | | .573 | | | | | | |
| Fin_prob3 | | | | | .765 | | | | | | |
| Fin_prob4 | | | | | .491 | | | | | | |
| Fin_prob5 | | .549 | | | | | | | | | |

Note: The factor loadings equal and less than 4 are suppressed & Cronbach alpha values for all the sets of items mentioned in Final Rotated Component Matrix was more than 70%.

Psychometric Properties of Somatization and Depression Scale

As already discussed, we used a revised and adapted version of Four Dimensional Stress Questionnaire (4DSQ – Terluin et al., 2004) for this study and limited our operationalization to Somatization and Depression. Our questionnaire consisted of 8 items for somatic Stress and 7 items for Depression

B: Principal component analysis of somatization and depression

Our initial exploratory factor analysis of somatic stress and depression (total 15 items) generated a 2-factor solution (see table 4), and it revealed few abnormalities in the form of multiple loadings. When four items of Somatic Stress and three items of

Depression were removed, the exploratory factor analysis showed clear loadings for both the dependent variables of our study.

Table 4: *Rotated Component Matrix – Somatic Stress & Depression*

| Rotated Component Matrix (Initial) | | | Rotated Component Matrix (Final) | | |
|-------------------------------------------|-----------|-------|-----------------------------------------|-----------|-------|
| | Component | | | Component | |
| | 1 | 2 | | 1 | 2 |
| Somatic1 | 0.595 | 0.448 | Somatic2 | 0.659 | |
| Somatic2 | 0.677 | | Somatic6 | 0.830 | |
| Somatic3 | 0.601 | 0.545 | Somatic7 | 0.755 | |
| Somatic4 | | 0.524 | Somatic8 | 0.899 | |
| Somatic6 | 0.802 | | Depress1 | | 0.637 |
| Somatic5 | 0.481 | 0.546 | Depress3 | | 0.830 |
| Somatic7 | 0.741 | | Depress5 | | 0.750 |
| Somatic8 | 0.878 | | Depress6 | | 0.772 |
| Depress1 | | 0.617 | | | |
| Depress2 | 0.643 | 0.508 | | | |
| Depress3 | | 0.849 | | | |
| Depress4 | 0.506 | 0.487 | | | |
| Depress5 | | 0.657 | | | |
| Depress6 | | 0.787 | | | |
| Depress7 | 0.481 | 0.664 | | | |

Note: The factor loadings equal and less than 4 are suppressed & Cronbach's alpha values for all the sets of items mentioned in Final Rotated Component Matrix was more than 70%.

Regression Analysis

To test the results, regression analysis was conducted between different variables including student stressors as independent variables while somatic stress & depression as dependent variables. The results are as under:

Tables 5a *Regression Analysis (Somatic Stress as Dependent Variable)*

(a) Model Summary

| Model | Change Statistics | | | | |
|-------|-------------------|----------|-----|-----|---------------|
| | R Square Change | F Change | df1 | df2 | Sig. F Change |
| 1 | .504 ^a | 19.105 | 5 | 94 | 0.000 |

a. Predictors: (Constant), TeacherSupport, FinProb, Terrorism, WOverLoad, FamProb

Tables 5b *Regression Analysis (Somatic Stress as Dependent Variable)*

(b) Coefficients^a

| Model | Unstandardized Coefficients | | | Standardized Coefficients | t | Sig. |
|-------|-----------------------------|------------|--------|---------------------------|--------|--------|
| | B | Std. Error | Beta | | | |
| | 1 | (Constant) | -0.009 | 0.249 | | -0.036 |
| | FamProb | 0.301 | 0.090 | 0.340 | 3.352 | 0.001 |
| | FinProb | 0.267 | 0.093 | 0.241 | 2.862 | 0.005 |
| | WOverLoad | 0.386 | 0.087 | 0.421 | 4.424 | 0.000 |
| | Terrorism | 0.008 | 0.088 | 0.008 | 0.092 | 0.927 |
| | TeacherSupport | -0.100 | 0.090 | -0.116 | -1.118 | 0.266 |

a. Dependent Variable: SOMATIC_STRESS

Summary of the Findings / Results (Somatic Stress as Dependent Variable)

Student Stressors as independent variable against Somatic Stress dependent variable

- 1- Family Problems has a highly significant positive impact on Somatic Stress. (Beta = 0.301^{**})
- 2- Financial Problems has a highly significant positive impact on Somatic Stress. (Beta = 0.267^{**})
- 3- Work Overload has a highly significant positive impact on Somatic Stress (Beta = 0.386^{**})
- 4- Vulnerability to Terrorism & Teachers' Support has no significant impact on Somatic Stress.

Table 6a *Regression Analysis (Depression as Dependent Variable)*

(a) Model Summary

| Model | Change Statistics | | | | |
|-------|-------------------|----------|-----|-----|---------------|
| | R Square Change | F Change | df1 | df2 | Sig. F Change |
| 1 | ,448 ^a | 15,280 | 5 | 94 | ,000 |

a. Predictors: (Constant), TeacherSupport, FinProb, Terrorism, WOverLoad, FamProb

Tables 6b *Regression Analysis (Depression as Dependent Variable)*

(b) Coefficients^a

| Model | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. | |
|-------|-----------------------------|------------|---------------------------|--------|--------|-------|
| | B | Std. Error | Beta | | | |
| 1 | (Constant) | 0.068 | 0.254 | | 0.268 | 0.789 |
| | FamProb | 0.224 | 0.092 | 0.261 | 2.442 | 0.016 |
| | FinProb | 0.197 | 0.095 | 0.184 | 2.069 | 0.041 |
| | WOverLoad | 0.349 | 0.089 | 0.394 | 3.918 | 0.000 |
| | Terrorism | 0.195 | 0.090 | 0.187 | 2.157 | 0.034 |
| | TeacherSupport | -0.108 | 0.092 | -0.130 | -1.184 | 0.239 |

^aDependent Variable: Depression

Summary of the Findings / Results (Depression as Dependent Variable)

Student Stressors as independent variable against Depression dependent variable

- 1- Family Problems has a significant positive impact on Depression. (Beta = 0.224^{*})
- 2- Financial Problems has a significant positive impact on Depression. (Beta = 0.197^{*})
3. Work Overload has a highly significant positive impact on Depression. (Beta = 0.349^{**})
4. Vulnerability to Terrorism has a significant positive impact on Depression. (Beta = 0.195^{*})
5. Teachers' Support has no significant impact on Depression

Discussion and Conclusion

Our results in the last section revealed that most of our independent variables i.e. family problems, financial problems, work overload and vulnerability to terrorism have a significant positive relationship with somatic stress & depression. However, teachers' support did not reveal any significant relationship with both our dependent variables. Most of our results corroborate with the studies of past researches in the same domain e.g. Presnall (2008) revealed that high stress causing academic problems affected students' emotional and mental health and that the main causes of stress were financial matters, family problems and extracurricular activities whereas Rakesh and Shailendra (2007) found role overburden and role stagnation as the most significant stressors, which the students experienced. Our results also revealed work-overload as one of the most significant stressor ($p=.000$) leading to somatic stress & depression. Thus it is important for the academicians to further identify the reasons due to which the students feel overburdened which leads to stress & depression (as revealed by our results) and may finally lead to low performance.

It's very obvious that students' problems related to finances have increased during the last decade, specifically the tuitions and college fees are getting expensive day by day. Students and their families are struggling hard to meet their financial requirements and this has a spillover effect on other important attributes of life. In our case, we found financial problems as a significant contributor towards somatic stress & depression among students and our results corroborate with few of the studies in past e.g. Towbes and Cohen (1996), Larson (2006), Presnall (2008) and few others. However there are different options which can be considered in order to provide assistance for students in this regard (Alicia, 2012) and these will be further discussed in the forthcoming section i.e. recommendations.

Surprisingly, teachers' support revealed no significant relationship either with somatic stress or with depression. This doesn't mean that teachers' support as a variable should be taken for granted in such studies. One cannot make a sweeping statement and generalize these results on other institutes of higher education. We had a small (convenience based) sample of hundred students who may not have any issues pertaining to teacher's support or our respondents may not have understood this variable the way we were expecting.

As mentioned earlier, the terrorist attacks on students affect their immediate health and life, and it also leaves long term psychological wounds of aggression against those who are involved in it (Argyrides & Downey, 2004; Pyszczynski, et al., 2002). Our results also revealed a significant relationship of "Vulnerability to Terrorism" with depression. The variable related to "terrorism" was specifically added to our study though to the present date a very little amount of research has been done on the students stress related to terrorism. As mentioned earlier, Pakistan in general and KP province in particular have been in hot waters because of issues pertaining to terrorism. To be more specific, after the two terrorists incidents in KP province i.e. Army Public School in 2014 and Bacha Khan University in 2016, vulnerability to terrorism has increased which in turn has increased the security concerns with particular reference to

terrorism. As very few instances have been noted in West, where the students were directly targeted by terrorism, and it was a perception that educational institutions will not be the main targets of terrorism very little research covers this aspect. In current scenario particularly in the context where this research endeavor has been done, it is important to know and understand students' perception related to terrorism and its impact on stress which in turn will help us to suggest managerial implications to overcome its negative impact.

Recommendations

As discussed earlier, stress can be subjective by one's ability to well manage with stressful matters and situations (Segal, 2013). For example when the students cannot deal with stress effectively, they feel nervous with too much worrying because of the failure to cope with their negative thoughts. In this context (of coping) with particular reference to our results (already discussed), we recommend the following suggestions to be incorporated on the primary, secondary or tertiary level in the institutes of higher education either by the captains of the institute or the students and their families:

Coping with Financial Problems

As discussed earlier, there are different options which can be considered in order to provide assistance for students to overcome the financial issues (Alicia, 2012) e.g. student's funds & loans by the university, government or NGOs which provide financial assistance to the students in their education. The funds which are provided by them can help the students to overcome their temporary financial problems and tuition fees. Such loans can be paid back by the students in installments once they get their jobs. Such loans should have fixed longer payback period and so they should be repaid however the donor bodies must make sure that such funds and loans are distributed among the needy students only.

In the west, there is another type of financial assistance called payday loans which are cash loans given to needy students, for a limited time of a month or two. These payday loans are very easily approved and processed. If such type of facility is considered to be started in Pakistan, this will be quite helpful for the students.

While it is impossible to get a fulltime or part-time job for the students during their education, the students can meet their financial problems if the university provides them internship opportunities (on-the-campus or off-the campus). Such initiatives also augment students' confidence and may help the students to fetch jobs easily once they complete their studies.

Last but not the least, the financial literacy of students should be increased through which the students should be made aware of the funds & loans for which they are entitled. The financial literacy and personal finance seminars/workshops should be conducted.

Coping with Terrorism Fear

As discussed earlier, fear of terrorism is one of the stressors factor it has long lasting emotional and physical effects on students and the main aim of coping is to reduce the level of stress and stress causing factors (Fleishman, 1984). The stress related to terrorism and its fear has very deep psychological and mental effects, it can be reduced and minimized by the employment of trained security staff, installation of necessary security related equipment which includes walk through gates, small handy scanners, CCTV and alarm systems etc. One of the psychological effects of this measure is that students generally consider such equipment reliable and feel mentally relaxed and safe.

In addition, self-defense trainings should be initiated, which are given to the students regarding their self-defense in any problematic situation. it helps the students to understand and identify the threat and also shows the best possible ways to save themselves and get out of such panic situation, if occurs. These trainings are considered to be very helpful to minimize the stress related to terrorist activities.

Overcome Family Problems

As discussed earlier, students' family problems has a direct influence on their stress and some recommendations for the family members (particularly parents) in which they can help their children are

1. The parents should make sure to be aware of their child's emotions and feelings with particular reference to their studies & performance pressures.
2. Family members should encourage the students to tell and express their feelings.
3. Friendships and good social interactions must be encouraged by the family members and the children should be supported in case of their failures.
4. The use of drugs alcohol and other harmful activities must be discouraged by the family. In addition, good nutrition and sports activities should be kept in consideration by the parents along with other requisites of life.

Work Over Load Management

Many of the Universities and colleges focuses on stress management interventions and trainings, so that their students are able to cope with stress but the root cause of stress is ignored, which is work over load (Mueller, 2015) which can be firstly reduced by setting priorities, organizing & planning i.e. prioritize different jobs according to their significance, high value jobs are needed to be completed at first and then should move forward towards low priority tasks.

It has been seen that mostly when the students get stressed because of overload, they start panicking, and may expect the worst results and it is very important for the student to control his/her feelings and emotions.

During the times when students are overloaded with tasks (e.g. during examinations, projects etc.), not necessarily all the tasks are important. Unnecessary and useless tasks, which are time consuming, should be completely eliminated from to-do list. Such tasks are needed to be eliminated, and they should not be carried on, so that time is saved and other necessary works are completed.

The habit of procrastination should be avoided as it adds a lot to work overload. When the tasks are not completed in time intentionally, because of lethargy or any other reason, the tasks pile up and later on the students are unable to differentiate between urgent & important tasks, cannot prioritize and many important tasks remain pending. In this context we also recommend that the educational institutes should regularly conduct workshops on “Time Management”.

Limitations and Scope for further research

One of the limitations of this exploratory study was that because of shortage of time and resources, it targeted a small sample of 100 students of a private sector using convenience based sampling. Based on this initial small scale pilot study, there is so many scope for future research for example a comparative analysis of public and private sector universities can be researched. We didn't used coping as a moderating or mediating variable so for the future researches, it is suggested to use the coping variables being used by students e.g. proactive planning, avoidance, turning to religion, social support etc.

Students performance is one of the important variable which is usually on top priority for academicians (Shah, Rahman, & Abbas, 2015) but this important variable has not been studied in current research (because of shortage of time in inaccurate data). Thus relationship between stressors, stress, coping skills and performance can be focused with reference to different type of departments and different types of universities by the future researchers. Furthermore in future the control variables e.g. gender, department, status in etc. should also be considered to see the impact of these demographics on different dimensions of stress. One of the limitations of this study is that it is a cross-sectional research rather than longitudinal. We also recommend the future researchers to conduct longitudinal studies in this domain.

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Sarhad University

of Science & Information Technology

Landi Akhun Ahmad, Adjacent Attock Petroleum, Ring Road, (Kohat Road-Hayatatabad Link) Peshawar Pakistan

 +92-91-5230931-32-33  +92-91-5230930  sjms@suit.edu.pk  www.suit.edu.pk