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EDITORIAL PERSPECTIVE

> "We are passing through times when majority of worldly people think that hypocrisy means wisdom and they lead the uneducated masses to believe dissimulation is the best form of sagacity."
>
> Hazrat Ali

> "….in the world a man must behave as other people behave; and that if he allows his conduct to be guided by the thought of what men *ought* to do, this will conduce rather to his ruin than to his advantage or preservation….A man can scarcely be accused of any great immorality if he accepts standards of his time and consents to live as the world lives."
>
> Machiavelli, Nicolo. *The Prince,* Chapter XV

So often, at many crucial moments, in our long and arduous search, through quest and question, standing an astonishingly small step away from the defining moments of our life, we have forced the *truth* and *honesty* into oblivion by the brutal force of our denial and indifference. Man is a creature who knows how best to suffer for his indolence and credulity. He is a goal seeking creature and his behavior is teleological by nature. Ironically, however, it is the genius of the human mind, for both, good and evil, that he cannot keep on the straight path long enough to stay in the right direction, not to miss the sight of the goal he is pursuing.

Year after year, business management and the corporate world, have suffered terrible setbacks, caused by the collision between *ethics* and *economics*, accentuated by the corporate manager's disregard for honesty and truth. In the history of the recent past, we have repeatedly witnessed the down-fall of the symbols of the glory and the grandeur of corporate empires. They are gone, leaving behind the memory of what "used to be". The memory lingers on and the corporate thinker is haunted by the dreadful speculation of what might have been. The thought is laden with much to think about and it is not without consequences.

Perhaps one of the things a corporate manager always needs to remember is the refrain that even if he thinks he is treading on the right path, he still needs to make sure he is moving in the right direction. Because, one can be on the right path and yet be moving in the wrong direction. However paradoxical it may sound, the thought is quintessential of the tragic sense of life lying in wait for us and an appalling sense of history, including the history of corporate management.

The fatal flaws existing in the corporate world and culture are due to the fact that a great deal of our thinking is not predicated on truth and honesty. *ENRON* was not an exception or a solitary phenomena. It remains a grimly instructive example of the rise and fall of all great empires which were built upon the economic progress, but hollow moral and ethical foundations. It is therefore not surprising that in their capitalistic/materialistic orientation which infected the pristine simplicity and the beauty of human character they carried within themselves the germs of their ruin and self-destruction. Corporate man and the corporate world are both integral part of human condition; that is human predicament.

It is a brutally succinct observation and a substantive philosophical abstraction that the so called world, propagated by the corporate narrative, is simply a myth and it does not exist. The only *world* we can meaningfully talk about is the *lived-world*. The lived-world is an existential reality and its existence is saturated with meanings and values, goals and ideals. Its existence precedes its essence. It owes its essence to our actions and choices, the decisions we make, the imaginations and the evaluations with which we lure it into making-it-our-own. As a lived world, it enlarges the horizons of our being-in-the-world and deepens our experience of the variations of its perspectives. Thus, enriching the meaning of the worldliness of the world, our understanding of the lived-world adds to our insight that the right phenomenological description is the *WORLDS* and not the world. The *WORLD* does not exist, only *the worlds* exist -- capitalistic, materialistic, moral, just, corporate etc. These are not different worlds; rather, they are different ways of our being-in-the-same-world. We do not live in different worlds; we live in the same world differently.

The world has many profiles and, like reality, it has many faces. The corporate world is only one of the many worlds and, like any other world, the corporate world is characterized by the visions and idealizations, attitudes and value judgment, various perspectives as the defining features of its worldliness. The corporate thinker, desiring to revisit the past to make sense of what has become current and contemporary has to creatively engage in the construction and reconstruction of the corporate world-view. In order to do so, the corporate thinker must radically examine the beliefs, ideas, assumptions and presupposition, especially the much neglected theme of honesty and character ethics in corporate business. It is a huge project and we need to remember that deep and persistent problems related to the place of ‘value’ and ‘decision’ in the corporate management are the overriding concerns of the corporate ethics and culture and they are intimately related to human nature. In this regard, we need to clarify to ourselves and critically examine the question: how natural is human nature? It is imperative in order for us to have a clear and distinct perception of human nature and the role it plays in the humanization of the corporate culture. A corporate manager cannot disregard the importance of such knowledge and its bearing upon the theory and practice of corporate management. Let us ask once again: “What is the nature of man, and what light does this knowledge shed on decision and value in the corporate management.”

Moreover, as a professional requirement, a corporate manager, like a teacher in our schools of higher education, need to cultivate in himself the ontological attribute of *being* in relation to what he *knows*. It is a philosophical requirement but it is not confined to philosophy alone; there is an ethical and moral side to it as well. An academician, as a corporate thinker, cannot minimize the importance of the role of ethics and morality in the corporate affairs because together they make an inspiring combination and a *gestaltan* view of the Corporate World. The *gestaltan* view implies that stewardship is of total management and such a view cannot be meaningfully held without our incorporating transcendental perspective into the corporate world view. When we talk about transcendence and transcendental movement, it follows that no limit can be prescribed on our thought and imagination, ethical refinement and moral development. Our thought about life, for instance, is an impulse which is always beckoning us towards the 'yet to be' of our 'being able to be'. Such a view is always urging us to something further and farther still, beyond something which is "over there"; something we are moving towards but never to arrive at. In its elusive and evasive nature it is always with us and yet ahead of us, forever and ever more. Unlike the petrifying notion of reality, writ large on one of the face of reality "thus it is and cannot be otherwise", transcendental and transcending notion of reality refers to the way the world ought to be. Such a dynamic, dialectical and perpetually expanding notion of the way the world is not but ought to be, imposes upon the corporate man moral responsibility to make and remake, to construct and reconstruct the corporate world according to his creative vision, to give new meaning and significance to the worldliness of the corporate world and make the world as it ought to be.

Thus, under the impact of the perspectives obtained from "*thus it is*" and "*thus it ought to be*", the dialectical tension between *fact* and *value*, *is* and *ought*, crystallizes into a higher form of reality transcending both the "is" and the "ought". It also means that without sufficient and necessary insight and creative will, the world becomes frozen into a vacuous concept, barren and empty, bereft of transcendental possibilities. In the Quranic parlance, man is responsible for "his portion of the world". The sense and the meaning of responsibility is not restricted to its religious and moral connotation alone. The principle of corporate social responsibility is, in its essence, the principle of sustainability. And, in the corporate discourse, the principle of sustainability categorically demands that you adhere to "leave the world better than you found it, take no more than you need, try not to harm life or the environment, make amends if you do."

The world is a better place today because of the creative discontent of those who violently refused to acquiesce. Such men were possessed by the vision of the *world to be*. They struggled to be larger than their circumstances, ahead of themselves, more than who they were and what they were capable of becoming. They suffered from the dis-ease of growth and development. They were haunted by the lure of excellence; and loved to *vie* with each other on virtue. They lived to out-live a superfluous life, for the sake of an ideal, and a glorious dream. Pedagogically, such a way of living teaches us to beautify our mind and to ennoble our soul. It is the way and the wont of a teacher who is tempted to teach more than his students need to learn. As a teacher and a seeker of knowledge he desires to know more than what he knows.

In his book *Good to Great,* Jim Collins has presented a fascinating profile of the corporate executive. A corporate manager, by nature, is a seeker of excellence and a passionate devotee of transcendence. He has his being in the manner of becoming. He lives by outliving himself. For him to grow means to outgrow and to be means to become. He is by nature a journeying self, always on the move, moving towards the yet to be of his being able to be. As a journeying self, it is the story and the glory of his life. Let the corporate thinker think about such thoughts and, if he can, draw them into his world-view, to see the difference they can make in his view of the corporate culture and also his managerial and administrative orientation.

Serious ethical and moral research, particularly in the field of corporate culture, is a need which is felt with more and much more clarity of vision, involving extensive, dynamic, contextual and interdepartmental focus. What we need most is not only a transcendental view of culture and worldliness of the corporate world, but also a firm commitment to the academic integrity and the moral force which such a view offers.

The key is the need to re-imagining the place of ethics and morality in the corporate management. In this process, everything, hinges upon the corporate man's choices and decisions. It is his existential predicament that in life not to decide is also a decision and not to choose is also a choice. Knowing deep down in his heart that what makes living such a glorious affair to remember is the sadness and the sorrow that existence unfolds when we realize that life is only once in a life-time opportunity.

Life would be a poor thing indeed if we had no imagination to see the world differently as it can be and therefore ought to be. Such is the world of an educated man. An educated man is not necessarily a complete man. But he is not a cultured man if he is not a good man. As an educated man he may be a good corporate manager but not necessarily an honest and virtuous man. As an educated man he may be well versed in the discourse on ethics and morality and yet as a man, he may be a nasty, corrupt, brutish, dishonest and cruel man. To be a good professional does not necessarily mean to be a good man and a man of character.

Let us reiterate and repeat, once again. The life of an educated a man is the life of change and movement, growth and continuous development. An educated man, by the sheer force and creative power of his culture and cultivation, can produce virtue and goodness as the essential attributes of his being able to be. As an educated man he may not have specialized in a given field of knowledge but, if he is honest, virtuous, kind and truthful, be deserves to be called a good man and in that sense and to that extent he is a cultured and cultivated man and therefore an educated man, *par excellence*.

An educated man is a determiner of his destiny. He gives his life a value, a meaning, a purpose, a fate, a goal and an ideal. As a creative man, the corporate thinker must learn to think in existence, he must learn to create through his actions, decisions and choices. He must be philosophical to remember that life has more than one season and reality has many faces. Life has more than one purpose and more than one predicament to be endured or enjoyed. It is a heavy burden and its lightness is not always easy to bear. To be philosophical, let the corporate man remember that, like value and decision, life to be lived, must be allowed to play an ethical and moral role because it gives us an opportunity to "*enjoin the good and forbid the wrong*" (Al-Qur'an). Corporate man cannot, without living in bad faith, deprive life of such an experience. It also provides us the much needed insight into the relationship between *knowing* and *being.* The important thing in life is not just to know but to be, and more importantly, to exist in relation to what one knows. For instance, in order to know the meaning of honesty, truth and justice, like any other cognitive and normative value, the corporate thinker must exist as an honest, truthful and a just man.

We also need to stress the perspectives obtained from the corporate world, and the corporate management that in the world of business nothing is more admirable and of value than the attribute of character. In order to recreate himself, a corporate thinker needs to cultivate in himself, the belief dear to his heart that the greatest possession of an educated man and the man of worldly wisdom is his character. In its pristine simplicity, like beauty and truth, character is the most splendid thing in the life of a corporate man.

At the same time the corporate thinker needs to remember that the overarching problems of *ethics* and of *economics* are many, diverse and enormous. Here, as anywhere, juxtapositions can be fatal. Therefore, the manager, the CEO, the administrator, one and all, have to realize that, notwithstanding the constraints and the painful limitations imposed upon his imagination and creative will, to be true to his calling, he must always predicate his thinking about value judgment and attitude formation upon the truth and fill the void existing in our managerial and administrative landscapes by the young and clear headed men and women who are endowed with the tenacity of character and modesty, vision and wisdom. The thought imposes upon our schools of business education, professional and pedagogical responsibility, to add beauty and truth and culture, humanity and harmony, values of liberal education, fundamentals of logic and philosophy as the essential components of the corporate world-view. The main lines of action will emerge, as they are already emerging and suffuse the totality of the corporate man's being-in-the-world, resulting in the partial fulfillment of his heart's desire.

The second task, a corporate thinker must face equally enthusiastically, is to reshape our system of education. We need to give our students what their world demands. We need to expand the horizons of the world in which they live. It means to help them understand the meaning of the worldliness of the corporate world. It also means that our students must have enough knowledge to understand their world. However, it is not enough to have enough knowledge to understand our world. We owe the admonition to Bertrand Russell that "unless man increases in wisdom as much as in knowledge, increase of knowledge will be increase of sorrow". Likewise we need to integrate into our managerial proclivity the guiding principle that "Stewardship is of total management". Management is the art/science of finding coherence where coherence is lacking as a consequence of some basic incongruence in the corporate system. As such, management is the quest for harmony where discord prevails. Just as it is the search for honesty and veracity where corruption, deceit and deception are the order of the day.

Among others, a corporate system comprises of two seminal institutions—*ethics* and *economics.* The forces which determine the nature and scope of their markings constitute the inner laws of the development of a corporate system. In this deterministic paradigm, things are the way they are and it is assumed that they cannot be otherwise. But, for an ethicist, who is not happy with the given nature of the things, things are not necessarily the way they ought to be. Therein lies the ideological conflict and creative tension which determines the range and the extent within which a corporate system can become, potentially, what it ought to be. The assumption imposes upon the corporate manager an almost impossible task. In his creative orientation, a corporate manager, by nature is interested in finding out where these two fields of corporate system -- ethics and economics -- seamlessly merge into a unified field of harmonious relationships. Corporate system, like any other system, is such a creative and co-creative system of relationships. In this system of mutually dependent and inter-dependent relationships, the important thing is not the managerial or executive nature of what the relationship is but how the existing relationship is lived and experienced by the component members of a system. In this system of ends and means, the relationship is distinguished by the principles of coherence and harmony. Immanual Kant, the German philosopher, is known to have said; “Two things have filled my heart with awe and reverence: the starry night above and the moral law within”. By way of speculation, we may wonder what kind of sentiments the corporate man experiences in his solitude in the silence of the night and deep down in his heart. However brief, such a transcendental view of life offers a whole new way of being in the world, in terms of what it has to offer as a perpetual unfoldment of new horizons and new perspectives on life.

When *economic* and *ethics* cohere harmoniously and blend into each other seamlessly, progressive and incremental social development takes place. But, when they collide, corporate world trembles and becomes vulnerable to fatal and devastating flaws. In such a climate, disharmony reigns supreme and discord prevails. Pain and suffering colour all our dreams. Deceit and deception are glorified as worldly virtues. Hypocrisy is eulogized as sagacity. Honesty and virtue abandon the lived-world. Truth, and whatever is predicted on truth, is drowned in the silent groans of wisdom. The corporate man suffers, causing others, pain and anguish, in vain.

In our “editorial perspectives” we have taken our mandate from the signature values of the Institute of Business Administration (IBA), defining its distinguishing features as characterized by the continuity of thought and action. Our assumption has been that action is an extension of thought and a continuity of thought and action is an essential component of creative and dynamic management. We believe that in management our relentless focus ought to be on the workability of ideas, for today and tomorrow. It is the practice (*pragma*) and action oriented pedagogy, which teaches our students the philosophy of active engagement and, above all, recognition of the empowering power of *value* and *judgment, action* and *decision*. It also teaches us what we do not know but are willing to learn.

There is nothing more exciting in life than the willingness of a man to embrace new challenges, to create new values, new purposes, to seek new ideals and goals. The eagerness with which a man pursues such creative goals stem from his belief that life does not, because it cannot, take new meanings unless it is *given* new meanings. Otherwise, the *World* remains devoid of values it does not possess and the meanings it does not have. The task, equally exciting for the creative thinker, researcher and corporate manager is the ability to use such vision, insight and administrative passion, managerial inspiration and learning experience for his own self-education and cultural dynamism. This is indeed an audacious attitude and at the IBA we are, not withstanding our boldness, in the company of learned men. We owe our audacity to the Qur'anic admonition that "*over each learned man, there is one more learned*". As seekers of truth, knowledge and wisdom, we are well within IBA's tradition of academic excellence, intellectual distinction and liberal attitude.

Liberal education and normative sciences play a crucial and defining role in the ethical and moral development of corporate culture. Our corporate culture suffers from grievous flaws and our corporate world is stigmatized into a world bereft of transcendence, dynamic and creative principle of movement and change. In pursuit of rugged materialism and vulgar pragmatism, in corporate world, even ethics and economics conspire and resort to extreme methods in pursuit of prosperity and pleasure. Corporate man, by temperament and inclination, is not inspired by *value*; he competes in search of *profit* and more *profit*, and profit is something he defines as *value*.

Our institutions of higher education, including our schools of business administration and management, carry a heavy burden of responsibility, especially to address the ethical and moral concerns of our students. We need to teach them how to integrate their thinking into an overall concept of *knowing as being.* The thought here is that one does not have to be a philosopher to know the difference between *knowing* the *truth* and *being truthful*. Let the truth prevail and our corporate functionary do what he ought to be doing in the corporate world, with excellence and imagination, simply because he is capable of doing it. Let us pay tribute to the legacy of those who struggle to be good in whatever they do.

A highly articulate crusader of *professionalism* in business, Wallace B. Donham, who rose to the eminence of the Dean of the *Harvard Graduate School of Business* in 1919, wrote:

> "The development, strengthening, and multiplication of socially minded businessmen is the central problem of business. Moreover, it is one of the great problems of civilization, for such men can do more than any other type to rehabilitate ethical and social forces of the community."

Tufail A. Qureshi

ARTICLE

Gender, Behavioral Finance and the Investment Decision

Bimal Jaiswal
University of Lucknow, Lucknow, Uttar Pradesh, India

Naela Kamil
Academy of Higher Learning, *Lucknow*, Uttar Pradesh, India

Abstract

As per classical economic theory, humans are completely rational decision makers who carefully evaluate all facts and evidences before taking decisions that aim at maximizing outcomes. However it has been found that in real life humans are not totally rational, rather they are influenced by various behavioural factors while making decisions. Behavioural Finance has thus emerged as an emerging field that studies the influence of psychology on financial decisions.

However, it still remains to be investigated whether the impact of behavioural factors is homogenous on all individuals or whether the demographic and psychographic characteristics of the individuals in any way influence the behavioural investment decision.

This research takes up one demographic variable, gender, and attempts to investigate the extent to which gender differences influence behavioural investment decisions.

Keywords: Behavioural Finance, Herd Behaviour, Mental Accounting, Over-reaction, Prospect Theory.

Introduction

As per classical economic theory, humans are completely rational decision makers who carefully evaluate all facts and evidences before taking decisions that aim at maximizing outcomes. However it has been found that in real life humans are not totally rational, rather they are influenced by various behavioural factors while making decisions. Behavioural Finance has thus emerged as an emerging field that studies the influence of psychology on financial decisions.

However, it still remains to be investigated whether the impact of behavioural factors is homogenous on all individuals or whether the demographic and psychographic characteristics of the individuals in any way influence the behavioural investment decision.

This research takes up one demographic variable, gender, and attempts to investigate the extent to which gender differences influence behavioural investment decisions.

Literature Review

After many decades of supremacy, the assumption of human rationality was challenged by a new generation of researchers headed by Daniel Kahneman and Amos Tversky, who in their first research publication on the subject in 1974 discussed "Judgement under Uncertainty : Heuristics and Biases". Further in 1979, Kahneman and Tversky brought to public attention their new "Prospect Theory" in the journal Econometrica, which further challenged the rationality argument and entirely changed the way in which investment decision making was looked upon. Prospect Theory discovered behaviour patterns that had never been recognized by the proponents of rational decision making. One of the most striking and useful findings in the Prospect Theory of the Israeli psychologist duo Kahneman and Tversky was the asymmetry between the way humans make decisions involving gains and decisions involving losses. Kahneman and Tversky proposed and proved through multiple experiments that the same individual who is a risk averter for a decision involving gains becomes a risk seeker for a loss-avoiding decision.

Spurred by the path breaking Prospect Theory, a series of researches were successfully conducted by a group of academic economists led by Richard Thaler, David Bell, Meir Statman, Hersh Shefrin, Robert Shiller, et al resulting into a new field of study known as Behavioural Finance. Peter Bernstein, the founder editor of The Journal of Portfolio Management, in his incredible landmark book "Against the Gods – The Remarkable Story of Risk", published in 1996 writes –

"Behavioural Finance analyses how investors struggle to find their way through the give and take between risk and return, one moment engaging in cool calculation and the next yielding to emotional impulses. The result of this mixture between the rational and not-so-rational is a capital market that itself fails to perform consistently in the way theoretical models predict that it will perform"

The proponents of Behavioural Finance have stacked up many interesting experimentally verified theories to prove the quasi-rational behaviour of humans. According to Richard Thaler (1985), "quasi-rationality is neither fatal nor immediately self-defeating". Meir Statman and Hersh Shefrin, both Professors at the University of Santa Clara, in an illuminating paper on behavioural finance titled "Explaining Investor Preference for Cash Dividends" published in the Journal of Financial Economics, in 1984, first discussed another behavioural phenomenon known as 'mental accounting'. Statman and Shefrin hypothesized the existence of a split in the human psyche, one with a long term perspective, and the other favouring immediate gratification.

Richard Thaler and Werner DeBondt in their notable research work "Does the Stock Market Overreact?" presented at the Annual Meeting of American Finance Association in December 1985 demonstrated that investors do not objectively weigh new information but rather overweigh new and under-weigh prior and longer term information and hence over react.

In a 1992 paper that summarizes "Advances in Prospect Theory", Kahneman and Tversky made the observation that theories of choice are at best approximate and incomplete and that when faced with complex problems, people use computational shortcuts and editing operations.

Another noteworthy research work "Contrarian Investment, Extrapolation and Risk" by three academicians Josef Lakonishok, Andre Shleifer and Robert Vishny, published in the National Bureau of Economic Research in May 1993, elaborated statistical which confirmed the hypothesis that "value" stocks tend to outperform more highly valued stocks. The three authors became so convinced by contrarian investment and other behavioural finance phenomenon that they launched their own firm LSV Asset Management in 1995 to manage money in accordance with their contrarian model.

In a 1995 paper on "Aspects of Investor Psychology", Kahneman and Mark W Riepe bring forth the beliefs, preferences and biases that humans have which influence their investment decision making. The authors put forward a series of well-researched recommendations for investment advisors to deal with such behavioural issues.

In June 2000, Meir Statman and Hersh Shefrin published a breakthrough research paper entitled "Behavioural Portfolio Theory" in which they have proposed a new model of portfolio selection as a parallel to the widely used Capital Asset Pricing Model. They have constructed a BPT Efficient Frontier and compared it with the mean-variance efficient frontier and concluded that in general, the two do not overlap. According to them, optimal BPT portfolios and optimal CAPM portfolios are also different from each other.

The evidence from various researches, experimental and otherwise, reveals repeated patterns of irrationality, inconsistency and incompetence in the way human beings arrive at decisions and choices when faced with uncertainty. (Peter Bernstein, 1996)

From the psychology perspective, a review of research reveals that Investor Psychology is a relatively very new development in the ancient science of psychology. However, being application based, it has attracted considerable attention from psychologists and finance (investment) professionals alike. The research in investor behaviour can be said to be broadly of two kinds, one that involves individual investors and hence a study of individual psychology and the other a study of group psychology or a study of the market and its movements as a whole.

On the basis of a questionnaire based study of 140 small investors and 175 professional investors/traders, Ira Epstein, a stockbroker and David Garfield, a psychologist, published a book in 1992, entitled "The Psychology of Smart Investing". In this book they presented the analysis of their survey, in which they identified six clusters or 'types' of investors which they named as overly cautious/paranoid investors, conflicted investors, masked investors, revenging/consumed investors, fussy investors and depressed investors. Interestingly, these investor 'types' closely resemble the mental disorder categories described by American Psychiatric Association. (Bernstein, 1996)

In a 2005 research paper, published in The Journal of Behavioural Finance, entitled "Risk Aversion and Personality Types", Greg Filbeck, Patricia Hatfield and Philip Horvath have explored the relationship between the personality type dimensions of the Myers Briggs Type Indicator (MBTI) and the moments approach to individual investor risk tolerance, inherent in expected utility theory.

In the words of Jonathan Myers, author of "Profits Without Panics: Investment Psychology for Personal Wealth" and founder of investment website psychonomics.com, "the way to improved financial returns is to match investments with investor's personality and needs". Myers has classified investors into cautious, emotional, technical, busy, casual and informed categories. He has also constructed various questionnaires and tools to determine the investor's personality.

One interesting study by Myers and many other financial analysts / researchers is about the role of gender in investment decision making. Are men and women different when it comes to financial decisions? The answer, as found out by many researchers is a resounding affirmative. Myers found that while men tend to be focused on results, goal directed and single minded with higher risk tolerance levels as well as high over-confidence levels, women, on the other hand, are multi-focussed, process driven, less tolerant of risk and less prone to over confidence.

Brad Barber and Terrance Odean in their 2001 research paper in the Quarterly Journal of Economics, entitled "Boys will be Boys : Gender, Overconfidence and Common Stock Investment" have also concluded similar results about gender specific financial behaviours. In a 2007 paper in Decision, the journal of IIM, Calcutta, entitled "Investment Decision Making : An exploration of the Role of Gender", Yesh Pal Davar and Suveera Gill have concluded after an intensive statistical enquiry that females have lower levels of awareness, lower confidence levels and lower risk tolerance capacities and hence are more cautious vis-à-vis males with regard to prospective investment in equity (risky) securities, especially if fund availability is low.

Jordan E Goodman in his book "Master Your Money Type" published in 2007 by Warner Business Books argues that there is a profound correlation between how an individual 'feels' about money and his financial decision. Goodman analyses the motivations that define an investor's attitude towards money and classifies investments into money types, each having common personality traits. Goodman recommends identification of one's money type as the first step towards investment decision making.

Conceptual Framework of Behavioural Finance

Behavioral finance is a field of study that seeks to combine behavioral and cognitive psychological theory with conventional economics and finance to provide explanations for why people make irrational financial decisions. The key concepts of behavioural finance are:

1. **Anchoring:** The concept of anchoring draws on the tendency to attach or "anchor" our thoughts to a reference point - even though it may have no logical relevance to the decision at hand.

2. **Mental Accounting:** Mental Accounting refers to the tendency for people to separate their money into separate accounts based on a variety of subjective criteria, like the source of the money and intent for each account.

3. **Confirmation Bias:** In investing, the confirmation bias suggests that an investor would be more likely to look for information that supports his or her original idea about an investment rather than seek out information that contradicts it.

4. **Hindsight Bias:** Another common perception bias is hindsight bias, which tends to occur in situations where a person believes (after the fact) that the

onset of some past event was predictable and completely obvious, whereas in fact, the event could not have been reasonably predicted.

5. **Gambler's Fallacy:** In the gambler's fallacy, an individual erroneously believes that the onset of a certain random event is less likely to happen following an event or a series of events. This line of thinking is incorrect because past events do not change the probability that certain events will occur in the future.

6. **Herd Behaviour:** Refers to the tendency of individuals to mimic the actions (rational or irrational) of a larger group. Individually, however, most people would not necessarily make the same choice.

7. **Over confidence:** Refers to the tendency to overestimate or exaggerate one's ability to successfully perform a particular task. Investors often fall prey to this tendency which harms their interests in the long run.

8. **Over-reaction:** One consequence of having emotion in the stock market is the overreaction towards new information. According to market efficiency, new information should more or less be reflected instantly in a security's price. For example, good news should raise a business' share price accordingly, and that gain in share price should not decline if no new information has been released since. Reality, however, tends to contradict this theory. Oftentimes, participants in the stock market predictably overreact to new information, creating a larger-than-appropriate effect on a security's price.

9. **Prospect Theory:** Contends that people value gains and losses differently, and, as such, will base decisions on perceived gains rather than perceived losses. According to prospect theory, losses have more emotional impact than an equivalent amount of gains, so people are willing to take risks to avert losses while they become risk averse regarding prospective gains.

Research Objective

The objective of this research is to investigate whether gender plays a role in investment decision making and to find the extent to which men and women are influenced by behavioural finance phenomenon. The research also attempts to identify the points of difference between the two genders with respect to their vulnerability towards various behavioural phenomena.

Research Methodology

The research study has employed both secondary and primary data. The primary data was collected from salaried investors (the respondents) with the help of a structured questionnaire. The study employed non-probabilistic sampling method, with a judicious mix of convenience and judgmental sampling. The final sample size was 161, with representation from a wide cross-section. Chi-square test has been used for statistical analysis. The sample was collected during December 2008, from the city of Lucknow, India. The demographic profile of the respondents is elucidated in Table 1.

Table 1: Demographic Profile of Respondents

		Females (%) n = 56	**Males (%) n = 105**	**TOTAL**
Age	Less than 25 years	9 (16.07)	13 (12.38)	**22**
	26 – 35 years	21 (37.50)	48 (45.72)	**69**
	36 – 45 years	16 (28.57)	24 (22.86)	**40**
	> 45 years	10 (17.86)	20 (19.04)	**30**
	TOTAL	**56 (100.0)**	**105 (100.0)**	**161**
Educational Qualifications	Graduate	08 (14.29)	10 (09.52)	**18**
	Post Graduate / Professional	45 (80.36)	92 (87.62)	**137**
	Doctorate	03 (05.35)	03 (02.86)	**06**
	TOTAL	**56 (100.0)**	**105 (100.0)**	**161**
Employment	Govt. / Public Sector	20 (35.71)	22 (20.95)	42
	Private Sector	36 (64.29)	83 (79.05)	119
	TOTAL	**56 (100.0)**	**105 (100.0)**	**161**
Annual Income	Less than 1.8 lakhs	19 (33.92)	17 (16.19)	36
	1.8 – 3.6 lakhs	29 (51.79)	75 (71.43)	104
	More than 3.6 lakhs	08 (14.29)	13 (12.38)	21
	TOTAL	**56 (100.0)**	**105 (100.0)**	**161**

Hypothesis

The following null hypotheses were formulated to study whether gender difference has any significant impact on investment behaviour and vulnerability to behavioural finance phenomenon.

$H_{0.1}$: There is no significant difference between male and female investors with regard to clarity of financial goals.

$H_{0.2:}$ There is no significant difference between male and female investors with regard to primary investment objective.

$H_{0.3:}$ There is no significant difference between male and female investors with regard to risk appetite.

$H_{0.4:}$ There is no significant difference between male and female investors with regard to susceptibility to mental accounting.

$H_{0.5:}$ There is no significant difference between male and female investors with regard to susceptibility to prospect theory.

$H_{0.6:}$ There is no significant difference between male and female investors with regard to tendency to over react to new market information.

$H_{0.7:}$ There is no significant difference between male and female investors with regard to investor over-confidence.

$H_{0.8:}$ There is no significant difference between male and female investors with regard to susceptibility to herd behaviour.

Analysis of Data & Interpretation

1.# **Gender and Clarity of Financial Goals:** Clarity of financial goal signifies a situation wherein the investor has a very clear mental picture of where he is right now, where he wants to reach and how he will reach his destination. An exact investment target in terms of quantity as well as time horizon, alongwith a feasible and realistic plan to achieve the same would qualify as a precise financial goal.

The responses of male and female respondents with regard to clarity of financial goals have been tabulated in the following contingency table. (Table 2)

Table 2: Contingency Table of Gender with Clarity of Financial Goals

Clarity of Goals	**Male**	**Female**	**TOTAL**	**Percentage**
Precise Financial Goals	21 (18.26)	07 (9.74)	**28**	**17.39**
Somewhat precise	53 (53.48)	29 (28.52)	**82**	**50.93**
Not precise at all	31 (33.26)	20 (17.74)	**51**	**31.68**
	105	**56**	**161**	**100**

$H_{0.1:}$ There is no significant difference between male and female investors with regard to clarity of financial goals.

Degree of Freedom: (3 – 1) (2 – 1) = 02

Level of Significance: 95%

Calculated Value of χ^2 = 1.6359

Tabulated Value of χ^2 = 5.99

As Calculated Value of χ^2 is less than Tabulated Value, the ***Null Hypothesis*(H$_{0.1}$)** ***is Accepted*** at 95% level of significance, which means that there is no significant statistical difference between male and female investors with regard to clarity of financial goals.

As there is no difference between genders, the entire sample can be considered as homogenous, with regard to this attribute. The researchers found that only 17.39% of the total respondents had clear financial goals, 50.93% were somewhat clear while the remaining 31.68% frankly admitted to having no clarity in their financial goals.

2.# Gender and Primary Investment Objective: There are only two primary objectives of investment, either current income or future capital appreciation, commonly called growth. Though an investor may give equal importance to both objectives, usually either income or growth is the primary objective while making investment decisions.

The responses of male and female respondents with regard to primary investment objective have been tabulated in the following contingency table. (Table 3)

Table 3: Contingency Table of Gender with Primary Investment Objective

Primary Investment Objective	Male	Female	TOTAL
Growth	64 (48.91)	11 (26.09)	**75**
Income	23 (27.39)	19 (14.61)	**42**
Both	18 (28.70)	26 (15.30)	**44**
	105	**56**	**161**

H$_{0.2}$: There is no significant difference between male and female investors with regard to primary investment objective.

Degree of Freedom: (3 – 1) (2 – 1) = 02

Level of Significance: 95%

Calculated Value of χ^2 = 26.878

Tabulated Value of χ^2 = 5.99

As Calculated Value of χ^2 is more than Tabulated Value, the ***Null Hypothesis* (H$_{0.2}$)** ***is Rejected*** at 95% level of significance, which means that there is a significant statistical difference between male and female investors with regard to primary investment objective.

An analysis of the contingency table clearly reveals that while male investors are more prone towards growth objective, female investors are more inclined towards either income or both income and growth objectives.

3.# Gender and Risk Appetite: Risk appetite means whether the investor is ready to bear high risk for getting high returns. How much fluctuation can the investor bear in his investments without losing a night's sleep or without making a panic exit? The answer to this question determines the risk appetite. The investor who can stomach the highest risk is called Aggressive, while the one who cannot tolerate any risk is called Conservative.

The responses of male and female respondents with regard to risk appetite have been tabulated in the following contingency table. (Table 4)

Table 4: Contingency Table of Gender with Risk Appetite

Risk Appetite	Male	Female	TOTAL
Aggressive	48 (43.04)	18 (22.96)	**66**
Moderate	37 (35.22)	17 (18.78)	**54**
Conservative	20 (26.74)	21 (14.26)	**41**
	105	**56**	**161**

$H_{0.3}$: There is no significant difference between male and female investors with regard to risk appetite.

Degree of Freedom: (3 – 1) (2 – 1) = 02

Level of Significance: 95%

Calculated Value of χ^2 = 6.7866

Tabulated Value of χ^2 = 5.99

As Calculated Value of χ^2 is more than Tabulated Value, the ***Null Hypothesis*(H$_{0.3}$) *is Rejected*** at 95% level of significance, which means that there is a significant statistical difference between male and female investors with regard to risk appetite.

An analysis of the contingency table clearly reveals that male investors are more risk aggressive, while female investors are more conservative.

4.# Gender and Susceptibility to Mental Accounting: Mental Accounting refers to the tendency for people to separate their money into separate accounts based on a variety of subjective criteria, like the source of the money and intent for each account. For example, people would be willing to go on a luxury cruise using lottery money but not with salary money. Due to the same faulty logic, the investors might be saving money in one account to buy some specified item, while at the same time drowning on credit card debt.

The responses of male and female respondents with regard to susceptibility to mental accounting have been tabulated in the following contingency table. (Table 5)

Table 5: Contingency Table of Gender with Susceptibility to Mental Accounting

Susceptibility to Mental	Male	Female	TOTAL	Percentage

Accounting				
Susceptible	74 (73.04)	38 (38.96)	**112**	**69.6**
Not Susceptible	31 (31.96)	18 (17.04)	**49**	**30.4**
	105	**56**	**161**	**100**

$H_{0.4}$: There is no significant difference between male and female investors with regard to susceptibility to mental accounting.

Degree of Freedom: (2 – 1) (2 – 1) = 01

Level of Significance: 95%

Calculated Value of χ^2 = 0.1192

Tabulated Value of χ^2 = 3.84

As Calculated Value of χ^2 is less than Tabulated Value, the ***Null Hypothesis ($H_{0.4}$) is Accepted*** at 95% level of significance, which means that there is no significant statistical difference between male and female investors with regard to susceptibility to mental accounting.

As there is no difference between genders, the entire sample can be considered as homogenous, with regard to this attribute. So it can be said that 69.6% of the sample is susceptible to mental accounting, while 30.4% are not susceptible.

5.# Gender and Susceptibility to Prospect Theory: Prospect Theory **c**ontends that people value gains and losses differently and losses have more emotional impact than an equivalent amount of gains, so people are willing to take more risks to avert losses while they become risk averse with regard to prospective gains.

The responses of male and female respondents with regard to susceptibility to Prospect Theory have been tabulated in the following contingency table. (Table 6)

Table 6: Contingency Table of Gender with Susceptibility to Prospect Theory

Susceptibility to Prospect Theory	Male	Female	TOTAL
Susceptible	82 (75)	33 (40)	**115**
Not Susceptible	23 (30)	23 (16)	**46**
	105	**56**	**161**

$H_{0.5}$: There is no significant difference between male and female investors with regard to susceptibility to prospect theory.

Degree of Freedom: (2 – 1) (2 – 1) = 01

Level of Significance: 95%

Calculated Value of χ^2 = 6.5743

Tabulated Value of χ^2 = 3.84

As Calculated Value of χ^2 is more than Tabulated Value, the ***Null Hypothesis* (H$_{0.5}$) *is Rejected*** at 95% level of significance, which means that there is a significant statistical difference between male and female investors with regard to susceptibility to Prospect Theory.

A deeper analysis of the contingency table clearly reveals that male investors are more susceptible to Prospect theory than are female investors.

6.# Gender and Tendency to Over-react in response to new market information: Participants in financial markets often overreact to new information, creating a larger-than-appropriate effect on a security's price, that is, positive information is followed by an unjustified steep rise in price while negative information is followed by unjustified steep decline in prices. At other times, simply market sentiment may cause prices to steeply rise or fall without any fundamental justification.

The responses of male and female respondents with regard to tendency to over react have been tabulated in the following contingency table. (Table 7)

Table 7: Contingency Table of Gender with Tendency to Over-react

Over-reaction	Male	Female	TOTAL
Yes	79 (72.39)	32 (38.61)	**111**
No	26 (32.61)	24 (17.39)	**50**
	105	**56**	**161**

H$_{0.6}$: There is no significant difference between male and female investors with regard to tendency to over react to new market information.

Degree of Freedom: (2 – 1) (2 – 1) = 01

Level of Significance: 95%

Calculated Value of χ^2 = 5.5865

Tabulated Value of χ^2 = 3.84

As Calculated Value of χ^2 is more than Tabulated Value, the ***Null Hypothesis* (H$_{0.6}$) *is Rejected*** at 95% level of significance, which means that there is a significant statistical difference between male and female investors with regard to tendency to over react to financial market information.

An analysis of the contingency table clearly reveals that male investors tend to over react more than their female counterparts.

7.# Gender and Investor Over-confidence: Self Confidence refers to one's own estimation of one's ability to successfully perform a particular task. There is a very thin line of difference between self confidence and overconfidence. While self confidence is a positive attribute, if overdone it results in extremely negative consequences. In the investment world, over confidence amounts to self destruction.

The responses of male and female respondents with regard to tendency to over react have been tabulated in the following contingency table. (Table 8)

Table 8: Contingency Table of Gender with Investor Over-Confidence

Investor Over-confidence	Male	Female	TOTAL
Above Average	29 (22.83)	06 (12.17)	**35**
Average	60 (61.30)	34 (32.70)	**94**
Below Average	16 (20.87)	16 (11.13)	**32**
	105	**56**	**161**

$H_{0.7}$: There is no significant difference between male and female investors with regard to investor over-confidence.

Degree of Freedom: (3 – 1) (2 – 1) = 02

Level of Significance: 95%

Calculated Value of χ^2 = 8.1427

Tabulated Value of χ^2 = 5.99

As Calculated Value of χ^2 is more than Tabulated Value, the ***Null Hypothesis ($H_{0.7}$) is Rejected*** at 95% level of significance, which means that there is a significant statistical difference between male and female investors with regard to investor over-confidence.

An analysis of the contingency table clearly reveals that male investors tend to be more over-confident as compared to their female counterparts

8.# Gender and Susceptibility to Herd Behaviour: Herd behaviour implies the extent to which individuals are influenced by what the majority of the people are doing. Going with the herd seems safe and self fulfilling. The interesting thing about herd behaviour is that the same individuals, if they were making independent individual decisions, would not have made the same choice.

The responses of male and female respondents with regard to susceptibility to herd behaviour have been tabulated in the following contingency table. (Table 9)

Table 9: Contingency Table of Gender with Susceptibility to Herd Behaviour

Susceptibility to Herd Behaviour	Male	Female	TOTAL	Percentage
Susceptible to a Large Extent	27 (29.35)	18 (15.65)	**45**	**27.9**
Susceptible to a Small Extent	56 (56.74)	31 (30.26)	**87**	**54.0**

Not Susceptible	22 (18.91)	07 (10.09)	**29**	**18.1**
	105	**56**	**161**	**100**

$H_{0.8}$: There is no significant difference between male and female investors with regard to susceptibility to herd behaviour

Degree of Freedom: (3 – 1) (2 – 1) = 02

Level of Significance: 95%

Calculated Value of χ^2 = 2.0202

Tabulated Value of χ^2 = 5.99

As Calculated Value of χ^2 is less than Tabulated Value, the ***Null Hypothesis is Accepted*** at 95% level of significance, which means that there is no significant statistical difference between male and female investors with regard to susceptibility to herd behaviour.

As there is no difference between genders, the entire sample can be considered as homogenous, with regard to this attribute. So it can be said that 27.9% of the sample is susceptible to herd behaviour to a large extent and 54% to a small extent, while 18.1% are not susceptible and prefer making independent decisions.

Conclusion and Recommendations

A thorough analysis of the data collected through structured interviews shows with total clarity and no degree of doubt that investors are not playing the investment game scientifically. There is a high degree of behavioural influence in their investment decisions which may lead to sub-optimum results, scientifically speaking. However, it is interesting to note that investors are largely satisfied with the way things are. This seems to suggest that investors are not machines, and that they are content with their own un-scientific fuzzy logic and emotional decisions, even though many of them are aware of their sub-optimum investment performance.

However, the influence of behavioural factors on men and women shows a considerable variation. It may sound a reiteration of an age old belief, but this research has once again proved that men and women are not alike. In only three amongst the eight attributes tested do men and women seem similar, that is they are both largely clueless about the clarity of their financial goals, and both are equally susceptible to behavioural fallacies such as mental accounting and herd behaviour.

However, amongst the remaining five attributes, there are significant differences in the way men and women behave. While women are more conservative in their risk-taking behaviours, they are also less prone to over confidence and overreaction and in general do not subscribe to the prospect theory. Women are also more likely to invest for income objective rather than growth.

Men, on the other hand, are more aggressive financial decision makers and aim for growth objective rather than income. However, they are also more prone to behavioural aberrations like over-confidence and over-reaction and also extensively subscribe to the prospect theory.

What is the implication of this research for the financial industry? The implication is that the population as a whole is behaviourally inclined and unless they see emotion in reason, rather than the opposite, they would not feel comfortable or content. Also, significant variations in the financial behaviours of men and women would entail construction of customized portfolios for each with regard to their individual preferences and eccentricities. The financial services industry, especially investment advisors, should wake up to this call and make gender-specific behavioural adjustments to their portfolio advice.

An apt way to do this would be the creation and use of psychometric testing devices for investors to measure their demographic and psychographic characteristics. Thereafter, customized behavioural portfolios can be constructed so as to maximize the financial as well as psychological well being of the investors.

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"Religious distress is at the same time, the expression of real distress and a protest against real distress. Religion is the sigh of the oppressed creature, the heart of a heartless world, just as it is the spirit of a spiritless situation. It is the opium of the people."

Marx

ARTICLE

Motion Pictures as an Agent of Socialization:
A Comparative Content Analysis of Demography of Population on Indian Silver Screen and Reported Crime News in Pakistan
(1976 to 2006)

Erum Hafeez Aslam

Institute of Business Administration, Karachi, Pakistan

Abstract

This study aims to examine and analyze role of motion pictures as an agent of socialization. It focuses the contribution of Indian movies to the increase of violent crimes and criminals in Pakistani society across the four decades (i.e. 1970s, 1980s, 1990s and 2000s) through favorable rather glamorized depiction of violence and perpetrators of violence. It is arbitrarily assumed that violence is often projected on silver screen as a quick and easy solution to social injustice and class discrimination in the blockbusters of Bollywood and Lollywood.

Five top grossing Indian films selected through popularity charts and youth polls are thus content analyzed from the four decades under study for the census and portrayal of both perpetrators and subjects of violence, following sampling techniques of Shipley and Cavendar, 2001. Subsequently, four samples of one month issues of the largest circulated Daily Jang __ from each decade (1976-2006) __ were carefully content analyzed to identify the population, age, gender, class and depiction of criminals and victims as a representative day-to-day record of social crime scene.

Results show that the population of violent criminals has increased both in Pakistani society and in Indian movies during the forty years sampled but the increase is curvilinear rather than linear in nature. Though, there seems to be fragile, proportional relationship between the two variables, it is observed that the presence and portrayal of criminal elements in Pakistani society fluctuate and subject to several other socio-economic and political factors both in national and international scenario. The very fact reflects that the impact of mass media as an agent of socialization is rather slow, gradual and subtle unlike the hypodermic needle or magic bullet theories of yesteryears. Besides there is an assumption that strikingly popular Indian movies (which actually fill the cinematic vacuum in absence of sufficient quality local films) are likely to play a vital role in transmitting patterns of conduct and defining role models in Pakistani society.

Key words: Portrayal, Violence, Crimes, Indian Films, Bollywood Blockbusters, Socialization, Role Models, News, Criminals, Victims, Characterization, Demographic, Socio-political, Economic factors.

Introduction

People and institution that contribute to individual's self-image, approach and conduct are known as agents of socialization. The leading traditional agents of socialization include family, religion, school, daycare, peer group, mass media, sports and workplace. Each one has its unique role in nurturing individuals into an active and functional member of society.

Mass Media viz., books, newspapers, magazines, radio, television, movies, internet and mobile phones are not just the sources of information and entertainment anymore; rather they mould our attitudes, values and perception towards life. It was estimated in US that "on an average people in modern age spend more time using media (3, 661 hours) annually than sleeping (2, 920 hrs.) or other activities other than media (2, 179 hrs) out of total hours of 8,760 in a year" (Stevenson, 2004-2007, Communication Industry forecast).

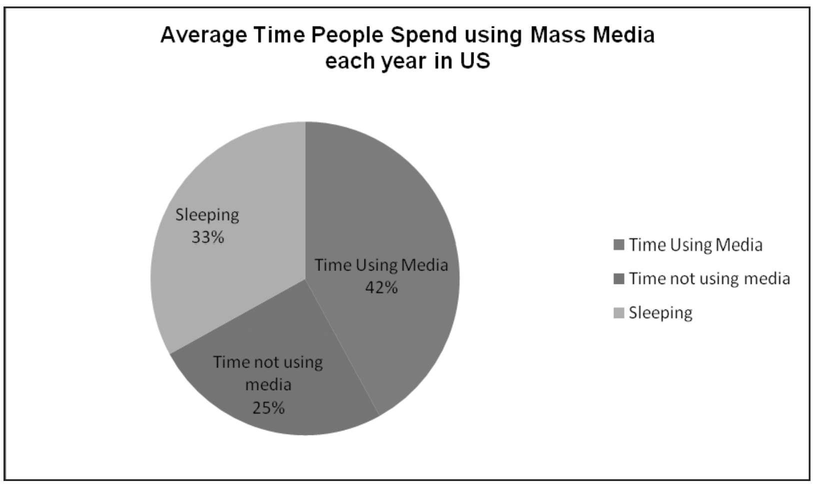


Figure 1: Average Time people spend with Media each year (Veronis Sahler Stevenson's Communications industry Forecast 2003-2007 as cited by Biagi, 2005), P.2

The above survey reflects that the contemporary generation spends more time with the Mass Media than the conventional social institutions. Hence they get inspiration and understanding of most of unusual life's experiences such as violence, love and sex through films and TV.

Movies serve as an important agent of socialization that often function independently and mostly against the values and morals of traditional social institutions. Most movies project controversial themes and actions such as violence, drinking, gambling, and adultery in a glamorous way to attract masses and churn out maximum profit. In result they often have a clash and face serious criticism from traditional agents of socialization.

However, there are researchers such as Yanovitling and Benett (Thompson, 1999, p.446) who discovered that media effects mediated by other agents of socialization such as family, peers and criminal judicial system actually influences the social context such as perception of social reality and risks which in turn influence individuals' decisions. Carlyle and Staler (2008), on the other hand, assumed that mass media might manipulate human behavior more effectively through their influence on social institutions rather than individuals (Journal of Communication, pp.68-186).

Movies as Social Institution

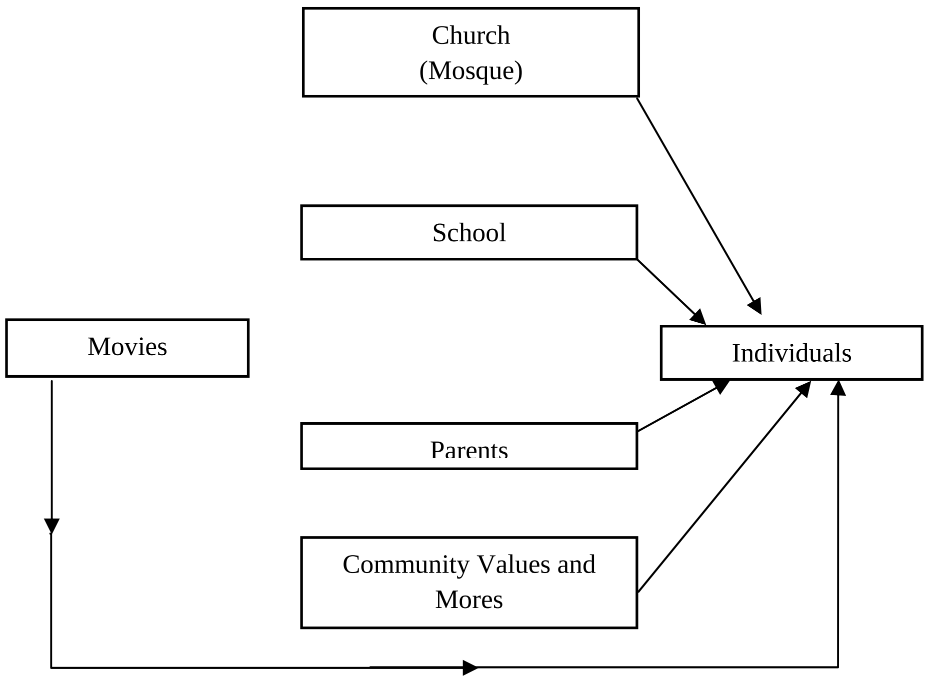


Figure 1 depicts Model of Movie Socialization reflecting role of Movies as one of the leading Modern Social Institutions working independent of the traditional social institutions (Garth Jowett, 1989, p. 82)

Violence and its Categories

Violence refers to the extreme form of verbal or physical aggression that has a significant risk of injuring their victims. Violence can be further divided into two types:

Verbal Violence usually refers to saying harmful, insulting or derogatory things to the victims that may influence them emotionally and psychologically.

Physical Violence vary in severity ranging from pushing and shoving to serious physical assaults, fighting and even killings.

Crime and its Forms

Crime refers to breach of law. It is thus any act that breaks a criminal law.

Kerbo (2007) defined Crime as "a particular form of deviance that involves violation of laws reinforced by the political system." He suggests that the nature of crime thus must be determined within the context of power and the political process (p. 206).

Criminal acts are broadly divided into violent offenses (against persons) and nonviolent offenses (against property).However, the four major categories of crimes (as identified by Kerbo, 2007, pp 206-223; Thompson & Hickey, 1999 et al, p.190) include traditional crime, organized crime, white collar crime and popular crime.

Violence and Crimes in Movies

Violence and Crimes are the hot cakes that have always attracted film-makers world over due to its mass appeal. For people of all ages greatest exposure to violence also comes from movies. Researchers have identified that Love, Crime and Sex are the ever green themes that have dominated 75% of the commercial films produced world over since 1930. Further National Institute on Media Studies (The Family, 2010, p.2) fosters the fact that "an average American child exposes to 8,000 murders and 100, 000 violent acts before finishing elementary school which raised to 40,000 homicides and 200,000 violent acts by the age of 18." It can arbitrarily be assumed that the situation might not be much different in Pakistan, thanks to mushrooming cable channels and easily available foreign movies on DVDS and internet.

It is crucial to note that depiction of violence in films is often unrealistic and exaggerated. Fighting and killing are often projected as a practical and easy solution in crisis without any hint to its consequences especially when it involved heroes versus villains.

The impact on viewers' psyche is obvious. However, it is not that simple to blame onscreen violence for rising anarchy in society due to various reasons. Virtually very few criminals and deviants are found guilty because of their heavy exposure to onscreen violence. On the contrary, a large majority of the viewers seem to be unaffected. Though most researches unable to find a straight cause-and-effect link between real and reel world violence, they do recognize multiple and indirect circumstantial links.

Popularity of Bollywood in Indo-Pak Sub-Continent

The society in Indo-Pak subcontinent is believed to be under the immense influence of large and empathic Indian film industry.

The Press Trust of India (2006) claimed that "India has the largest film industry in the world popularly known as Bollywood and often referred to as Hindi Cinema. Its annual worldwide ticket sales are worth **$ 3.5 billion**. Bollywood churns out approximately **800-1000** movies every year." Indian Cinema is recognized globally and has a large viewership in almost every region of the world. Due to its international appeal, Bollywood movies are exported to over hundred countries across the world. "These movies generate around 30% of their potential profit from overseas markets" (APF Reporter 21 # index).

Cinema of India (2007) further estimated that satellite television and fast growing home video segment of cable TV are new alternative distribution means that expectedly "expand the Bollywood films' market to earn around **Rs. 12, 900 crores ($3 billion) by 2009**."

Considering the popularity of Indian movies in Pakistan and its easy accessibility to local mass viewers through satellite television, home video cable channels, videocassette, DVDs and now countrywide display in native Cinema Halls, one can assume that it might play an important role in influencing the mindset by introducing virtual role models and sharing popular filmi culture.

Current Scenario

Approximately, 16 to 20 movies are telecast regularly on 24-hours movie channels available on cable television while a number of Indian movies are showcased in Pakistani Cinemas since last few years after the ban has been supposedly relaxed on the public release of Bollywood films in the country. The ban was imposed after the Indo-Pak war of 1965. However popular figures in the Pakistan film industry fervently advocating the open screening of the Indian movies, considering it the only way to revive the country's comatose film industry.

The growth of cable TV, globalization of film industry and concentrated media ownership has transformed the electronic media from a public trust to a transnational business enterprise. It gives a large part of Pakistan's population a swift, round-the-clock access to all sorts of programmes on various local and foreign channels that often depict crude violence and sex solely for profit motives. Among them, cable cinema channels are widely popular in the local viewers that showcase all types of Indian and English movies uncensored.

THEORETICAL FRAMEWORK

Social Identity Theory

Tajfel and Turner (1986) identified that the innate human inclination to maintain positive self-esteem and categorize often leads individuals to identify with certain social groups while recognize others as out groups to achieve sense of belongingness and social acceptance. Mass Media facilitate these characterizations through narratives of heroes and villains.

Ben-Yehuda (1994) and Jenkins (1998) stressed the importance of visual imagery in the magnification of deviant behavior. Pouliot and Cowen (2007) discovered that exposure to fictional films generate rich memory of verbal and visual information as well as intense emotional reactions.

> *They summarize that dramatic narratives can cause audience members to identify with protagonists, increase emotional involvement in the story, and activate cognitive frames which Entman (1989, pp. 347-69) defined as "mentally stored clusters of ideas that guide individual's processing of information". Moreover their findings were further reinforced by Marsh, Meade and Roediger*

(2003) who stated that films with well-known social themes had greater influence on memory and emotions.

Popular films often portray morally corrupt people; expose deviant actions through dramatic presentations especially in heroic fiction films in which protagonists often satisfy deprived mass audience by punishing villains. Sparks (1996) identified that these movies pointed towards the partial failure of existing social arrangements (Denham, 2010, pp. 485-502).

Observational Learning

The viewers of TV and movies adopt new behavioural patterns by simply watching them onscreen. Bandura (1986, 1994, p. 196) indicated in his Social Learning Theory that most of us especially children learn and adopt behavior following striking role models both in real world and media. His model identified four basic processes of social learning that occur in sequence viz., attention, retention, production and motivation. The theory highlights the socialization role of media and individual’s self-reflective capacity which differentiates the process from imitation.

All of us discover how to use a gun, although majority of us have never seen it in real.

French Sociologist Gabriel Trade coined the Imitation Approach saying that crime is a social phenomenon and like other social interactions, it involves imitation which results into certain belief or activity that is subsequently imitated. Shah (2003) highlighted that imitation worked most effectively in crowds and mobs as evident in recent violent mob crimes such as Sialkot lynching incident and stabbing and burning of snatchers in Karachi. The incident endorses the claim that people might learn violence from criminal environment and imitate under certain circumstances.

Instigation and Cue theory

The factors that motivate or restrain any behavior are the essence of social learning theory.

Observing justified and rewarded media violence is more likely to cue aggressive modeling in the viewers. Several studies such as the ones conducted by the UNESCO found that most films and Television programs depict justified violence including children’s’ programs (Kunczik, 2003).

The current study heavily relies on Social Identity, Culture and Learning Theories assuming that onscreen violence might incite certain vulnerable segments of society to react violently especially when they come across similar situations as portrayed in fictional world of films. Moreover this study also implies Observational, Instigation and Cue theories in glamourization of criminal violence on silver screen, hypothesizing that people learn and adopt deviant and even criminal behaviors as a ready reaction and quick solution to social injustice. Even when majority of viewers might not turn criminal in reaction to exposure to violent films, they might get converted into either desensitized or fearful human beings since they possibly take onscreen depiction of violence as a representative reality of its age.

Literature Review

Motion pictures are recognized as one of the core social institutions in the modern world that contribute significantly to the development of contemporary mass society. “Since its commencement in the nineteen century, it has been preferred as a shared source of recreation that attracts and influences each one of us at some stage of our life” (Garth Jowett, 1989, pp. 83-85). Researchers started investigating motion pictures and its influence on society immediately after the introduction of the medium in 1920s.

The series of 13 studies (1929-1933) conducted under the Motion Picture Research Council was a milestone in the field of research that tried to correlate diverse immoral behavior patterns especially in children with excessive movie viewing. Titled as Payne Fund Studies, these researches provided foundation for the future studies by quantifying hypothesis about movie attendance and themes in 1930s. It found that 72 percent of commercial films’ themes revolved around love (29.6%), crime (27.4%) and sex (15%) in 1930s (Dominick, 2005, pp. 393-396). The ratio remains almost the same even today as evident from the present study which content analyzed commercial Indian movies from the last four decades.

One of the Payne Fund studies (Movies, Delinquency and Crime, 1970) offered a quantitative analysis of moral behaviors that eventually assessed effects of excessive films’ viewing on sleeping patterns, social conduct, racial perceptions, standard of morality, criminal and sexual delinquency in males and females youth.

These studies identified (Pattison, 2006, Vol.6, Issue 1) that movies elicited morally unacceptable behaviours like drinking, gambling, adultery, divorce and criminality besides partially encouraging petty theft and inappropriate sexual conduct among adolescents.

Blumer (1900) and Hauser (1909) studied the link between movie viewing and eccentric, delinquent behaviours in youth. The material, secured through interview transcripts of delinquent criminals and non-delinquent boys and girls, suggested that motion pictures might contribute either directly or indirectly to delinquency and crimes.

> *There are two major factors that determine the nature and direction of motion pictures’ impact; firstly, the variety and scope of themes portrayed on screen, secondly, social milieu, attitudes and interests of observer. The effect is neutral on various segments of society. Youngsters from high-end delinquency segments are sensitized by the happenings around them and those in the low rate delinquency vicinity are immune to such criminal behaviours impelled by the screen (Hammersley, 1990; Blumer & Hauser, 2001, pp.3-14; Peters & Simonson, 2004, p. 91)*

George Gerbner (1967) identified that Films create a new form of collectivity known as the *`mass public’* by transforming selected private perspectives into broad public perspective.

Jarvie (1970) discussed film industry’s influence over the then society. He claimed that most Hollywood films projected popular view and expected social roles on big screen irrespective of the reality.

US Department of Health and Human Services issued Surgeon General Report (1972) which advocates that “exposure to intense media violence often incites hostile feelings and can also lead to hostile mental framework that affects even close interpersonal interactions. Heavy doses of violent and obscene content contribute to our nightmares and long-term anxieties developed in early age and often immunes us to acts of violence and vulgarity in real life” (pp. 393-396).

> *The question of whether or not the mass media are capable of moulding the minds of the audience is an extremely complex one, and the answer is subject to a wide variety of factors. “Some people are influenced by some media at some time” is a commonly held belief by social scientists; but exactly how this influence takes place is open to speculation” (Garth Jowett, 1989, p. 83).*

The powerful role of movies as a source of `*image formation’* was a special area of researchers’ interest in the last century, and many studies were conducted to examine movies impact on the collective public consciousness alongside its crucial influence on the psychological development of individual viewers (Baldwin, 1976; Deming, 1969; and Rosenbaum, 1980).

A randomly sample survey of 2,760 teenagers in America conducted in1987 confirmed a close connection between ‘exposure to onscreen violence and involvement in risky activities’. It discovered that adolescence engaged in cheating, stealing, malingering, illicit relations, drinking, drugs and other deviant activities are often heavy viewers of music videos and movies (Wilson, 2008, pp. 235-267).

Motion Pictures are the most fascinating creative art that mesmerizes millions and leaves lasting impact on its viewers. According to the identification theory (1961), films not only entertain people but also help them to identify themselves. Considering the potential, former Hollywood movies often projected the theme of nationalism. “In the early 1900s for e.g. new immigrants were among the most loyal moviegoers” (Gomery, 1992, p.21). Likewise, women became loyal fans in the 1910s, and movies helped to define the concept of “New American Woman” in the US society (Gomery, 1992, p. 31). Since the late 1950, movies became a significant source of youth culture (Snyder 1995).

US Department’s Surgeon General Report (2001) reinforced further that ardent action movies’ viewers often react violently, prefer aggression to resolve disputes, hardly trust others and generally perceive the world as a dangerous place.

Recently, Webb (2009) conducted a study by the title `PG-13 rated Films adversely-exposed-kids to violence’. She testified all the PG-13 rated films from the list of 100 top-grossing movies of 1999 and 2000 identified by a Hollywood reporter. The study revealed that violence pervaded around 90 percent of the movies sampled. Moreover, the media depiction of violence contributes to the teaching of violence, leading to amplified anger, concern for individual’ safety and desensitization to the pain.

In Asia, some significant research studies have been found related to the impact of local and international media especially Film and TV on Asian viewers such as a content analysis in Malaysia conducted in early eighties that utterly condemned the increasing rate of violence in cartoons, films and other programs on Malaysian TV channels.

UNESCO Global Study on Media Violence (Groebel, 1996-97) surveyed around 5,000 children from 23 countries to reveal that 88% children readily identified Arnold

Schwarzenegger's Terminator character world over. Action heroes in films and cartoons are the most popular role models especially among Asian children, rating the highest scores in the survey. Around 50% of the surveyed children found to perceive screen images as reality irrespective of cultural and environmental differences. The study reflects universality of media violence and global fascination of aggressive media icons.

Strasburger (1999) pointed out that media violence is no more a western concern only as several researchers signify swift global reach of media content that uniformly target Asian and Indian viewers especially youth with equally graphic programs and resulted into identical "problems of imitation, desensitization, fear, and inappropriate attitudes" towards real life violence both in the East as well as the West (pp. 603-612).

More specifically in Indo-Pak Region, a few researches on Indian movies and some articles are found that highlight the historical evolution, reach and impact of Indian film industry to the current status.

Akbar. S. Ahmed's research article (1992) maintained that art and life have fused in Indian society. Cinema depicts popular political philosophies, social values, group behavior, folk language and fashion in India and like a mirror, reflects back in society. The understanding of the phenomenon will facilitate to examine India's self perception and Bollywood' contribution in fostering India's image as a big brother and regional power in South Asia. Moreover the study also analyzes its impact on neighbouring countries like Pakistan, both at their cinema and society (p. 289).

Research Questions

1. Does the percentage of violent characters increase in Indian films and native crime news reports in proportion through four decades?
2. Do the violent characters in films and crime news represent any particular segment of society?
3. Are movies depicting violent characters as heroes or villains or neutral (none)?
4. Has depiction of victims increased in Indian movies as well as in Pakistani newspapers across last four decades?
5. Are movies projecting victimized characters as heroes or villains, both or none and do they represent any particular segment of society?
6. Has percentage of simultaneously violent as well as victimized characters increased during the last four decade (1970s to 2000s)?

The above research questions reflect the gist of the study. Considering the instigation and observational effects of social learning theories, these queries aim to identify the treatment of violence in Indian films; assuming that favorable approach towards violence and violent characters might pave the way to acceptance and even imitation of these acts in real life. Similarly filmmakers' approach towards victimized characters might immune viewers, trigger them or simply lead them to identify and thus hate or love these characters.

Objective and Methodology

The key concern of the current study is to explore if there is any correlation between the depiction and representation of violent criminals and victims in fictional world of Indian movies and factual crime-world actors and subjects in Pakistani society, considering the immense popularity and reach of Indian films during the last four decades from 1970s to 2000s**.**

Content Analysis is adopted as a primary method in this research study as Kelinger (Dominick, 2005, p. 141) identified the fact that these types of studies require analysis of message system or content (movies and reported news) in a systematic and objective manner to quantify the two variables.

To gauge the changes in frequency and depiction of violence and crimes both on and off screen during last four decades, a year's worth of movies and newspapers were sampled from 1976 to 2006__ the period under study. Following the sampling model of Shipley and Cavendar's study (2001), top five blockbuster movies were arbitrarily selected to analyze one year's worth of films in each decade over a period of four decades. These movies were sampled from <box officeindia.com> and other authentic websites and examined for their portrayal and prevalence of violent themes and acts.

Since the second part of the study deals with reported news, one month's newspaper for crime reports were analyzed as a reflection of social crime scene in a sampled year from each decade.

Jang is arbitrarily selected as the sample newspaper for the study as it is the oldest and largest circulated Urdu Daily in Pakistan which started its publication in 1940, having the readership of 775 thousand (World Press Trade, 2010). It is considered as one of the most influential and popular newspaper which has standing both in public and at the state level.

Eventually, findings of the two studies were compared statistically to evaluate if one can anticipate a link between the real and reel-life crime world's characters across the Indo-Pak borders during the four decades under study.

Results

The study strengthens the rational revelation that media violence in nexus with several other personal, psychological and socio-economic factors in the environment might contribute to the formation of a volatile generation that often lead to a dangerous society as reinforced by other studies such as Berkowitz (193l), Geen and O' Neal (1969), Frederick and Stein (1973), Joesphson (1987), Bushman (1995), National TV Violence Study (1996-97), Anderson & Dill (2000) and Anderson & Bushman (2002) to name a few.

It is vital to realize that even small statistical effects of media violence on aggressive behavior can have crucial social consequences due to the fact that it affects almost everyone across a large population, influence individuals psyche gradually and leaves lasting impressions on unconscious mind subtly through repetitive and continual exposure to onscreen violence over a period of time .Thus any single incident of violence in reel or real life can trigger the pent up emotions and results into extremely volatile reactions as evident in various recent incidents of brutality such as Sialkot lynching of Butt Brothers, Killings, stoning and burning of snatchers and burglars by mobs in Karachi, Lahore and other cities of Pakistan and violence during Lawyers' Campaign in Pakistan to name a few.

Discussion/Analysis

The constantly increasing crime rate in Pakistani society makes sense only when we analyze it in reference to the socio-political scenario. As Kunczik (2003) discovered that though "majority of viewers will remain unaffected, portrayal of violence on media might adversely influence a few inclined, predisposed young males in the environment in which violence is a routine experience" (p. 19).

It was statistically proven that the annual crime growth rate exceeded faster than the population growth rate in Pakistan since 1951 despite the fact that data includes reported crimes only which is roughly speculated to be around 50 to 70% in the country (UN Office on Drugs & Crimes, 2007).

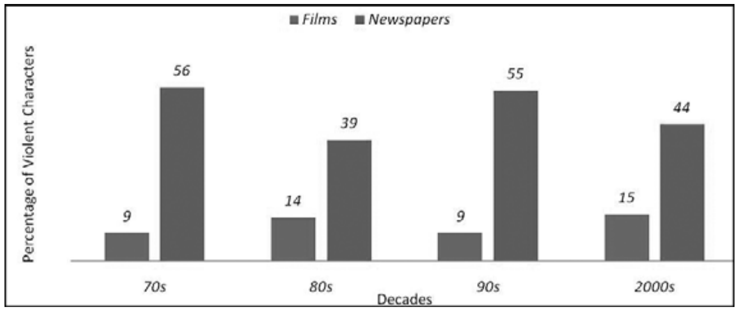
Political and economic instability, successive martial laws, short-term state policies, Soviet-Afghan War and influx of Afghan refugees in seventies and eighties resulted into narcotics trading, illegal arms smuggling, kidnapping for ransom and increasing crime rate in nineties that dived down during the first half of 2000s. However, it might have reached its height after 9/11 as a consequence of Pakistan's involvement in war against terrorism.

Percentage of Violent Characters (%Vt)

1. Does the percentage of violent characters increase in Indian films and crime news reports in Pakistan is in proportion through four decades?

Analyzing percentage of violent characters in films sample determines that the decades of 1970s and 1990s exhibit identical onscreen representation i.e. 9 percent respectively while the remaining two decades viz., 1980s and 2000s reflect almost a parallel representation of 14 and 15 percent characters as perpetrators of violence. To an extent somewhat comparable trends at much higher rate dominate the journalistic front of native crime scene where consecutively 56 and 55 percent characters were portrayed as violent in news stories in the decade of 1970s and 1990s while around 39 and 44 percent characters were found guilty in the decade of 1980s and 2000s respectively.

It appears that the representation of violent characters might not religiously follow the overall crime rate in the sampled films in the relevant decades. For example the films from seventies contains the second highest crime rate of 80, however, projected a small population of violent characters i.e. 9% which is equivalent to the representation of violent characters in the romantic musical decade of 1990s with the lowest crime rate of 62. Eighties, however, projected the highest population of violent characters i.e. (14%) with an equally highest silver screen crime rate of 94. But the presence of almost similar percentage of perpetrators of violence in 2000s i.e. 15% with the second lowest crime rate of 76 decade is somewhat bewildering.



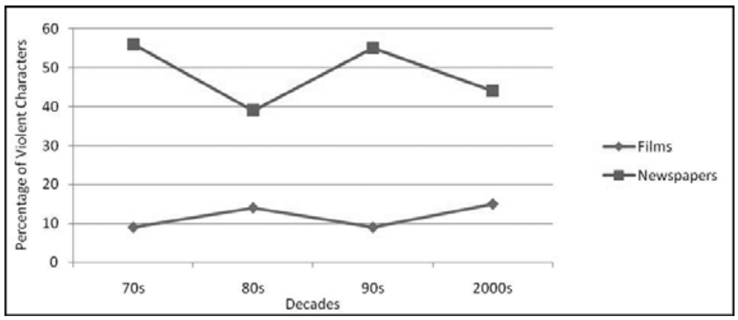


Figure 2 shows Percentage of Violent Characters in Newspapers and Films of four Decades from 1970s to 2000s

Portrayal of Violent Characters

2. Do the violent characters in films and crime news represent any particular segment of society?

3. Are movies depicting violent characters as heroes or villains or neutral (none)?

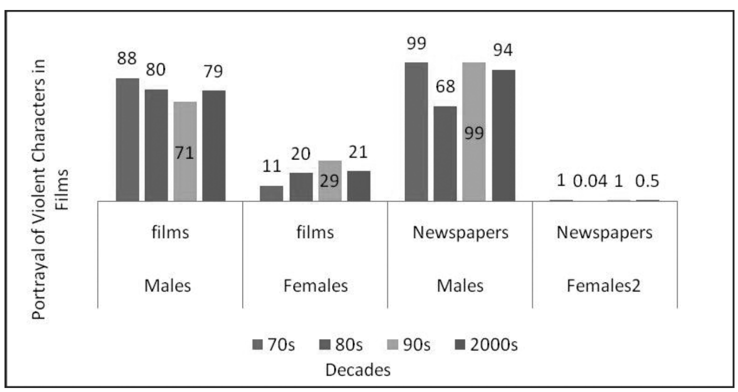
Social Class: As far as films are concerned, it is evident from the **tables 1 to 4** that the social class of the violent characters is mostly unidentified. In the single decade of 1970s where it was identifiable, most violent characters, 44 percent seemingly belong to upper class than middle and lower classes which have an equal representation of 11 percent each. It is found that most filmmakers believe and propagate Conflict Theories of Crime in their depiction of violence and violent characters.

> *These theories maintain that laws are made, imposed and used by the capitalists (rich) in their vested interest against working (middle) and marginal working (poor) classes while they are protected with their crimes under the similar penal system (Henslin, 1997, pp. 100-267). Thus most Indian films condemn the prevailing justice system as biased and project elite class as tyrants against poor victims. Moreover some studies such as Aidman's (1997, p.2) confirmed that violent crimes are often fictionalized even justified when committed by heroes in almost 40% cases in films thus promoted it as popular and quick way to get social justice.*

Reported news somewhat reflect similar treatment since it can be seen that social class of a large majority of the violent characters is unidentified in most crime incidents and in cases where it is known, a slightly large population of these characters seemingly represent upper class i.e. (2 % in 70s, 0.3% in 90s and 1% in 2000). In comparison, there is comparatively less representation of poor class as oppressors i.e.(1, 0.2 and 0.4 percent in the decades of 70s, 90s and 2000s respectively).While the middle class has the lowest presence as perpetrators of violence in reported news which is 0.09 and 0.1 in the decades of 1990s and 2000s respectively contrary to popular beliefs. Sociological Crime Theories have already indicated that the poor and minorities are often arrested and given larger terms and severe punishments for minor deviances compared to their affluent counterparts with much serious crimes (Henslin., 1997, p. 267).

Gender of Criminals: Men always dominate women as active player in violence be it films or news reports. In films the ratio of man, woman representation is 88% male vs.11% females in 70s, 80% male vs.20% females in 80s, 71%male and 29% females in 90s and 79% males vs. 21% females in 2000s. On the other hand, reported news even show the higher male domination as violent characters i.e. 99% male vs. 1% female in 70s, 68% male vs. 0.04% female in 80s, 99% male and1% female in 90s and 94% male vs. 0.5% female in 2000s while gender identity of rest of the violent characters depicted in news reports remain unrevealed.

Male domination as perpetrators of violence both in movies as well as reported news reinforce the fact that women are still subjected to severe violence in countries like Pakistan and India which is often glamourized than condemned in local media especially on silver screen as confirmed by the findings of Ramasubramanian and Mary's study (2003, pp. 327-336) about portrayal of sexual violence in popular Hindi films in nineties. The study revealed that moderate sexual violence including harassment is often romanticized when it's inflicted upon heroines by heroes.



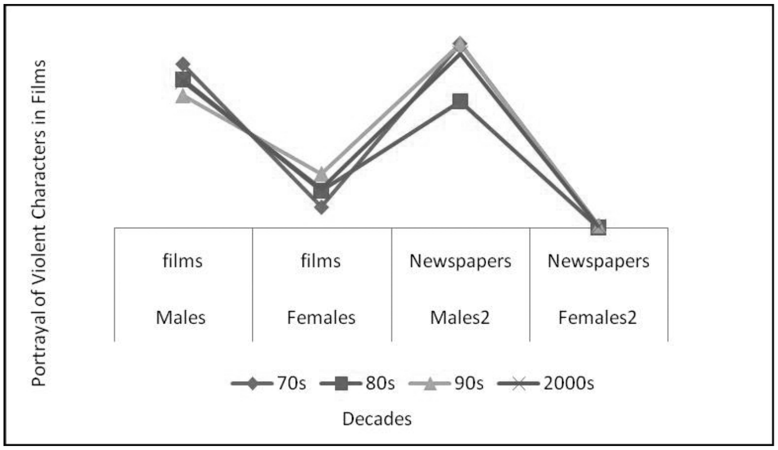


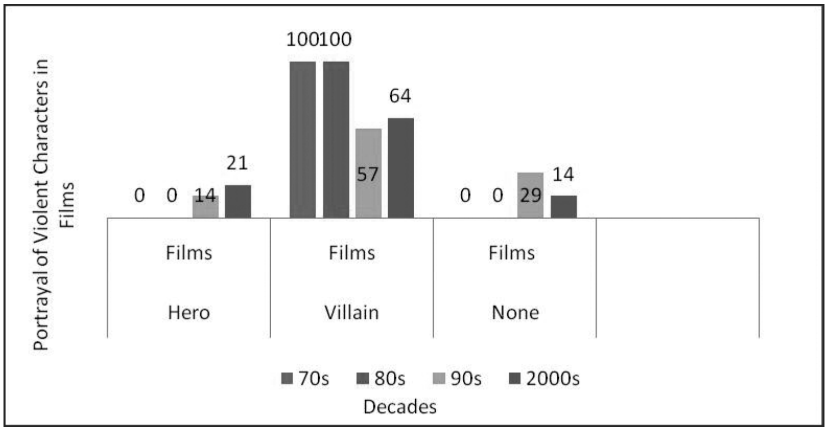
Fig.3 represents Gender Percentage of Violent Characters' in Films and Newspapers from 1970s to 2000s

Age groups of the violent characters both on and off screen are often unidentifiable. Wherever evident, most of violent characters in films depict youth and middle aged villains i.e. 22% aged between 20 and 29 and 11% between 30 and 59 in the decade of 70s. In the 1980s, there were 21 percent characters aged between 20-29 and 50 % between 30 and 59. Sociologists' Krohn and Massey (1980) identified in Control Theories of Crimes that delinquents are generally teenagers and youngsters with fragile associations, less obligations and ignorance to social norms and values.

While in the following two decades of 90s and 2000s, age range of violent characters was unknown. In reported news we could gauge only 0.5 % violent characters aged from 30-59 in 70s followed by 0.08 violent characters fell in age ranged between 1-29 and 0.04 aged from 30-59 in 80s.In subsequent decade of 90s, 0.1 % violent characters were recognized between the age range of 20-29 while 0.04% were found from the rest of the age groups. In 2000s only 0.1 % was identifiable who belong to 30-59 while the age range of rest of the violent characters was not evident through the reported news analyzed as the reflection of real crime scene in the time period under study.

Portrayal: Most violent characters, almost 100 percent were depicted and projected as villains in the films of 1970s while the reported news portrayed 15 percent perpetrators of violence as villains, 0.5 as hero and 0.8 as both while rest were reported neutrally. The trend was continued in the subsequent decade of 1980s when despite glamorization of violence, onscreen criminals and violent characters were almost always (100%) portrayed as villains who met divine justice in the end. However, reported news presented around 3% as villains and only 0.1% as heroes while rest of the violent characters were covered neutrally.

There is a noticeable change in the treatment of violent characters on silver screen in the subsequent decades as findings demonstrate that around 14% violent characters were depicted as hero, 57% as villains and 29% appeared neutral in 1990s. Reciprocally there is a slight shift in the treatment of violent characters in Pakistani newspapers as around 0.9 percent criminals were reported in favorable light while 11.5 % appeared as real life villains and rest reported rather objectively in the same decade. The ratio of violent heroes further increased to 21 percent in 2000s followed by still bigger ratio of 64 % sadist villains while rest appeared neutral on silver screen. Following the trend, around 2 % real news world offenders were cherished as heroes, 27 condemned as villains and rest mentioned neutrally in 2000s in crime news reports of Jang.



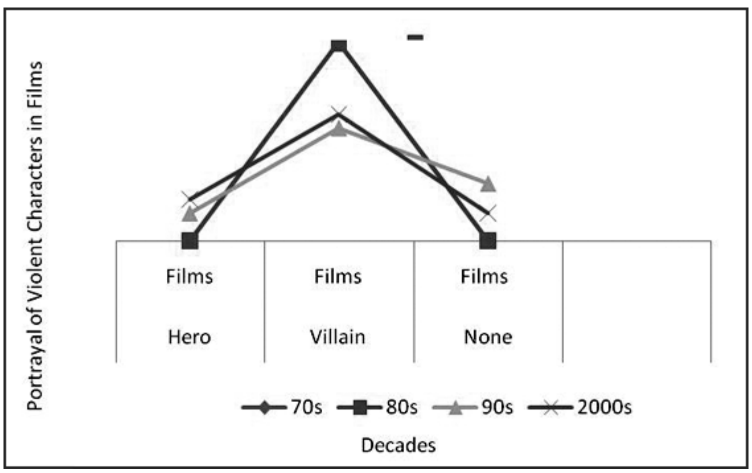
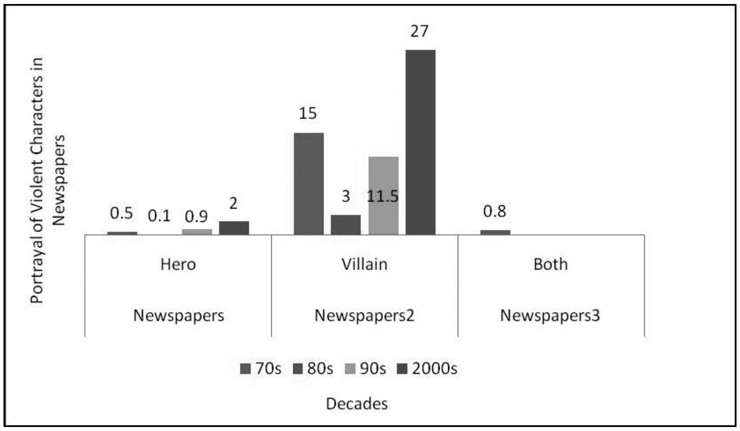


Fig.4 represents Portrayal of Violent Characters in Films in the four decades of 1970s, 1980s, 1990s and 2000s



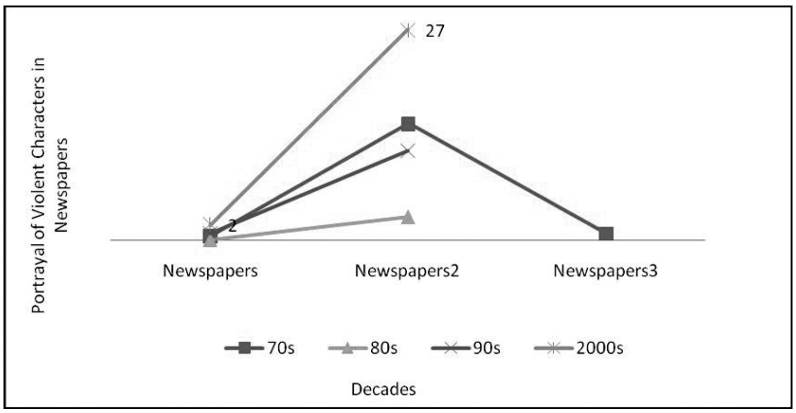


Fig.5 exhibits Portrayal of Violent Characters in sampled Newspapers from 1970s to 2000s

Table 1: Depiction of Violent Characters in Films and Newspapers from the Decade of 1970s

	Total No.	Class%			Gender %		Age Group%				Depiction%			
		Up	Mid	Low	M	F	0-19	20-29	30-59	Abv 60	Hero	Villain	None	Both
Film	9	44	11	11	88	11	_	22	11	_	_	100	_	_
Paper	335	2	_	1	99	1	_	_	0.5	_	0.5	15	rest	0.8

Table 2: Depiction of Violent Characters in Films and Newspapers from the Decade of 1980s

	Total No.	Class%	Gender %	Age Group%	Depiction%

		Up	Mid	Low	M	F	0-19	20-29	30-59	Abv 60	Hero	Villain	None	Both
Film	**14**	**Unidentified**			**80**	**20**	_	**21**	**50**	_	_	**100**	_	_
Paper	**2422**	**Unidentified**			**68**	**.04**	**.08**	**.08**	**.04**	_	**0.1**	**3**	**rest**	_

Table 3: Depiction of Violent Characters in Films and Newspapers from the Decade of 1990s

	Total No.	Class%			Gender %		Age Group%				Depiction%			
		Up	Mid	Low	M	F	0-19	20-29	30-59	Abv 60	Hero	Villain	None	Both
Film	**7**	**Unidentified**			**71**	**29**	_	**Unidentified**			**14**	**57**	**29**	_
Paper	**2049**	**0.3**	**.09**	**0.2**	**99**	**1**	**.04**	**.14**	**.04**	**.04**	**0.9**	**11.5**	**rest**	_

Table 4: Depiction of Violent Characters in the decade of 2000s from Films and Newspapers

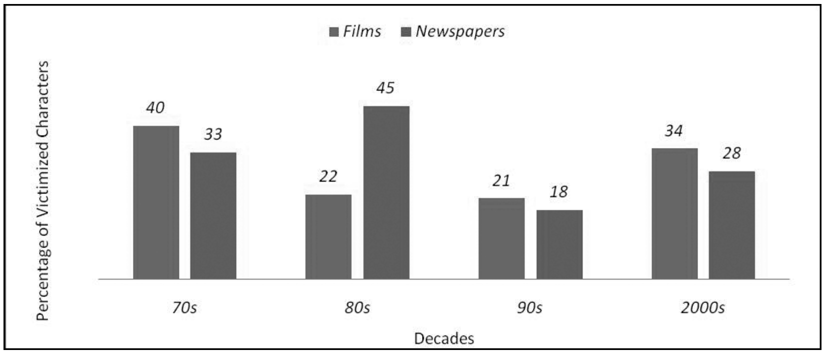
	Total No.	Class%			Gender%		Age Group%				Depiction%			
		Up	Mid	Low	M	F	0-19	20-29	30-59	Abv 60	Hero	Villain	None	Both
Film	**14**	**Unidentified**			**79**	**21**	**Unidentified**				**21**	**64**	**14**	_
Paper	**1176**	**1**	**0.1**	**0.4**	**94**	**0.5**	_	_	**0.17**	_	**2**	**27**	**rest**	_

Note.	**Up=Upper Md=Middle L=Lower**	**M=Male F=Female**	**Min=minor Yng=young Mid=middle aged Abv=above**	**Both=Hero as well as Villain**

Percentage of Victims only (% VC)

4. Is depiction of victims increased in Indian movies as well as in Pakistani newspapers across last four decades?

Percentage of characters portrayed as victims in films decreased gradually during first three decades i.e. 40% in 1970s to 22% in 1980s and 21% in 1990s. However it rose to 34% in the last decade of 2000s. On the contrary, percentage of victims in news crime stories increased from 33 to 45 percent between 70s and 80s, reduced markedly to 18 % in 90s to increase again to 28 percent in 2000.



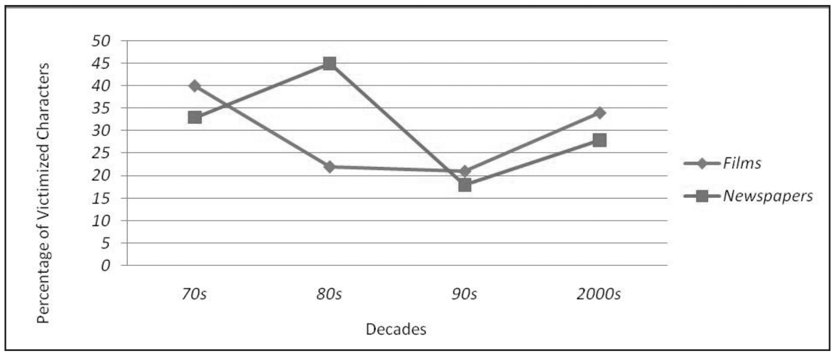


Fig 6 represents Percentage of Victimized Characters in Films and Newspapers in the four decades from 1970s to 2000s (%Vc)

Portrayal of Victims

5. Are movies projecting victimized characters as heroes or villains or both or none?

In movies number of victims decreased gradually referred (Tables 5-8), following the themes and trends prevalent in the relevant decade. Most of the victims represented poor class i.e.18% in 70s followed by 13% from upper and 7% middle class consecutively. Movies in following three decades remained less obvious as far as the class of the victims is concerned. Most victims were females than men i.e. 57.5% women vs. 42.5 men % in 70s, 64% females vs.36 males% in 80s, 62.5% women vs. 37.5% men in 90s. However the ratio changed in 2000s to 29% females vs. 71% victimized male presence on screen. Most victims seemingly belonged to poor class i.e. 18% followed by upper class representation of 13% and that of middle class by 7 % in the decade of 70s. While the movies in other three decades were not that clear as far as the depiction of social class of the victims is concerned. Almost an equal proportion of 7.5% victimized characters represented minor, young and middle age group in 70s which markedly increased to 18% minors, 36% youth, 27% middle aged and 4.5% people from the old age group i.e. above 60 in 1980s. Age representation in the films of 1990s and 2000s was quite vague, since different phases of characters' lives were depicted, thus declared as unidentified in findings.

Victims considering the nature of their characters mostly depicted neutrally i.e. 55% in 70s, 9% in 80s, 69% in 90s and 52% in 2000s. Relatively lower but a large proportion of victims portrayed as heroes on screen i.e. 42.5% in 70s, 13% in 80s, 31% in 90s and 45% in 2000s. While seldom victims appeared as villains as reflected through the findings i.e. 2.5% in 70s and % in 2000s on silver screen.

Reported news on the other hand reflects that the number of victimized characters increased from 199 in 70s to a shockingly highest number of 2791 victims in 80s, relatively lower but still high rate of 653 and 754 in the decade of 90s and 2000s respectively. Most victims belonged to lower income groups i.e. 6.5% in 70s, 18% in 80s, 7% in 90s and 5% in 2000s followed by diverse proportion of upper class victims i.e. 0.5% in 70s, 0.3% in 80s, 3% in 90s and 1.5% in 2000s. Middle class representation as victims also varied from 1% in both 70s and 90s to 0.2% in 80s and 2% in 2000s in the world of reported news crimes. Unlike the onscreen depiction, most victims were males, 86% in 70s, 22% in 80s, 75% in 90s and 81% in 2000s in comparison to female representation of 14% in 70s, 2% in 80s, 12% in 90s and 19% in 2000s. Age group of most of the victims was not that obvious though findings depict that victims mostly belong to minor group i.e.7%, youth, 2.5% and old aged group, 1.5% in 1970s in reported news. In the subsequent decade of 80s, 1 minor, 0.5 young and middle-aged both and 0.1 old age range were found in reported news, with the similar proportion of 8% minor, 3% both young and middle aged and 0.9% old aged groups in reported news of 90s and representation of around 8%minors, 4% youth, .05% middle aged and 0.7% old age groups was discovered as victims in the reported news crimes of 2000s.

Like the Indian silver-screen depiction of victimized characters, most victims in reported crime news in Pakistan were covered in neutral way i.e. 0.5% in 70s, 3% in 80s, 39% in 90s and 35% in 2000s followed by portrayal of victims as heroes i.e. 5% in 70s, 0.8% in 80s, 14% in 90s and 9% in 2000s. Very few victims were reported as villains i.e. around 2% in 70s, 0.1% in 80s, %1 in 90s and 3% in 2000s. Besides only the decade of 70s had the representation of 34% victims as both heroes cum villains in the then reported crime reports.

Table 5: Depiction of Victims in Films and Newspapers from the Decade of 1970s

Depiction of Victims		**Class%**			**Gender%**		**Age Group%**				**Depiction%**			
		Up	**Md**	**Lo**	**M**	**F**	**0-19 minor**	**20-29 yng**	**30-59 mid**	**Abv 60**	**Hero**	**Villain**	**None**	**Both**
Film	**40**	**13**	**7**	**18**	**42.5**	**57.5**	**7.5**	**7.5**	**7.5**	**--**	**42.5**	**2.5**	**55**	**_**
Paper	**199**	**0.5**	**1**	**6.5**	**86**	**14**	**7**	**2.5**	**--**	**1.5**	**5**	**2**	**0.5**	**34**

Table 6: Depiction of Victims in Films and Newspapers from the Decade of 1980s

Depiction of Victims		Class%			Gender %		Age Group%				Depiction%			
		Up	Md	Lo	M	F	0-19 minor	20-29 yng	30-59 mid	Abv 60	Hero	Villain	None	Both
Film	22	Unidentified			36	64	18	36	27	4.5	13	0	9	_
Paper	2791	0.3	0.2	18	22	2	1	0.5	0.5	0.1	0.8	0.1	3	_

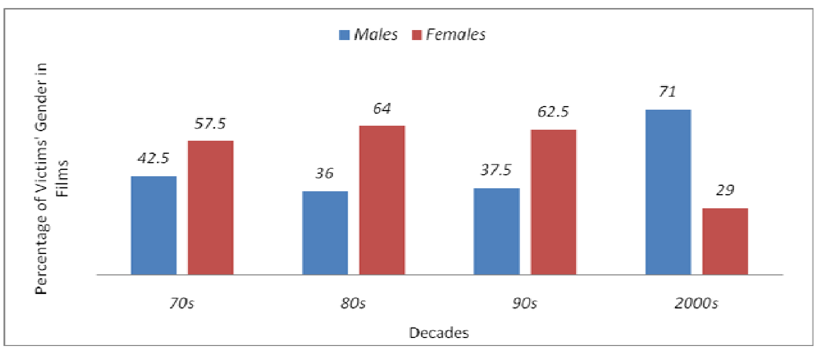
Table 7: Depiction of Victims in Films and Newspapers from the Decade of 1990s

Depiction of Victims		Class%			Gender%		Age Group%				Depiction%			
		Up	Md	Lo	M	F	0-19 minor	20-29 yng	30-59 mid	Abv 60	Hero	Villain	None	Both
Film	16	Unidentified			37.5	62.5	Unidentified				31	_	69	_
Paper	653	3	1	7	75	12	8	3	3	0.9	14	1	39	_

Table 8: Depiction of Victims in Films and Newspapers from the Decade of 2000s

Depiction of Victims		Class%			Gender%		Age Group%				Depiction%			
		Up	Md	Lo	M	F	0-19 minor	20-29 yng	30-59 mid	Abv 60	Hero	Villain	None	Both
Film	31	Unidentified			71	29	Unidentified				45	3	52	_
Paper	754	1.5	2	5	81	19	8	4	0.05	0.7	9	3	35	_

Note.	Up=Upper Md=Middle L=Lower	M=Male F=Female	Yng=young Mid=middle aged Abv=above	Both=Hero as well as Villain



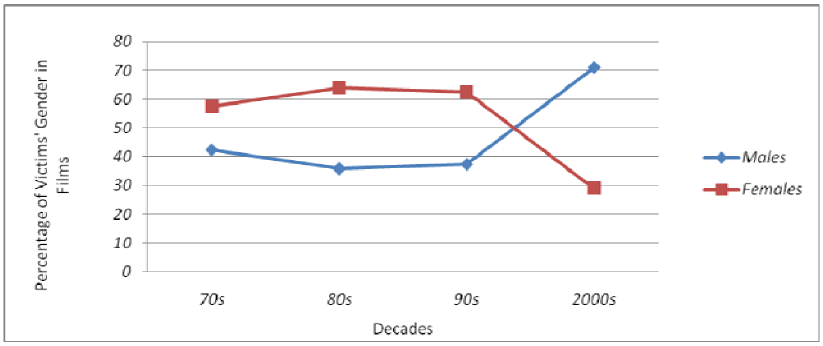
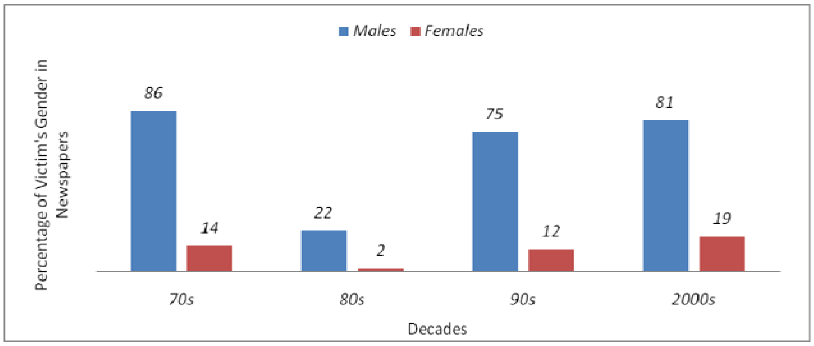


Fig 7 reflects Percentage of Victims' Gender in Films in the Decades of 1970s, 1980s, 1990s and 2000s



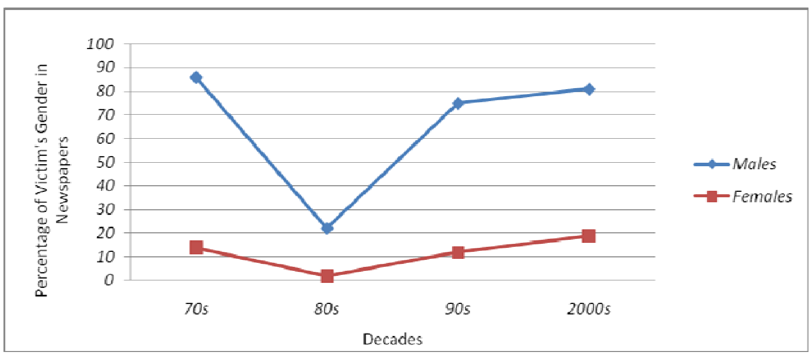
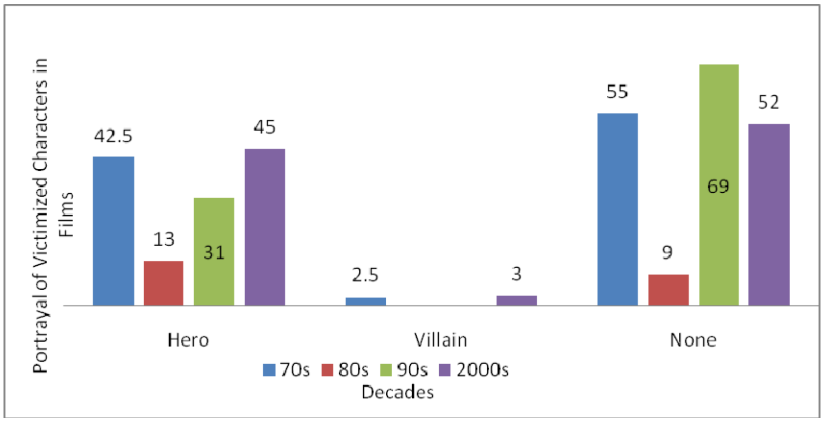


Fig 8 shows Percentage of Victims' Gender in Newspapers in the decades of 1970s, 1980s, 1990s and 2000s



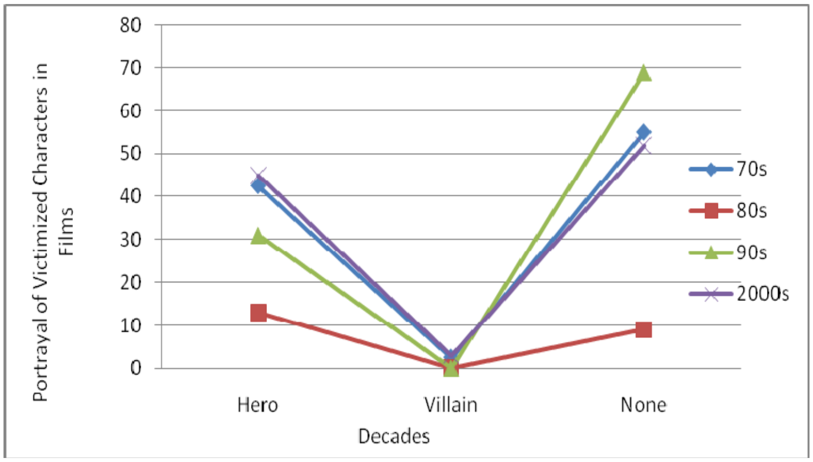
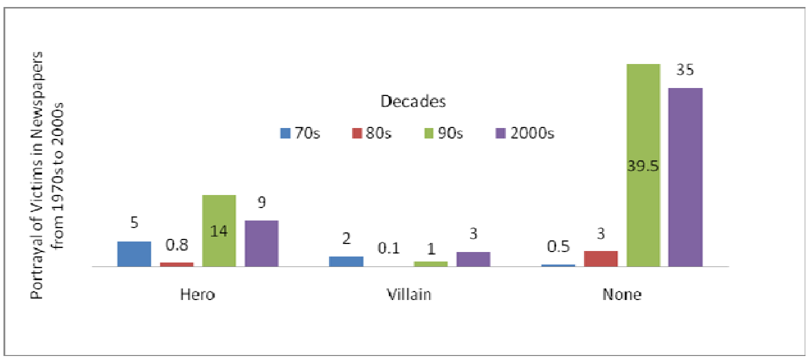


Fig.9 exhibits Portrayal of Victimized Characters as Hero, Villain and None (neutral) in Films in the decades from 1970s to 2000s



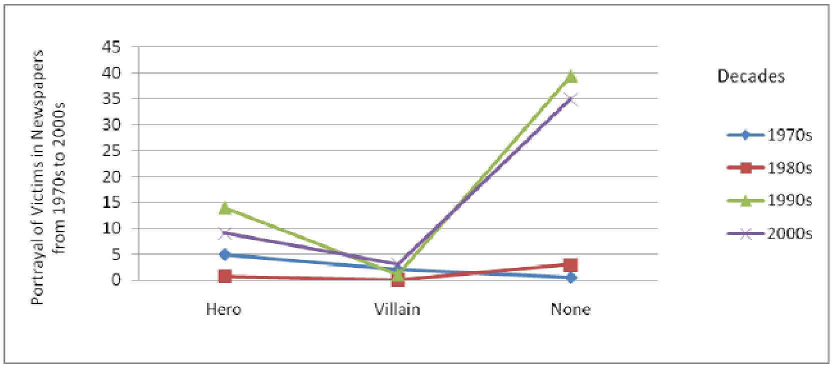
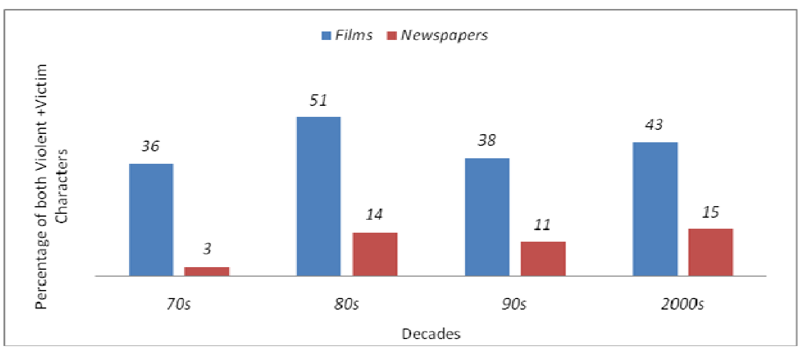


Fig 10 shows Portrayal of Victimized Characters as Hero, Villain and None (neutral) in Newspapers from 1970s to 2000s

Percentage of Characters Portrayed on Screen both Violent and Victim (Vt+Vc)

6. Is percentage of simultaneously violent as well as victimized characters increased during the last four decade (1970s to 2000s)?

Findings represented the similar curvy fluctuation as evident from portrayal of onscreen violent characters. The films of 70s had 36 percent characters depicted both violent as well as victim at the same time. The proportion increased to 51 percent by 80s, goes down to 38 percent again in 90s and finally climbed to 43 percent characters by 2000s. On the other hand, news reports reflect almost similar variation and percentage of characters portrayed as both violent and victims increased from 3 to 14 percent between 70s and 80s, reduced to 11% in 90s and reached to15%in2000s.



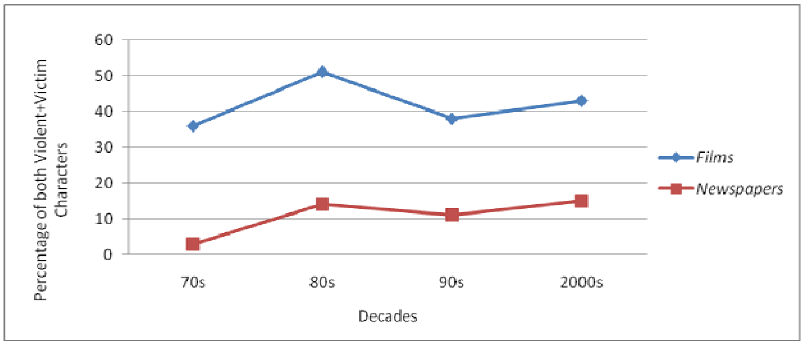


Fig11 shows Percentage of both Violent+ Victim Characters in Films and Newspapers from the decades of 70s, 80s, 90s and 2000s.

Percentage of Violent and Victimized Characters (%V)

It is evident from the results that the overall percentage of violent and victimized characters in the representative samples of four decades i.e. %V reinforces almost the same trends as reflected through the last two variables (i.e. %Violent and Victim separately). The characters involved in violence either as victims or perpetrators of violence were least represented in the films of 1990s, exhibiting 68%, which was the era of love stories and romantic movies. With an exception of 90s, however, it increases steadily during the rest of the three decades i.e. from 86 in 70s, 88 in 80s to 92 in 2000s.

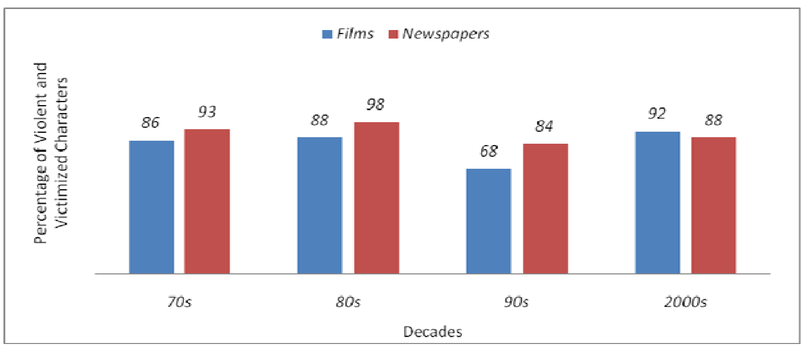
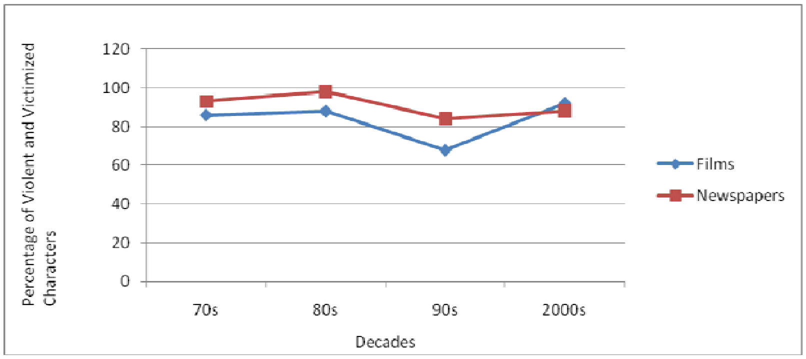


Fig. 12 represents Sum of Percentage of Violent and Victimized Characters in Films and Newspapers from 1970s to 2000s



The findings indicate that the depiction of perpetrators as well as subjects of violence have been constantly increased in Indian films during the three decades irrespective of themes and rate of projected crimes on silver screen. On the other hand, the percentage of violent and victims in news reports and real world crimes fluctuated from 93 to 98 between 70s and 80s, while it reduces to 84 in 90s and then slightly increases to 88 in 2000s. Representation of violent and victims characters in reported news is somewhat more reflective of the crime rate and trends in the Indian movies of the same decade than that of the respective news world of crimes.

As Eron (1962 cited by Stossel) and Gerbner (1976) maintained that violence in films might not only turn some predisposed vulnerable viewers into violent criminals, but also produce a large majority of fearful beings who accept a police state or dictatorship as a sole safe solution in a highly dangerous society often projected by filmmakers and state channels. Further there is the third dimension of the media violence effect that leads to highly immune and numb segments of society remain equally insensitive to social violence and injustice with "none of my business" approach. Thus as the findings of this study demonstrate that explicit immediate impact of violent films in the making of violent criminals is difficult to gauge, latent impact contributing to the mass mentality resulting into insensitive and fearful public is more common though subtle to trace which might also reflect state and foreign films agenda behind these violence laden films and plays.

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ARTICLE

Customer Research Helps in Applying CRM for Surviving in Recession

Syeda Rakhshanda Mustafa
CRM Consultant, Karachi, Pakistan

Abstract

The purpose of this research paper is to come up with ideas on the, how Customer Relationship Management (CRM) can be used in the most effective and productive manner in order to save companies and minimize the effects of recession. The researcher has tried to focus on those strategies that are best to overcome recession and companies could adopt them in order to overcome downfall and decline in profits. This paper also explores the idea that how helpful is CRM to recover at that time.

This research paper is of considerable importance as the world is experiencing global recession and by using CRM strategies, companies can map out a proper way to overcome the effects of recession, and also for those who intend to initiate the entrepreneurial projects in these difficult times. By using these CRM strategies, in accordance to the findings of this report, the effects of recession can be minimized.

The scope of applying CRM in cutting recession is immense, and thus could not be studied wholly in any specific research project. Likewise many different companies have used different type of CRM strategies to overcome the harsh effects of recession, so every strategy could not be explained here due to limitation of time, resources and access to information. I have tried to suggest strategies that are best to overcome recession.

CRM applications and practices are employed to make businesses more efficient and increase customer fulfillment. Although besides overcoming profit declines, there are more than enough benefits of using CRM but few of the most effective benefits of CRM are discovering new customers, increased sales volume, prompt revenue generation, customer and employee satisfaction, improved productivity, competitive edge, improved performance of HR department, balanced and proactive approach and effective business planning.

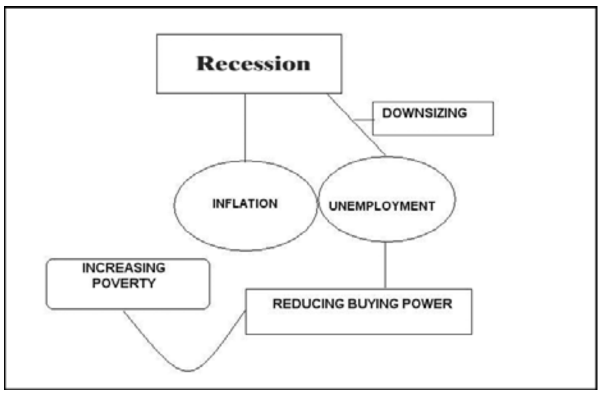
This research study revolves around the three main ideas: Role of CRM to overcome the problem of decline in profits during recession, establishing better customer understandings and relations and avoiding effects of recession.

Marketing research is the tool to collect the data whether about the customers or competitors, understanding customers' changing behavior, not cutting back companies marketing expenditure, getting more from CRM technology investments, re-assessing target customer portfolios are the key to success. Not only surviving in the recession period but even excelling in the business performance.

Key words: CRM, Recession, Retention, Customer Data Base, Focused surveys, customer loyalty

Introduction

Market research is the foundation of any business activity whether starting up a new business or lifting it in bad economic conditions. Recession can be defined as significant decline in general economic activity extending over a period of time. Recession results in unemployment, revenues dropping and governments taking back subsidiaries. Further more it results in stock market crash, fore closure and bankruptcy. Currency crisis, inflation, war and speculations in financial context are the major causes of recession. Signs that usually indicate the recession include the unemployment, large companies' depressing profits, defaulting borrowers, credit card purchases shooting up, increase in prices of essential commodities, declining prices of property and stocks. Less purchases are made and the country's GDP goes down. Savings are used for day-to-day expenses and a general consumer starts worrying about all of the above. When general consumers start feeling the pinch and start worrying about their own future on the above points; this will indicate that recession has begun.



This research study focuses on collecting consumer data and turning it into relationship with the customers, applying CRM help in overcoming recession. Customer relationship management (CRM) consists of the processes a company uses to track and organize its contacts with its current and prospective customers. CRM is used to support these processes; information about customers and customer interactions, stored and accessed by employees in different company departments. Typically, CRM goals are to improve services provided to customers, and to use customer contact information for targeted marketing. CRM is used to gain the confidence of customers by providing them what they actually need in best possible way. The most important functions of CRM are acquiring new customers, growing the relationship, rewarding the loyalty and retaining the existing customers. In a nutshell, CRM deals with the many interactions a company will have with their customers. The central goal of this system is to improve the relationship that a company has with its customers, and the goal of doing this is to increase profits and become more competitive.

The span of CRM has spread very vastly whether in Sales and Marketing, Billing and Expense, Project Management or Human Resources. Along with giving the opportunity for cross selling and up selling, it helps sales department in Appointment Management, Time Management, Calendar Management and reporting. CRM also implies on services module that can help the customer services department to manage service contracts, tracking individual cases and recording information in a searchable knowledge base. Services Module features are Product database, Knowledge base search, Customer tracking, Contract Tracking and Customer History.

While some CRM functions are relatively simple, others are exceptionally complex. Examples of basic CRM functions are customer tracking or live chat. Advanced CRM deals with functions that are connected to a dynamic information network. When a company decided to buy a CRM software package, there are a number of things they will want to look for. First, it is important to realize that "no one size fits all." The CRM solution that works for one company may be totally ineffective with another. Each company has different needs, and the CRM system must be customized to meet these needs. Despite this, there are general things that every company should be mindful of before it decides to invest money in setting up a CRM system.

It is important to avoid placing too much importance on the price of the product. This will not be easy once you begin shopping for CRM systems, sense they tend to be quite expensive. The features that all companies will want to look for in CRM systems are integrity, adaptability, and systems that are user friendly. It is also important for a company to set specific goals and strategies they can use to achieve them. Once this has been done, they can look for a CRM product that can suit their needs. For example, if the goal of the company is to improve its customer service, they will naturally want to purchase a program that is capable of helping them meet this objective. It should be a program that has a number of advanced customer service features built in.

While it is expected that a company will have to customize the product to a certain degree once they've purchased it, too much customization can be time consuming, and costly. Even worse, the company may fail to reach their original stated goals. The goal that the company sets down "before" they begin looking for a CRM system must be present in the system that they purchase. This is one of the primary causes of failure for companies that attempt to implement a Customer Relationship Management product. They spend too much time looking at the technology, and do not create goals that can be connected to that same technology.

Most companies will already have platforms and systems that they are currently using. When you look for a CRM system, you must make sure it is compatible with these existing platforms. If it is not, you will have compatibility problems, and this can cause the CRM project to become a failure. In addition to this, if you are put into a situation where you have to re-enter specific information into databases; this will become a very expensive process. It is critical for companies to make sure they buy systems that are compatible with their existing platforms. The CRM system must be integration friendly, and a good CRM vendor will know this.

Customer retention is imminently important for organization success, as the cost of acquiring a new customer is greater than holding onto an old customer. It is obvious that the most profitable customers in any organization account for almost 30% of a firms profitability. Looking at these staggering statistics, it is no wonder that customer retention is high up on the list of organization essentials.

TYPES OF CUSTOMER RETENTION PROGRAMS

Discount Programs

In this type of program, the customer receives a discount when he makes a repeated purchase. This is profitable as it encourages customers to keep buying, as they want to avail the lower price.

Card Programs

In this type of program, the customer is provided with a swipe card that can be used while purchasing and avail of any discount or benefit.

Loyalty Programs

Here customers are given the option of gaining points when they make a purchase. These points can be redeemed and exchanged for gifts or further discount coupons. This also serves as a stimulator for customer retention.

Benefits of Customer Retention Programs

- They permit the collation of important customer data.
- They allow the usage of this data in the understanding and dealing of customers.
- The data collected from customer retention programs is often used while making valuable customer decisions.
- They assist in making the customer feel special
- They boost customer service and thereby increase customer loyalty.

CRM Rewards

CRM also provides the customer with a much-needed avenue to vent his problems, ideas and suggestions. Hundreds of sales leads are lost yearly as disinterested employees pay slack attention to customer suggestions. A venue is required for these suggestions. This is supplied by CRM implementation.

Research Questions

This research study revolves around the three main questions

1. How CRM helps to overcome the problem of decline in profits during recession?
2. To what extent is CRM establishing better customer understandings and relations?

3. How can the effects of recession be avoided?

Literature Review

CRM strategies are more successful in organizations that prefer their customers more and reward them in an appropriate manner. Acceptance of a CRM system should be monitored over time. Gerrit H. van Bruggen and Berend Wierenga (2010) in their article 'When are CRM systems successful' explained that:

CRM concerns the project approach aimed at understanding and influencing customer behavior through meaningful communication in order to improve customer acquisition, customer retention, customer loyalty, and customer prosperity. The implementation of the CRM approach in companies usually involves the creation of a comprehensive information system, the "CRM system". The core element of a CRM system is a database with data about customer characteristics (e.g., demographics; customer size, and industry for business to-business customers), data about company-customer contacts, data about the way the customer has responded to earlier company offers, and data about the customer's purchase history with the company. In addition, CRM systems usually contain analytical tools to analyze data and generate information that can be used for successive marketing actions. Furthermore, sales force automation, data warehousing, customer service automation, and call center systems can be elements of CRM systems.

CRM systems offer support in two different ways. First, CRM systems facilitate the day-to-day interactions with customers. This is called the way of employing the system the operational use of CRM systems. Second, customer data in CRM systems can enable firms to control on data about their current customers. The use of customer databases and analytical tools creates opportunities for cross-selling new products and services to existing customers. Information from the CRM database can be used for developing customer acquisition and customer retention strategies, and for the optimization of customer equity, such use of CRM systems is called as the strategic use of CRM systems.

The principles of the CRM approach are appealing and nowadays companies increasingly organize themselves around their customers.

The CRM approach is one of the growing management techniques in recent years.

In some cases the CRM system is found to be very slow that salespeople in the field found themselves unable to download customer information from the company's databases onto their personal systems. Such user-unfriendly systems can be counterproductive.

These negative experiences should not be reasons to abandon the CRM approach but on the other side it means getting CRM right is important and urgent. CRM has arrived and now it's up to the users to make sure that it pays in more productive manner and by avoiding errors. A recent study by Reinartz, Krafft, and Hoyer provides support for the claim that the CRM approach can improve firm performance. Based on an experiential study among 211 companies in Austria, Germany, and Switzerland, the authors have reported a positive relationship between the implementation of CRM processes and company performance and its role in declining recession.

The study also include to what extent a company has processes in place for managing relationships with its customers and how this affects company performance. In theory, these CRM processes could be implemented without any CRM system at all.

But it is sometimes found to have negative effects on company performance. This suggests that effective CRM policies are not a matter of spending a lot of money on technology but much more of having CRM systems effectively adjusted to the tasks of users within companies.

Therefore, it is needed to develop insight in when, under which conditions CRM systems improve organizational performance.

CRM systems affect company's performance and the key factors that are associated with the impact of these systems are defined by DeLone and McLean(1992) who developed an integrated model in which a range of different success variables. DeLone and McLean distinguish two different levels for information system effectiveness: the Individual Impact and the Organizational Impact of these systems.

Individual Impact refers to the effect of the CRM system on the user of that system. Those to what extent this information helps the user to be more effective and increases the user's productivity improves job performance or makes the job easier. Organizational Impact refers to the effect of the CRM system on organizational performance.

CRM systems can be used for different purposes, in different ways, and by different number of people within the organization. Two important characteristics of CRM systems include operational use and strategic use. With operational use, the CRM system may be used for day-to- day interactions with customers. With strategic use, the use of a CRM system for gaining insight about opportunities in the market and how to make use of these opportunities in an optimal way (e.g., acquisition, retention, and optimizing customer equity). Systems that are used in the latter way will usually be the more sophisticated ones. At the organizational level, strategic use has the purpose to increase the effectiveness of the CRM system and can therefore be expected to have a positive effect on the Customer Impact and the Financial Impact of systems. So similarly this will help in overcoming recession. The incentive structure within an organization can be expected to affect the way CRM systems are being used (including rewards for employees for building relationships with customers). The use of appropriate incentives is an important means of keeping people in an organization focused on customers. If an organization rewards its employees for building relationships with customers it will be useful for these employees to use CRM systems and individual users can also be expected to be more satisfied with these systems. The impact of CRM systems for the overall organization will also be higher if the organization rewards customer centric behavior because this will motivate both the number of employees using the systems and the intensity of use.

For effectively serving customers various interdependent departments will have to cooperate. Effective communication and sharing of information will be important in such cases. CRM systems that combine all information will support interdepartmental coordination. The more communication and coordination in the implementation and use of CRM systems between departments, the lower the uncertainty about these systems and the more likely their adoption by various departments and different users. Interdepartmental coordination is thus a favorable condition for a CRM system implementation and use. The process is directed at customers to benefit.

The CRM approach is most likely to be efficient in corporations where individual customers are known and where records of these individual customers are kept. CRM would be a less feasible approach in the FMCG sector, where organizations typically have millions of (anonymous) customers. It is believed that organizations mainly operating in business-to business markets can especially benefit from CRM.

In organizations customer impact by the use of CRM made the organization more successful with customers leading to improved customer satisfaction.

Financial Impact concerns that how the maximum profitability can be achieved and can expand customer share and Customer Efficiency Impact help to measure the extent to which the CRM system affect the organization's efficiency in dealing with its customers.

As economy all over the world slowly slides into recession, organizations face new challenges and opportunities. In today's interrelated world, it's impractical for companies to suspend their innovation initiatives, doing so is to risk being and losing precious ground to competitors who found creative ways to keep their innovation initiatives moving during the darkest days of the downturn.

Chuck Frey of Innovation Tools and Renee Hopkins Callahan of Innosight did a research in 2008 to learn about the strategies to maintain the profits and innovation during challenging times named "Innovation Strategies for the Global Recession" .The analysis of this report reveal some powerful themes that are:

Start doing forecasting related to the changes and expected financial crunch. This will help you to identify new ideas and opportunities.

Customers always have problems to solve, even in a downturn. The recession is eliminating some jobs customers previously needed to get done, while at the same time creating new ones.

The current economic conditions are also causing disorder on the trade-offs people make when they consider "hiring" a product or service to get a job done. Invest time learning how your key customers' priorities have changed, and quickly realign your business models to meet their needs. Rethink your business starting with the customer, and work backward from there. Customers need the assurance that a company is the best possible supplier to meet their needs. Company's products and services are differentiated enough so that customers can see the advantages a company offers. Company has to make sure and clearly understand how your key customers determine value, and align their products, services and marketing with that value. Focus on key customers and how their needs have evolved. As competitors pull out, company may find new opportunities there, too

Get rid of some of the riskier, longer-term, or overly broad programs, and redeploy the funds to support more promising initiatives with shorter time horizons.

Leave the least promising ideas and focus on those with the greatest potential. Many companies that claim to have no resources actually have plenty of resources, but they are tied up in the wrong activities and projects.

Continue to look and invest in R&D, but at a lower cost and lower risk. You can do this by sourcing R&D talent from low-cost countries such as China, India, and Eastern Europe, or using services that enable you to submit your idea challenge to a large community of professional problem solvers.

Partnering with other firms who provide complementary products and services is another way to share costs and risks, and maintain your R&D momentum through the downturn.

Consider adding value-added services to your products, and brainstorm ways to provide new customer experiences. Think in terms of other uses for your existing products. If your customers know that your products provide greater utility than those of your competitors, you'll be more likely to win their business. Also look for incremental improvements to your products that can significantly increase their value, at a minimal additional cost. Finally, take a fresh look at some of the incremental improvements or R&D projects you may have abandoned before the downturn because the timing wasn't right; some of them may do a great job of meeting customers' current needs.

Building more strong and better relationship with suppliers can improve the efficiency of collaboration, logistics, and other elements of companies supply chain. Strengthening these relationships may help to recover faster when the market will improve.

Brainstorm other potential partnerships that could increase value to the key customers.

Companies need to identify any emerging competitors who may see firm's current weakness as an opportunity to advance. Present firms tend to ignore new entrants because their products and business models are too basic to be taken seriously. But many incumbents are already providing products and services that have already "overshot" the needs of their core customers, who may be looking for more basic, inexpensive options during the recession.

Dick lee and David J. Mangen in their third of several articles focusing on findings in Customers Say What Companies Don't Want To Hear defines companies that consider customer focus a low priority are afraid of having CRM oriented implementation change as considering it as a risky activity. However, not making change in your organization and business model during a time of unstable customer change, so they were experiencing, and asking for a slow downfall of company.

In this new and changing environment, empowered customers are demanding much more than good products at competitive prices and product quality topped the list of factors that motivating purchase, customers believe that product quality without the other customer-friendly factors wasn't enough to drive purchase selection And when customers change so much, companies have to change with them or otherwise those companies with customer oriented behavior will steal their customers.

For avoiding downfalls and crashes companies are no more balanced than individuals, and when it's not and when companies come across surprising and unexpected consequences as a result of CRM-driven business process change, it usually means that they will be in a serious shock. The best way to keep your CRM implementation is avoidance, the most important aspect of avoidance is expectation. Something, which is observed over the years, is that most companies that suffer from unanticipated consequences of implementing CRM aren't anticipating. This is rather bad planning.

So you have to carefully map your current business processes and design and plan what your business process should look like to support customer-centricity, and then, perform a gap analysis that tells you what must change to go from. Some examples of change-related events those are hard or impossible to predict include management promotions, new hires; senior management leadership can overcome such issues where leadership is lacking in running CRM in overcoming recession.

RESEARCH METHODOLOGY

Variables

Decline in profits is one of the major issues in recession, so the researcher have studied ways to overcome it by using CRM.

Another issue is of customer's trust decline in an organization. How can this be overcome and better customer understanding be developed?

Types of Data

Mostly data used in this research is secondary data whereas personal observation and professional's views are also used.

Data Collection Tools

Researcher has collected data through different scholarly articles and other secondary sources and compiled all information in the best possible way to reach the conclusion and also suggested and analyzed the most appropriate ways to overcome recession through CRM. Researcher has gone through articles and views available on Internet around the globe and then suggested her own view.

PRESENTATION OF DATA

CRM helps to overcome the problem of decline in profits during recession

Jack Trout (2009) in Mistakes Shape Recession Marketing states that CRM can play a very important role in overcoming the losses and control the derailing of institutions in the era of recession. There are many suggestions as how to measure CRM success. Some of them include the use of metrics and balance scorecards, or simply rating customer satisfaction. All of these measuring techniques could provide essential information on how to attract and keep customers loyal to your product or service. A mixture of these techniques could provide a picture of the success a company has with its customer relation's management approach. Because by using these techniques you can measure and evaluate the performance on each and every phase and can set the strategy accordingly.

The purpose for CRM actions is to find a way to boost profits for the company by improving its relationship with its customers. Encouraging customers to continuously support a service or buy more products is one way of increasing profit. Taking the appropriate CRM measures would be able to direct a company as to where to focus its marketing efforts in order to get the most profits at the least possible cost. Metrics and balance scorecards can supply the quantitative data to identify strengths and areas of enhancement. However it may not provide you with the information as to how your customers could be drawn in more.

Good and regular communication and research are the keys to gathering information from customers and tailoring CRM measures to give them what they want. Creating a customer database and concentrating on marketing strategy on those customers are the success factors. Communicating with the customers through focus group discussions, surveys, and interviews, showing them that you care about their wants and needs, combining quantitative and qualitative data, give companies the most comprehensive view of satisfying the most common demands of customers and develop much satisfied and loyal customers. This feeling of satisfaction will indirectly help companies to overcome the issue of decline in profits through loyalty factor. The techniques and marketing strategy of a company would benefit largely from a regular assessment of its CRM measures.

It is always significant to regularly keep a measure of the success in company's customer relations management strategy that has to make sure that it is still using methods relevant to their customers. Customers and their needs change constantly and it pays off to be updated with what they want. Maintaining stable communication with your customer base ensures that the profits keep coming and the new ways to keep down costs are innovated.

The success of CRM is calculated by the ratio of sales versus CRM cost. Improved CRM measures should bring in an increase of sales and profits higher than the invested CRM cost. Well-informed CRM measures will give company, an edge over the competition. With creativity and good management, a company's CRM measures would be able to achieve measurable success clearly visible in its profit margins.

According to Pareto principles, your 80% of the business is dependent on 20 % of the customers, formally called 80/20 rule. In almost all cases, sales and service staff are servicing customers who are not generating the most profits, which mean that the business's most important customers are being neglected and most of the efforts are wasted. An effective Customer Relationship Management solution can make sure that companies marketing and sales teams have customer information that they can easily use to significantly grow the value of your customer base typically:

- Changes in customers buying behavior
- Companies most profitable customers and their characteristics
- Gaps in product perceived performance and the actual benefits delivered.

CRM is actually used to bring companies closer to their clients. The basic idea is to find out what a client wants and needs, give it to them, and get them to be your client for life. But as with all good technology, it hasn't actually brought the sales teams, marketing departments or customer service departments any closer to the customer at all! Technology just acts as catalysts and it is a cold hard process that rarely substitutes for a human voice and social interaction. At best companies must sustain, grow, and cultivate the relationship. At worst, they will lose it due to changes in the client's circumstances, competition, economic and political factors, and changing markets. But still it is observed that positive CRM usage will definitely be productive for companies.

In short, it can be said that customer relationship management (CRM) is such a demonstrating measurement tool that can improve your business productivity in a short time. It can provide you tremendous amount of benefits including customer and employee contentment, elevated business sales, increased business identity development, revenue generation and so on. All one has to do is to make full use of these advantages so that modern day business needs will be fulfilled in a stylish manner, even during bad times. Along with CRM to overcome losses consistently, monitoring of competitors is important by regularly reviewing their product offerings, advertising communications, price points, websites and press coverage. Ensuring the awareness about their new products and promotions gives the strategic moves.

Creating a special strike force to monitor key indicators and a perfectly aligned marketing and sales teams with key objectives and with each other, will definitely give a turning point in terms of profit. Companies can do this by creating an approved list of marketing priorities and through identifying the best performing employees and through looking after them. During tough times, managers have to stay positive and convey a positive and confident message to their staff and clients.

The economic downturn spells bad news to most marketers, but a slump also presents an opportunity to build brands. Companies require having an idea how to travel in the downturn.

Jack Trout also mentioned few examples of companies in America, which even in recession have not only survived but also had upward profit graphs.

For example in Wall-mart, the best thing that happened was a recession. The retailer, too, was faced with a prospect of a slowdown in sales, but because consumers began downgrading, the recession worked to Wal-Mart's benefit. Companies should shift their product message to fit the times. They need not change the whole strategy; just change the packaging and messaging to suit the times.

Another example is Toyota's hybrid fuel cars, which are future-focused innovation. Their hybrid cars have found a lot of interest as more consumers are moving away from gas because of escalating fuel prices and sympathy for the environment. When the entire auto industry is in a decline, Toyota is marching ahead. Rival General Motors continued to sell its big cars to focus on profit and satisfy Wall Street. But as customers are moving away from gas-guzzlers, GM's previous star-models like the Hummer are on the block. Toyota proves that sometimes it's better to be first, than be better.

CRM is establishing better customer understandings & relations:

CRM is playing a positive role in establishing better customer understandings and making positive relations between the company and customer. It also performs comprehensive evaluations of customer profitability. Convenience, completeness and control are the features customers expect when they turn to a business for answers. Increasingly the most effective channel for meeting these expectations is online customer self-service (CSS). It delivers what customers want and businesses need a classic win-win opportunity. Wide-ranging self-service platform becomes the first; best stop for superior customer care when it provides the functionality to quickly and simply address customer's most common service inquiries.

Successful CRM practices is not about statistics, data warehousing or loyalty programs, rather it is about competing in the relationship dimension-not as an alternative to having a competitive product or reasonable price but acting as a differentiator in terms of 'feelings' for the customer. If brands can get an edge based on how customers feel about the brand, it's a much more sustainable relationship in the long run. This feeling for a brand, as brand theorists prefer to call it, is directly proportional to the communication efforts, written words and spoken sentences that originate from a company. The critical dimension of any CRM practice is the relationship that a brand shares with its customers. Using the word customer itself may sound a little improper here because 'customer' implies that the person is 'outside' a relationship. And any relationship is expressed and cared for by communication.

Businesses today are utilizing wide-ranging resources to better understand and resolve two critical management issues: inefficient operations in customer-facing business channels that require increasing numbers of employees and resources; and ineffective CRM practices, both which fail to retain customers or grow revenue.

In the article "Optimizing your CRM Strategy at the point of contact," the writer stated that many successful businesses have now taken steps to optimize the productive value of their internal business resources with the knowledge that management of these essential business assets (people, processes and technology) leads to operational stability and allows greater focus on managing and growing existing customers. It's no secret that a strong focus on customers and their business relationships will lead to direct growth in revenue. These operational imperatives are the primary factors for strengthening a business' profitability as well as its overall value and position in the marketplace.

Strategic asset management is the basic form of CRM today; however, ineffective management of internal business resources has served to reduce the CRM value proposition and has led to discussions about the validity and viability of CRM technology. The management of organization's internal business resources drives and determines the value of its CRM strategy and its ultimate success. More specifically, businesses should focus their attention on just how knowledge workers interact with customers through the various channels and then identify appropriate methods of improving efficiency by using their existing internal resources. When a customer speaks with an agent in a contact center, they not only expect that agent should have their information readily available but also be able to handle their request efficiently. This ready access to customer information, instant ability to resolve costumer issues, and flawless transition to offering further service is fundamental to ensuring costumer satisfaction. On the whole, CRM has been able to provide some of these features such as accessing information quickly and other shortcuts to improve productivity, but there is still much that can be added.

Researcher has tried to recognize the shortfalls of CRM and applied a solution that significantly improves customer management by creating an intelligent view of the customer. This solution is desktop integration, which extends CRM by providing data and process integration intelligently where and when it is needed most at the point of contact.

By investigating how knowledge workers use their recent tools to provide services such as CRM and then using desktop integration to incorporate other internal and external business resources such as billing, inventory and others, businesses are able to create intelligent views of information that are specific to the framework of their customer's needs. From a CRM perspective employees who interact with customers, either face-to-face or by any other means, have richer, more meaningful on-hand information at their desktops that enable them to enhance the customer's transactional experience. These employees are able to affect a higher level of customer service and satisfaction, build stronger customer loyalty and increased customer retention. Desktop integration enables the efficient growth of customer revenue contribution while delivering the necessary operational management gains that result in superior operational efficiency as a result helping companies to overcome their declines and building better relationships.

In the concentrated CRM efforts, a company often forgets the basic thing that is the keystone of the concept, which is relationship. Traditional marketing theories have always focused on attracting new customers, rather than retaining existing customers. Due to intensified competition and greater variety of products over the past decade this has gradually altered. The current taste of marketing is of 'retain' more than 'gain'. Because retention leads to growth and growth leads to fulfillment. While purists tend to argue that brands need customers and vice versa, modernists counter it by saying that customers need *a* brand, *any* brand, so long as the brand is his willing genie. This disproportionate balance shapes brand communication strategies. Positioning is no longer a marketer's tool but rather as an awkward proposition to grab the customer's fancy. Positioning is not brand or product or benefit or feature centric anymore; it is customer centric.

CRM is a simple process, because establishing a relationship is simple. None can be more thoughtful, when it comes to human emotions but surprisingly companies while interacting with their customers have overlooked the very same human emotions. Researchers have often argued that, in order to understand brand customer relationships, it is necessary to consider what the brand thinks of its customers, more than what the customers think of a brand. Marketers struggle hard to enhance the satisfaction of customers only to find that they choose their competitors.

Successful customer communication clearly highlights the brand's functional, emotional, and self-expressive benefits, as the customer would like to see them. It is delivered in a way that is superior or unique when compared to competitors.

Customer experience is shaped by a series of interactions with an organization. Any corporate communication effort should focus broadly on three aspects: understanding relationships, understanding the distinct behavior of consumers to relationship overtures and understanding (and establishing) the role of communication in effective and enduring customer relationships.

What is then important to establish a relationship between a brand and its customer, in order to build a personal relationship? It will no longer be brand and customer, but simply 'you' and 'I'... collaboration is well developed and leads to 'we', which could be a fulfilling state for a brand and a customer.

Social researchers at all times advised marketers that people prefer to do business with people, not institutions or brands. This implies that corporate communication has to be the link that helps to build and maintain a healthy relationship between both stakeholders. Technically there can be several types of regular communication: newsletters fax messages, voice broadcasts, blogs, sales letters, emails and more. Communication with customers reflects strong culture, favorable identity, sound philosophy and genuine sense of friendship.

Corporate Communication is all about managing perceptions and ensuring that, with effective and timely dissemination of information, a positive corporate image is created that ensures a smooth and affirmative relationship with all customers, at all times. Customers now have a variety of choices and, most importantly, they are becoming far more knowledgeable and demanding. The power has truly shifted to the customer. With this scenario, most companies realize that they need to treat their customers with more care.

Companies are now desperately searching for different ways to manage their relationships effectively, not only to acquire new customers, but also to retain the existing ones. According to a Harvard Business Review Study by Reicheld & Sasser, some companies can boost their profits by almost 100% by retaining just 5% or more of their existing customers.

Customers express their satisfaction in many ways. When they are satisfied, they mostly say nothing but return again and again, to buy or use more. Measuring satisfaction is only half the story. It is also necessary to determine customers’ expectations or the importance they attach to different proposals of a brand; otherwise resources could be spent raising satisfaction levels of things that do not matter. The measurement of expectations or importance is more difficult than the measurement of satisfaction. Many people do not know or cannot admit, even to themselves, what is important.

Almost always marketers try to understand a customer from the marketing perspective, as people who have to be ‘given’ something to retain their loyalty. This naturally places them on a moral stand that enables them to look down upon unfortunate customers as beneficiaries of their kindness. In communication, this signifies up and down power positions.

How can the effects of recession be avoided

In the article “using CRM win recession” the writer gave a thoughtful analysis and discussed the simple rules to gain advantage over competitors in a recession. These simple rules are as followed:

Understanding Customers' Changing Behaviour

Customers are under the same pressures companies are in, during a recession. The natural reaction is to cut spending and batten down the financial devise that means their purchasing behavior will change as they focus on non-optional purchases, better value products and low-cost services. Companies need to spend more on understanding customers' behavior if they are to respond to customers with value propositions. Just spending more on pushing the wrong products is not going to work.

Do not cut back Companies Marketing Expenditure

It is very appealing to cut companies marketing expenditure as customers stop buying. But there are countless studies that show that this is the wrong response. As company's competitors cut back their marketing expense, maintaining own expenses allows you to reach more customers for less money. It often allows companies to drive a harder bargain with desperate advertising media channels too. This not only increases company's share of influence in the market and customer spending during the recession, it also prepares you for the customer spending return once the recession is over.

Get more from your CRM Technology Investments

Many companies spent a bundle on CRM technology. When times are good, companies hardly need to use it to grow their business. A rising tide lifts all boats as the saying goes. One Swiss bank spent over Euro 1 million on a CRM system and hadn't even used it a year later. But when recession strikes, companies need to think carefully about how you can use your existing CRM technologies to compete. That may mean changing data flows, work processes or work routines to really make use of the technology's capabilities, but there is nothing like a recession to focus the mind on doing the right thing.

Reassess your Customer Portfolio

As recession hits, customers who were previously profitable can easily tilt over into being unprofitable and customer value at risk from defection increases for all customers. This is the ideal time to use new approach gained from understanding customers changing performance to identify customers who are either unprofitable, or who company cannot really serve well enough to grow their profitability.

All have low-profitability, high-risk clients like these. Researcher is not suggesting companies should simply fire them. But companies should look at raising prices to cover their costs, reducing service costs, outsourcing to low-cost providers, even creating low-end similar brands so that companies can make a profit from them.

Take Business through an Inclined CRM Makeover

Rather than just cutting costs, do what Toyota does and apply the lean principles to cut costs by cutting out non-value adding activities from your customer operations. Lean CRM starts with an understanding of what customers really value and then systematically works through the value delivery chain so that it is the customer who drives the whole process. Companies can overcome recession simply by getting free of cost non-value adding actions.

Besides other reason CRM also plays role especially in recession because it can strengthen information that it collects and organizes information about companies' customers and lets them analyze the data for future opportunities. Using this information, companies can develop a sales strategy that will let them offer products in an appealing way even in economically difficult times. Often this involves packaging new goods and services with products customers are already buying and offering them at an attractive price or with other incentives. CRM can help companies identify the most productive items to sell to their customers.

Every customer is vital when business is slow; but some are worth more than others. By allocating sales efforts accordingly, companies can produce more revenue per sales hour and higher average sales. CRM systems contain tools for analyzing customer foundation so you can sort your customers. In recession companies should not slow their customer attaining efforts but it should be done in more efficient way. In a recession, existing customers are gold and companies need to keep them delighted. Customer satisfaction covers a lot of ground, but basically it involves two ideas: keep your promises to customers and also meet their demonstrated needs. CRM can help companies with both of these. The most common reason for not keeping promises is forgetting that they were made.

If companies stress to their sales force the importance of entering all agreements made with customers into your CRM system, it's easier for organization to execute on its promises. Even minor mistakes can make a difference in an economic downturn.

CRM lets company's sales and customer support representative work smarter. With better information at their finger tips and best practices codified into their business policies, they can optimize service for customers and maximize revenues.

Companies can dramatically increase their sales productivity when they extend their CRM to include their customers' online sales interactions. There are inexpensive online sales and marketing tools that enable sales person to:

a) See and score all online email and web leads.

b) Automatically reach out and personally engage with your ideal prospect.

c) Notify the sales person when their prospect is ready to engage in the sales process.

Shaun Smith (2008) in an article "*Ten Ways to Beat the Recession*" defined and pointed major areas through which recession can be controlled, they are:

1. Believing that delivering your brand does not require the active and continuing involvement of leadership. There is a tendency for organizations to the leaders becoming internally focused. It is even more important for leaders to walk the talk to keep their people motivated and their customers coming back.

2. Delegating responsibility for the customer experience to marketing or HR or Operations. The executive teams have to own the customer experience and companies cannot afford competing agendas and politics to determine priorities.

3. Segmenting customers by demographics or account size rather than profitability. In tough trading conditions when customers are limited you want your best customers spending more with you rather than your competitors so focus on real customers not some mysterious marketing view of the world.

4. Assuming that you know what targeted customers value. You can't afford to waste precious resources providing more than customers really want or need so find out and reallocate your resources, differentiating on the things they do want not the things they don't.

5. Installing a CRM system and believing that it will automatically reduce costs. Now is not the time to spend large sums of money on technology unless you have first designed the experience that it is intended to deliver. Gartner research found that 55% of CRM installations fail to deliver benefits and actually dilute earnings.

6. Creating a loyalty card and assuming it will create customer loyalty. Most loyalty cards are thinly disguised ways of discounting and they simply attract customers wanting a deal. Discounting in a recession is not that smart. Use your loyalty card to get you closer to your best customers and give them benefits that will earn truly their loyalty and protect your margins.

7. Taking the new brand proposition created by your ad agency, communicating this to the employees and expecting that they can or will deliver it. You need to do the reverse: deliver the brand proposition through the employees first, and then get the ad agency to communicate it.

8. Buying in the same sales and customer service-training package as your competitors. This is simply a waste of money. Improve your employee experience so that you retain more of the people you have already trained then develop your own branded training to take your people's skills to the next level.

9. Expecting to differentiate through your customer experience when all your measures and reward systems are volume-related. In a soft market you need to get up-stream with your measurement process. So measure the customer experience and customer advocacy. If this improves, so will your numbers.

10. Measuring customer satisfaction and believing that it matters. 80% of customers who switch suppliers express satisfaction with the previous supplier. The only thing that matters in a recession is brand loyalty. Measure this instead.

Business communities have also suggested strategies to protect profits:

Managing overheads is not the only way to withstand the current economic downturn.

Distracted era does not always call for desperate measures so don't be too immediate and hyper when faced with the negative economic news in the media.

Assess your organization’s performance across the variety of marketing departments and begin with some profit protection strategies. That way you'll reduce the effects of the economic downturn in ways that go beyond profit threatening cost cutting.

Leave fearful approach and take another look at your business goals and marketing strategies. Avoid out all the “luxurious” marketing activities and focus your valuable resources on core activities that will get results in recession time. Importantly, make sure that your brand offers additional value to your customers

Consistently monitor your competitor by regularly reviewing their product offerings, advertising communications, price points, websites and press coverage. Be sure you are always aware of their new products, promotions and strategic moves. Create a special team to monitor key indicators and be sure your marketing and sales teams are associated with your key objectives and have coordination among them. Do this by creating an approved list of marketing priorities and ensure everyone is on the same page.

Also identify your best performing employees and try to keep them motivated and keep them under satisfactory supervision.

Offer incentives to purchase and actively cross-sell related products. Publish customer positive response and success stories on your website. Try to boost your buzz marketing efforts and make use of word-of-mouth and viral techniques. This can be done by calling for feedback either via your call centres or your website as it is good way to create awareness of your positive brand experiences and for finding out your weaknesses.

Companies facing difficult times encounter four critical pressure points. The most obvious one is cost.

In a downturn, price becomes more critical and tries to benefit low-cost competitors. As sales decrease, companies that have carefully reduced their costs in good times and bad often discover that they have even more built-in advantages than usual. Cost setter who set price lately find that they are even further behind than they thought.

Toyota (TM) is such a cost leader. During the 2001-2003 U.S. automotive downturn the company leveraged its sizable cost advantage over Detroit’s Big Three to price competitively and remains profitable. While rivals were lying off employees, Toyota invested to expand local production and increase its cost advantage. As a result, it was able to gain share and outperform the competition.

Market position is the second pressure point that companies encounter during a downturn. In ordinary times, well-managed market leaders generally outperform followers. In a downturn, the competition grows more intense, and existing positions may be weak. Leaders can use their maximum possible offering to attract customer and shift pressure on followers, or to snap them up at bargain prices. But market followers can sometimes turn the pressure exerted by a downturn to their advantage and can shift into the leading position.

Customer behavior is the third pressure point. It's well accepted that customers and profit pools never sit still. But in a downturn, both businesses and customers are likely to shift their buying patterns faster than ever. They seek out bargains. They do without some things altogether. These changes in behavior can substantially rearrange the pools of profits for which companies compete. Winning companies prepare for such shifts. Good times can hide major weaknesses. Companies that were flourishing may find that, when the economy slows, customers turn to competitors with better prices, quality, and delivery.

Business week has also mentioned few of the examples. One of the most dramatic modern-day examples of shifting customer behavior is the rise of middle-class consumers in China. It's a phenomenon that caught some multinationals by surprise. They handed over China to domestic companies that traditionally focused on low-quality, no-name goods. As incomes rose, those local companies started catering to middle-class consumers with what we call "good-enough" brands—a step up from the low end, but cheaper than premium goods. Today, 8 out of every 10 washing machines and televisions sold in China are good-enough brands.

Because some multinationals were slow to enter the good-enough market, they allowed domestic companies to take advantage of a major customer segment shift.

Catering to this market also helped position these Chinese companies to sell products on a global scale.

Complexity is the fourth pressure point, and often the least recognized. Companies in good times tend to add features, variations, and line extensions, thereby complicating both their production processes and their organization. They may create too much operating complexity. Even in good times, this can raise costs and interfere with a company's efficiency. It's a tricky balance. The drawbacks of complexity are particularly noticeable in a downturn.

Japanese carmakers not only enjoy a cost advantage over their competitors in Detroit but they also have a complexity advantage, with fewer models, fewer options, and fewer different parts.

A recent analysis found that Honda (HMC) offered its popular, midsize Accord in a total of just 484 possible variations, including color, compared with Ford's (F) Fusion, a direct Accord competitor, which has 35,908 theoretical configurations, including color. While Honda would require half a day to build all possible Accords, it would take Ford 90 days to build all possible Fusions. In a downturn, it is very difficult for Detroit carmakers to sell enough of these thousands variations to cover the costs of the complexity.

Japanese automakers have kept complexity in check, but that's not the case with Asian companies in many other industries.

Conclusion

The purpose of this research is to come up with an idea how CRM can be used in most effective and productive manner in orders to save companies and minimize the effects of recession. This report is of considerable importance because this world is experiencing global recession and by using CRM strategies, it’s really helpful for the companies to map out proper ways in trying to overcome the effects of recession, and also for those who intend to initiate the entrepreneurial projects in these difficult times.

By using these CRM strategies in accordance to the findings of this report today at different firms, the effects of recession can be minimized.

The scope of applying CRM in cutting recession is immense, and thus could not be studied wholly in any specific research project. Likewise many different companies have used different type of CRM strategies to overcome the harsh effects of recession, so every strategy could not be explained here due to the limitation of time, resources and limited access to information. So I have tried to suggest those strategies, which are best to overcome recession, and can give a positive affect for organizations.

Researcher will recommend some of the following key points to save the organizations from the effects of recession:

- Try to keep record of all activities in which the organization is involved; this can play a very important role in overcoming the losses of company.
- Focus on main business, strengthen it where possible and re-focus on core strategic goals where necessary to put resources where they are needed most.

- Companies should not be afraid to spend, but they must do so wisely as during a recession, it may be the best time to acquire assets or other companies. This can strengthen and refocus the company to position for increased growth and profitability when the recovery period comes.

- Maintaining or increasing spending on R&D has also proven to be advantageous as it can create new value in core products/services because cutting budgets from R&D side will further effect organization and can be very harmful.

- The most important factor which researcher has found is of internal CRM in controlling recession. Satisfying your employees and giving them proper skills can be very useful because effects of recession can only be controlled if customers will be entertained and retained in best possible manner which can be done through internal CRM.

- Regularly monitor your performance and try to overcome extra expenditure and be efficient in management things.

- The basic reason of using CRM during recession, is to provide maximum service and satisfaction to clients for achieving this the key is communication. Better dealings and giving them the feeling that this is their own organization. Because in this competitive era, better customer services help to provides an edge over the other firm.

- For companies that do not plan in advance for economic disorder, it is never too late to start. Early analysis and the use of scenario planning and CRM can dramatically improve results and speed recovery.

- CRM is more effective in recession because it can manage information that it collects and organizes information about company's customers and lets them analyze the data for future opportunities.

- Don't make your product complex, offer simple and attractive products and position them rightly, which can attract more customers.

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"Change can be of only two kinds - imitative or creative. You can change the way others have changed already or you can change in a new way. You can follow or you can lead. Change is not a sideline in the business of leadership; it is integral to the whole idea."

- *The Crisis of our Age*, P.A. Sorokin

ARTICLE

Treading Conventional Divides: The Case for an Alternative Paradigmatic Influence

Muhammad Nouman
Institute of Management Sciences, Peshawar, Pakistan

Abstract

Addressing ontological and epistemological issues remains a central concern in social sciences research. However, the two traditional paradigms that help us understand the nature of reality and knowledge offer very contrasting views of the world. This has resulted in 'paradigm wars' between the positivist and phenomenological schools of thought. Consequently Pakistani researchers' perspectives have also been influenced since they tend to view their research through the 'quantitative' or 'qualitative' lens only. Using literature review this paper highlights the salient but contrasting characteristics of the two paradigms in order to acknowledge differences between them. Then it points out the often ignored similarities between positivism and phenomenology, in order to highlight the futile nature of conventional paradigm divides. Emanating from these continuing debates, critical realism is presented as an alternative paradigmatic influence for researchers in Pakistan. An interpretation of this philosophical view in terms of differentiating the natural from the social world and some limitations of this perspective are presented. The paper concludes by pointing out that critical realism does not espouse the search for absolute truth about the world, the stance taken by 'purists'. Rather it focuses on providing an understanding of the underlying causal mechanisms that can help us arrive at a picture of the world that is as close to reality as possible while acknowledging the limitations of our conceptual resources.

Key words: Critical realism, Paradigm, Ontology, Epistemology.

Introduction

For any individual involved in social sciences research, two questions are of fundamental concern, answers to which will shape his/her thought process and views of the world. The first is about the nature of reality or how do we know what reality is. The second is about the nature of knowledge or what is valid/acceptable knowledge for us. Seeking answers to these questions has given rise to ontological and epistemological debates amongst the scientific community and has formed the basis for dividing it into various groups each with its own sets of philosophies/beliefs about what the world is and how we can understand it better. Bringing in the ontological perspective, one major dimension to how we view the social world around us is by understanding the dichotomy that exists between 'objective perspectives' and 'subjective perspectives' (Burrell & Morgan, 1979). 'Objectivisim' takes up the position that social objects exist in reality external to social actors while 'Subjectivism' is the view that social phenomena are ingrained in the perceptions and actions of these actors (Saunders et al., 2006).

Taking into account epistemological considerations, two dominant stances namely positivist (also known as empiricist, logical positivism, logical empiricism, postpositivism) and constructivist (also known as interpretivist, phenomenological, naturalist) emerge. Referring to positivism Atkinson and Hammersley (1994, pp. 251) argue that 'social research should adopt scientific method' that involves 'the rigorous testing of hypothesis by means of data that take the form of quantitative measurements'. On the other hand constructivism is the view that data or observations are a result of individuals' inputs and interpretations. Thus to account for these diverse and varying individual perspectives qualitative methods are more appropriate (Tashakkori and Teddlie (2003).

Deriving from these competing ontological and epistemological perspectives, the purpose of this paper is to present literature review to;

- Describe the nature of 'paradigm wars' (Howe, 1988) that have dominated academic debates amongst research communities

- Highlight the often ignored similarities amongst the two traditional and rival paradigms 'positivism' and 'phenomenology'

- Offer an interpretation of 'critical realism' as a paradigm by arguing for the need to have an alternative approach to research rather than continuing the needless positivism vs. phenomenology debate.

The 'Paradigm Wars'

The term 'paradigm' derives from the work of Kuhn (1970) whereby he refers to it as a set of beliefs, values, assumptions and techniques that are shared by members of a society including scientific community. This shared way of thinking as characterized by Johnson and Duberley (2000) enables us to assign unique meanings to objects encountered while dealing with the world. However, having an agreement on what the word 'paradigm' means has not been easy to find. Referring to Thomas Kuhn, Guba (1990, pp. 17) state that he 'himself used the term in no fewer than 21 different ways'

Offering a succinct and useful definition Guba and Lincoln (1994, pp. 107) describe paradigms as 'basic belief systems based on ontological, epistemological and methodological assumptions'. Paradigms point to developments in scientific practice based on the view people have about the world and the nature of knowledge in the world. They serve as frameworks comprising of theories, methods and ways of defining data (Collis & Hussey, 2003) and lay foundations of how a researcher looks at and understands things around him. Highlighting the influence paradigms have on choice of research strategy Hussey and Hussey (1997) provide a useful classification adopted below:

Philosophy of Social Science	**Phenomenological Perspective**	**Positivist Perspective**
Ontology: Focus on the nature of reality	Reality is subjective and not single. It is open to how people see it	Reality is objective and single. It is independent of researcher
Epistemology: Focus on the nature of knowledge	Researcher becomes part of the phenomena being investigated	Researcher remains independent of the phenomena being studied
Axiology: Focus on values	Researcher is influenced by values, induces biasness	Researcher remains free of values and biasness
Corresponding Research Strategy	Case Studies Action Research Grounded Theory Ethnography etc.	Surveys Experiments Cross-sectional studies Longitudinal studies etc.

Table 1.1: Adopted from Hussey, J. and Hussey, R. (1997)

Table 1.1 not only identifies key differences between positivism and phenomenology but also points out the all important influence they have on a researcher's choice of ensuing research methodologies. Consequently, this begs the question which paradigm should a researcher derive from as ultimately this choice influences everything else he will do in a research study. The answer is not easy to find because of the contrasting views of the world each paradigm espouses.

Easterby-Smith et al. (2002) point out strengths and weaknesses of both philosophical perspectives. For example, in praising the positivism they suggest that it provides wide coverage of a situation; is quick and economical as well as potentially more useful for decision-makers due to more reliable findings. On the contrary lack of flexibility and deeper understanding of processes from people's point of view are some of the limitations. Additionally, since quantitative studies tend to focus more on what is going on or what has been going on in a particular situation, they can potentially be of less use to decision-makers who want to infer changes for the future or a future course of action. In praising phenomenology the paradigm's ability to capture change over time, provide the individual's perspective or understand meaning and contribute to theory are pointed out. However, time consuming data collection process, difficulties in organizing and analyzing data and highly interpretive nature of meaning a researcher associates to findings and results are sited as some of the limitations.

Elaborating on differing perspectives Tashakkori and Teddlie (2003) point out three broad categories of researchers in social and behavioural sciences; (a) those with postpositivist orientation, (b) those with constructivist orientation and (c) mixed methodologists who work with pragmatism and transformative-emancipatory paradigms. Morse (1991) uses the terms 'QUANS' and 'QUALS' to describe the two opposing groups of researchers. According to Denzin and Lincoln (1994) it was the time-period 1950 – 1970 termed as 'Golden Age' that exposed positivism. The traditional paradigm was considerably undermined as a dominant philosophy of science (Reichardt & Rallis, 1994) because of its weakness in addressing some of the deeper issues of social sciences. Addressing these concerns resulted in emergence of postpositvism characterized as being influenced by values and theories the researcher adheres to and his/her understanding of reality, views also held by mixed methodologists Taskakkori and Teddlie (2003).

It has been more than a century since proponents of quantitative and qualitative research paradigms have argued in favour of their respective philosophy. This resulted in emergence of purists on both sides (Campbell & Stanley, 1963; Lincoln & Guba, 1985). For quantitative purists social phenomena should be studied the same way as scientists study physical phenomena (Ayer, 1959; Popper, 2002). There has been the widespread view that only quantitative data is valid and of high quality. Nagel (1986) suggests that one should be able to generalize inquiries conducted in social science without the restrictions of time and context. Describing role of quantitative researchers Johnson and Onwuegbuzie (2004) suggest that they should always attempt to eliminate bias and remain detached from the objects of study. Their purpose should be to empirically test stated hypotheses about our views of the world

On the other hand purists who strongly favour qualitative approaches have traditionally argued for the supremacy of constructivism, idealism, relativism, humanism, hermeneutics (Guba & Lincoln, 2005; Schwandt, 2000). Some of the criticism they put forward is concerning 'context stripping' that quantitative research applies in order to remove certain variables that might influence results otherwise. This puts into question generalizability of the study (Guba & Lincoln, 1989). Another argument relates to the assertion that the theory a quantitative researcher would like to test using a hypothesis is external to the setting/context it is being applied to. In order for theories to be valid they should be qualitatively 'grounded' in the particular setting/context rather than being imposed from the outside (Glaser & Strauss, 1977; Strauss & Corbin, 1998). Another criticism mounted on positivists is that facts accumulated from a supposed objective-oriented mindset of the researcher are relevant within a particular theoretical framework that originally formed the basis of hypothesis. This in return undermines the very issue of objectivity that quantitative research professes. Thus philosophers like Popper (2002) reject the concept of 'theory verification' and rather favour 'theory falsification' because of growing concerns that although a theory can be used to derive facts by way of deduction it is not possible to arrive at an overarching theory using facts by means of induction.

Commonalities and Philosophical Debates

The realm of social sciences seems more worried than natural sciences about the choice of methodologies for research (Meehl, 1978). The long-prevailing disagreements between the two dominant research philosophies have continued for so long that they have put forth the notion of 'incompatibility' of the two (Howe, 1988). This perception has been based on the contention that both quantitative and qualitative research paradigms along with their ensuing research methods can not and should not be mixed together. However, there are many who challenged this assertion by reminding us that mixed methods were already being used in many areas of research (Patton, 2002). Also, critics of the 'purist' school of thought highlight the similarities that exist between the two research philosophies as well as engage in philosophical debates that try to counter the epistemology-method link. Howe (1988) went on to question the so-called wisdom behind 'paradigm wars'.

Looking at similarities Sechrest and Sedani (1995, p. 78) assert that both the quantitative and qualitative methodologies 'describe their data', develop 'explanatory arguments from their data', and attempt to explain 'why the outcomes they observed happened as they did.' Essentially all research within social sciences domain studies human beings in the context of their environments (Biesta & Burbules, 2003) that is regardless of having a quantitative or qualitative leaning. Interestingly, while highlighting differences between the two paradigms, there are some who inadvertently make a case for commonalities. For example, addressing the issue of lack of context in quantitative studies, that is considered by qualitative research proponents to be a major limiting factor Bednarz (1985) points out that multivariate statistics has rapidly developed thus allowing quantitative researchers to address context limitations more and more as well.

Making a case for getting beyond the traditional divides Johnson and Onwuegbuzie (2004) point out the 'increasingly interdisciplinary, complex and dynamic' nature of today's research. Howe (1988; 1992) advocates the need to separate epistemological considerations for a study from issues of research methods selection so that a researcher can use qualitative methods in quantitative studies and vice versa. However, it needs to be borne in mind that the 'compatibility' of research procedures/techniques does not mean that the debate over differences in epistemologies are over. Rather, proponents of the 'compatibility thesis' bypass the traditional philosophical divide by essentially questioning the usefulness of such divisive debates. Further elaborating on the issue of why traditional paradigm divides might be of little use, authors like Onwuegbuzie and Teddlie (2003) point out that the 'logic of justification' should not be confused with choice of research methods (data collection and analysis) a researcher employs. Taking this further Newman et al. (2003) advocate that the choice of data analysis techniques instead of being influenced by epistemological considerations should stem from purpose of research or questions the researcher seeks to answer.

Onwuegbuzie (2000, pp. 2) stresses the need for epistemological and paradigmatic 'ecumenicalism'. He suggests that although positivists profess the concept of science to mean 'confirmation', 'falsification' and 'objectivity', they forget that many decisions of a quantitative study are taken by researchers (human beings). Some of these decisions include issues of what to study, what instruments and tests to use, what conclusions/interpretations to draw and what findings to consider as significant or useful. These 'human' decisions are subjective in nature since they involve personal judgments. And it is not just quantitative researchers who have been prone to debates. Qualitative research has not been immune either. For example, qualitative purists like Guba (1990) point at the fact that they use relativism to accommodate the perspective of every individual or group to demonstrate subjectivity and generate multiple realities. However, as Johnson and Onwuegbuzie (2004, pp. 16) suggest any such account should be termed 'subjective reality' or 'intersubjective reality' rather than being called reality alone.

Critical Realism: An Alternative Paradigm

The discussion so far leads to the conclusion that the debate over traditional and long-standing philosophical perspectives of the world has been carrying on for many years with seemingly no end in sight. Consequently this has led some researchers to draw valuable lessons and suggest alternative paradigms and views about how we can understand the world around us better. Realism as an epistemological stance asserts that what our senses show us as reality is the truth however objects exist around us regardless of whether we as humans can sense them or not (Saunders et al., 2006).

By stressing the notions that reality exists independent of the human mind and that researchers need to adapt scientific approaches to studying data in order to create knowledge, realism demonstrates strong characteristics of positivism. However, Johnson and Duberley (2000) signal caution against this overly simplified comparison. Part of the confusion stems from that fact that ‘realism’ as a term did not have a clear, single and agreed upon meaning for quite some time. Haack (1987) highlighted this ambiguity surrounding the term by reminding us that realism has had quite a few variants. For instance when looking at realism in the context of science and scientific theories terms like ‘Theoretical Realism,’ ‘Cumulative Realism,’ ‘Progressive Realism’ and ‘Optimistic Realism’ have been mentioned. On the other hand when considering issues of reality, truth, and the nature of truth we come across terms like ‘Minimal Realism’, ‘Ambitious Absolutism’, ‘Transcendentalism’, ‘Nidealism’ and ‘Scholastic Realism’.

Taking the discussion further Saunders et al. (2006) remind us of two forms of realism namely ‘direct realism’ and ‘critical realism.’ Direct realism which in essence can be considered similar to empirical realism is the notion that what the human senses experience as reality is the truth. In other words, direct realists argue that we sense reality and truth directly and as they exist. Thus, when defining role of a researcher, Hammersley (1992) suggests that one should strive to produce narratives that correspond with reality. However, making the case for revising our understanding of realism when conducting social sciences and management research Johnson and Duberley (2000) point out that we should not;

> *‘…conflate an objectivist epistemological stance with a realist ontological element in such a manner that…ignore(s) the possibility of combining alternative epistemologies with a realist ontology. Here, in understanding the role of such alternatives, it is initially necessary to realize that agreements with the idea that all knowledge is the outcome of social construction does not necessarily lead to a subjectivist ontology and the consequent notion that transactions between people (i.e. subjects) and reality (i.e. objects) have no role to play in the development of knowledge.’*

(Johnson & Duberley, 2000, pp. 150)

Further, Johnson & Duberley (2000) go on to suggest;

> *‘It is from the position that knowledge entails both social construction and the transactions of human knowers with an independent reality where it is possible to discern a very different understanding of realism.’*

(Johnson & Duberley, 2000, pp. 150)

The above-mentioned description presents an alternative form of realism ‘critical realism’ (Bhaskar, 1997) that is different from the concepts of direct realism or ‘empirical realism’ posited by others. It is important to mention at this point that critical realism came into existence and developed into a movement later on due to the seminal work of Roy Bhaskar in 1975. As an alternative paradigm it has been further elaborated upon by Bhaskar in his ensuing works in 1978, 1989 and 1997. Collier (1994) however reminds us that the term ‘critical realism’ is not Bhaskar’s creation. Rather it came into existence as a result of ‘elision’ of the two terms ‘transcendental realism’ that is influenced by Immanuel Kant and ‘critical naturalism’. Transcendental realism refers to general ontology whereby an individual is aware of the limitations of his mind while critical naturalism refers to development of implications that transcendental realism has had on human sciences.

Critical realists assert that the natural and social worlds are fundamentally different from each other in the sense that the latter is socially constructed meaning it is dependent on human action. On the other hand, the natural world remains independent of the social world and actions of human beings. As the social world is constructed based upon the understandings of individuals there are bound to be aspects to it of which human beings have no, limited or mistaken knowledge. Consequently, critical realism stresses the need to distinguish between ontology and epistemology. And avoid the ‘epistemic fallacy’ whereby the distinction between nature of reality and our knowledge of reality is so blurred that we think of the two as the same. While underscoring this difference it is important to remember that we cannot start assuming that reliable knowledge about reality can be developed easily. However, it does imply that while ‘epistemic relativism’ – the view that knowledge is socially constructed, is acceptable, ‘judgemental relativism’ – the view that all depictions of the world are equally correct and without any particular preference for one over the other should be rejected (Bhaskar, 1998). Hence the focus should be on whether some of these depictions or representations of the world provide us greater knowledge and understanding of the world than others or not (Fairclough, 2005).

Elaborating further on Roy Bhaskar, Dobson (2002) asserts that on one side we have ‘real objects’ and on the other we have ‘value-laden observation of reality’ by human beings. The former is non-transitional and relatively enduring while the latter is transitional and changing. The post-modernist view that espouses a relativist view of science and knowledge and contains both epistemic and judgemental relativism is criticized by Bhaskar for failing to appreciate this difference. Narrating a key difference between objects in social sciences and those in natural sciences Johnson & Duberley (2000) explain that while our understanding of objects change due to transitioning nature of human thought, ‘intransitive causal mechanisms’ that are found in reality external to the human mind will not change unless these causal mechanisms are dependent on the actions of human beings themselves. To explain things further Bhaskar (1989a) presents the concept of ‘stratified ontology’. It means that on one side reality consists of causal mechanisms and events that are the actual truth. On the other side, some and not all of these actual events are conceptually conceived through our empirical experience and observations. It is for this reason that critical realists do not construe causation and reality to mean all that is within the empirical realm of human judgement. Rather, critical realists go a step further to point out that causation and reality can be identified by further exploring the underlying causal mechanisms that result in actual events. A key to understanding critical realism is an appreciation and recognition of abstract forms of these structures and mechanisms that, although not directly observable, control the events we experience in this world. Bhaskar (1989b) goes on to use the term ‘retroduction’ as an alternative to the traditional deduction (related to positivistic approaches) and induction (related to phenomenological perspectives). Retroduction means describing the underlying structure or mechanism that has resulted in an apparent phenomenon.

Apart from Bhaskar critical realism as a philosophical thought in social sciences has had significant contribution from Margaret Scotford Archer through her book *Realist Social Theory: The Morphogenetic Approach* published in 1995 and Andrew Sayer *Realism and Social Sciences* published in 2000. While explaining the concept of ‘stratified ontology’ mentioned earlier Fairclough (2005) explains that it draws a distinction among the 'real, the 'actual' and the 'empirical.' The 'real' includes structures with their related 'causal' mechanisms. The 'actual' includes events and processes. While the 'empirical' includes that part of the real and actual that is experienced by social actors. In the case of social sciences critical realism claims that there are mediating entities that is social practices that account for the relationship between the 'real' structures and the processes/events.

Taking influence from Bhaskar's ideas Johnson and Duberley (2000) provide the following six key characteristics of critical realism that form the basis for paradigmatic thought underlying this research;

1. Critical realism emphasizes a metaphysical ontology meaning that social and natural reality consists of intransitive objects that exist independently of human thought and mind.
2. The objects/entities mentioned in (1) may not be observable and different individuals may formulate different understanding of transitive realities based on their own paradigmatic and metaphorical standards.
3. By presenting the concept of epistemic relativism, critical realism rejects the idea of theory of truth
4. Critical realism takes science to mean something more than science rather than conventionally derived empirical and observable generalizations about the world.
5. The concept of science put forward by positivists has little role in thoroughly explaining actual scientific practice except for helping scientists explain their point of view about the world and how they used their concepts to try and explain the world to us.
6. Critical realism puts forward an epistemological defence of causal explanation by suggesting that we can understand cause and effect better by exploring the underlying mechanisms, otherwise unobservable, using 'retroduction.'

Box 1.1: 'Six key elements of critical realist thought as influenced by Roy Bhaskar', adapted from Johnson and Duberley (2000, pp. 154)

Acknowledging Limitations of a Critical Realist

While appreciating critical realism as an alternative to traditional paradigms it is important to remember that like other paradigms it also faces some criticisms and questions which are not easy to address. Since we have focused on highlighting the limitations of the dominant quantitative and qualitative paradigms during the earlier part of this paper, it would be downright unfair if one fails to appreciate the limitations of one's own preferred paradigmatic influence. A key issue that is potentially difficult to resolve for critical realism is the difficulty in knowing whether the instransitive structures that we as researchers have constructed based on our understanding are merely our imagination or real and non-empirical depiction of the actual truth. The metaphysical ontology suggested in Box 1.1, would be difficult to comprehend using our epistemological basis about what the world means to us. Also, by rejecting the possibility of theory-neutral observation it would become a question mark as to how we can establish the truth of our epistemically transitive constructions of reality. Not only that, if our experience of the world does not provide us with complete knowledge of the instransitive reality how can we then use our epistemological thoughts to develop an understanding of the instransitive ontological truth (Johnson & Duberley, 2000).

There have been attempts to resolve some of these underlying criticisms that critical realism faces by bringing in influences from pragmatic school of thought i.e. pragmatism. An important point made by Rorty (1998) is that in order for knowledge to be considered useful and valid, it has to be supported by the pragmatic consensus of people who use a mutually comprehensible language for communicating with each other. Since this mutually comprehensible language can change from one community of people to another Rorty goes on to suggest that truth and reality are changeable according to variations in languages between communities. In an attempt to elaborate this further we take the viewpoint of Sayer (1992, pp. 83) who differentiates between ‘thought objects’ and ‘real objects’ by pointing out that there indeed is as external reality that is independent of human mind but it also is resistant to it and thus will remain unknowable. Emphasizing the need to understand the world in terms of our conceptual resources, he however points out that these resources ‘d*o not determine the structure of the world itself*’. *Moreover, ‘observation is neither theory-neutral nor theory-determined but theory-laden. Truth is neither absolute nor purely conventional and relative’.* Bhaskar (1989b) himself implies a more realistic or pragmatic solution by suggesting that in social sciences theory and reality are causally dependent on each other. It means that although social theory is influenced by society and has consequences for it, this cannot be implied to suggest that a social theorist can ‘construct’ social reality’. Sayer (2004) has further underscored the need for critical realists not to engage themselves too much in striving to find out the absolute truth. Rather the focus should be on getting as close as possible to the intransitive metaphysical reality as possible.

Conclusion

This paper makes the case for researchers in Pakistan to consider use of critical realism as the paradigm underpinning social sciences research. In doing so issues of ontology and epistemology and ensuing paradigm wars have been discussed to highlight the difficulties a researcher faces in agreeing with a particular philosophical view of the world. Contrary to positivism and phenomenology, critical realism brings to our attention the difference between the natural and social worlds. Thus while ‘epistemic relativism’ – the view that knowledge is socially constructed, is acceptable, ‘judgemental relativism’ – the view that all depictions of the world are equally correct and without any particular preference for one over the other should be rejected. Bypassing the debate over deduction versus induction, the paper advocates the need for using ‘retroduction’ espoused by critical realism. Rather than generalizing results to a population or generating theory and in-depth insights, there is a need for researchers to focus on understanding the underlying causal mechanisms that can help provide a more truer picture of reality rather than the absolute truth about it

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ARTICLE

The Impact of Training and Motivation on Performance of Employees

Muhammad Ikhlas Khan

International Islamic University, Islamabad, Pakistan

Abstract

This research aim is to study the impact of training on performance of employees. There are various factors like training, motivation, technology, management behavior, working environment, where each factor contributes to overall employee performance. Highly contributing factors are those having relative importance given by employees. This study concludes that training contributes greatly to employee's performance in comparison with other factors like motivation, technology, management behavior, working environment. There is positive relationship between the employee's performance and training and motivation. The study shows that training and motivation has positive impact on performance of employees. This study concludes that organization having good training plans for employees can enhance the performance of employees All the organization that wants to enhance their employee performance should focus on training as it also motivate employees to achieve higher performance levels.

Key words: Employee's performance, Training, Motivation

Introduction

The possible influence of concessions and takeovers on corporate performance will be addressed in the following analysis data set and use a large new dataset on employee held stock in US public companies... (Blasi et al, 1996) We define significant employee ownership as… (Jackson et al, 1997)…The definition of employee performance as the logarithm of net sales per employee was consistent with prior empirical work (Huselid, 1995). … Net sales per employee is an incomplete measure of firm performance, however, it does not reflect overall firm profitability. …

Employee performance management is a process that companies use to ensure their employees are contributing to producing a high quality product or service. Employee performance management encourages the employee to get involved in the planning for the company, and therefore anticipates by having a role in the process the employee will be motivated to perform at a high level. Performance is the ratio of output to input. Performance is a process of continuous improvement in the production/supply of quality output/service through efficient and effective use of inputs, with emphasis on teamwork for the betterment of all. Training is needed to increases the performance of employees, if employees are trained they will be well aware of their job specifications, skill needed to perform job well and would be able to use new technology. Then their motivation level will be increased, which will also be beneficial in enhancement of performance, working environment and management behavior will also result in the maximized performance which will be help to achieve the organization goals effectively. Competitiveness is based upon the concept of performance, which is very closely linked to that of training. As every organization through out the world wants to compete against their competitors, they must increase their performance to do so. When employees are given training they feel some betterment in their own performance and hence work more hard to achieve personal and organizational goals. Training can be define as; Training is a learning process that involves the acquisition of knowledge, sharpening of skills, concepts, rules, or changing of attitudes and behaviors to enhance the performance of employees. This research will be helpful to understand the importance of training and the effect of training on performance which is positive. Research will also throw light on other factors of performance such as motivation, working conditions, management behavior and technology. Research will suggest the better way of training to management and also suggest that organization must give importance to training of employees and training must be for sufficient duration.

Literature Review

Bartel (1994) looked at the link between training and performance using around 150 firms from another surveys of employers, the Columbia business school survey. Becker (1975) defined general training as the type of training that raises performance by equal amounts in the firm where it was provided and in other firms. In contract, specific training only raises performance in the firm providing it.

(Puffers and Cohen, 1984) when firm specific skills are needed to conduct work effectively, the firm must make training investment so worker can develop specific skills. Once workers obtain the firm specific skills needed for effectiveness on the job. The employer must pay wages reflecting workers higher performance level. Often this is accomplished by promoting the employees on a career ladder as each new set of specific skill is attained.

A third limitation of this work is the failure to directly measure the underlying mechanisms through which work-life programs increased performance. Specifically, argued that work-life programs enhanced performance by attracting and retaining high quality employees, by reducing the extent to which work life conflicts interfere with work. (Greenhaus and Parasuraman, 1999; Lobel and kossek, 1996; lobel 1999)

The Detroit performance center had virtually no lasting impact but staff training and development received little continued attention.

Muhammad Ehsan Malik (January, 2011) tells that the performance of male and female are equally contributed towards the achievement of a goal. Both male and female are equally responsible and the responsibility of both have equal importance in the organization.

The employee’s performance directly influences the organizational effectiveness. Man and woman should motivate equally. Eliminate the inequality and give equal importance to both. The employee’s performance increased when they involved in decision making of the organization… (Salman naseer, January, 2011)

Researdes have identify that the employees motivations are increased when the organization empower them. When they are empowered, then they did well. Kreitner descibes(1995) the psychological way that gives the purpose and direction to behavior.

According to Buford, Bedeian, & Lindner (1995) there is a predisposition to behave in a purposive manner to achieve specific, unmet needs and according to Bedeian (1993), an internal drives to satisfy an unsatisfied need and the will to achieve.

Motivation Theories

Getting people to do their best work, even in trying circumstances, are one of managers’ most enduring and slippery challenges. Indeed, deciphering what motivates us as human beings is a centuries-old puzzle. Some of history’s most influential thinkers about human behavior among them Aristotle, Adam Smith, Sigmund Freud, and Abraham Maslow have struggled to understand its nuances and have taught us a tremendous amount about why people do the things they do.

Maslow hierarchy of needs (1943) discussed five levels of employee needs, physiological, safety, social, ego, and self- actualizing. According to Maslow lower level needs had to be satisfied before the next higher level need would motivate employees. Herzberg, categorized motivation into two factors: motivators and hygienic (Herzberg, Mausner, & Snyderman, 1959). Motivator or intrinsic factors, such as achievement and recognition, produce job satisfaction. Hygiene or extrinsic factors, such as pay and job security, produce job dissatisfaction.

Vroom's theory is based on the belief that employee effort will lead to performance and performance will lead to rewards (Vroom, 1964).

Rewards may be either positive or negative. The more positive the reward the more likely the employee will be highly motivated. Conversely, the more negative the reward the less likely the employee will be motivated. Adams' theory states that employees strive for equity between themselves and other workers. Equity is achieved when the ratio of employee outcomes over inputs is equal to other employee outcomes over inputs (Adams, 1965).

Skinner's theory simply states those employees' behaviors that lead to positive outcomes will be repeated and behaviors that lead to negative outcomes will not be repeated (Skinner, 1953).

Managers should positively reinforce employee behaviors that lead to positive outcomes. Managers should negatively reinforce employee behavior that leads to negative outcomes.

Training

The major premise of performance education and training is that troubled program such as those have cited, have replied primarily on formal management and education and experiential learning (on the job) to address the question above. Yet management is a deceptive concept even the administrator who work through masters degree in administration may never be exposed to some of the material critical to his daily organization problem. Administer with a formal education in the field of education may not have maintain its currency and perhaps majority of the manager in public organizations obtain degrees in such field as law, engineering, medicine, or humanities the rather then systematical educated or trained performance management. Other Birmingham companies focus on creating those same results within different industries. For instance, Work Matters Executive and Corporate Coaching specializes in training leaders and managers within the insurance and financial services industry, and Strategic Visions Inc**.** finds most of its business concentrated within the health-care sector.

Researchers identifie that employee training is a learning experience that seeks relatively permanent change in employees that there improve job performance. Thus training involves changing skills, knowledge, attitude, or behavior. Determination of the organization need, the work to be done and the skill necessary to complete this work, training program should naturally. Once identify deficiencies lies, have a grasp of the extent and nature of the training needs. (James G. Maxham, 2008)

Identifies if deficiencies in performance occur it does not necessarily follow that the manager should take corrective action. It is important to put training in to perspective. Training is costly, rather judge training by its contribution to performance, where performance is function of skills. (Annalisa Cristini, 2004)

Identifies that training goal must be established. Organization explicitly states its desire result for each employee. It is not adequate to say we want to change employee skill attitude or behavior. Organization clarifies what is to change and by how much. The goal should be tangible, verifiable, timely, and measurable. (Tor Eriksson 2006)

Objectives of the Study

The main objectives of this research are as follows.

- To know the impact of training and motivation on performance of employees in the organizations
- To examine the role of training and motivation in enhancement of employee's performance
- To gauge the correlation between training and performance of employees
- To get the results in meaningful way that can help the organizations in future

The Problem Statement

How training influences the performance of employees in the organizations?

Theoretical Framework

The following variables have been identified and labeled as independent variables and dependent variable.

Performance

Performance is the dependent variable which depends upon training of employees. Literature review also reveals that performance is dependent variable and it is increased by providing effective training. There are some other variables or factors that affect the performance of employees are as given below.

Motivation

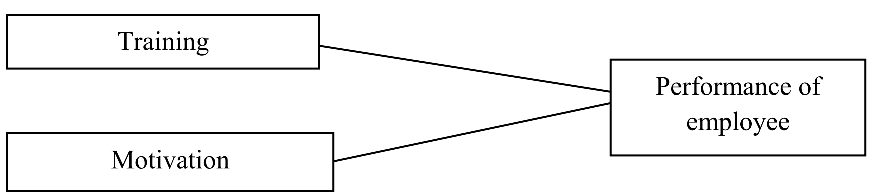
The motivation is very important in influencing the employees to accomplish individual as well as the organizational goals. This inner drive motivates the employees to form and exhibit the purposive behavior to achieve specific, unmet needs. This little encouragement on the part of organization enables them to accomplish their goals efficiently by acknowledging employees on their work and effort, providing them good work environment, considering their needs and forming pleasant job design. The motivation increases performance.

Training

Training is the independent variable in this research. Literature review suggests that training of employees has a deep effect on the performance of employees. There is direct relationship between training and performance i.e. training increases the performance.

Figure 1 shows the relationship between dependent and independent variables.

Fig.1



P = a + BT + BM

Where:

P = Employee performance
T =Training
M = Motivation

Hypothesis Development

The hypotheses are developed in this research as follows.

H1: Training increases the performance of employees.

H2: Motivation increases performance of employees.

Methodology

This study aims to identify the impact of motivation and training on performance of employee and determines the other factors that affect the performance. The prime focus of this study is to carry out to identify the effect of training on performance of employee. The contribution of other factors is enhancing the performance of employees. To measure the relationship and identify the impact of training on employee's performance, some statistical tools or techniques are applied on data like Pearson correlation and regression analysis through SPSS software.

1. Sample

Respondents for the questionnaire were randomly chosen from one institute and one bank that are use to train their employees. The chosen bank and institute was Habib Bank and Federal Urdu University of Arts Science and Technology Islamabad. A sample of 100 employees from the above mentioned organization is taken.

2. Data Collection Instruments

The principal data collection instrument is structured questionnaire, chosen to determine the performance of employees. The questionnaire consisted of different factors that could affect performance.

3. Procedure

The procedure used for data analysis is significant. The instrument used for data collection is structured questionnaire which is the primary source of data collection. The data has been dealt using the SPSS software. After compiling the output of questionnaires the variables are entered in software and the data is also entered. There are some statistical techniques are applied on data to find out the results. In the first instant reliability statistics analysis measured to find out the data is reliable or not. In the second instance descriptive statistics analysis is measured to check the mean and standard deviation for the variables. Correlation is the statistical technique which is applied on data to gauge the relationship between the training, motivation and employees performance. Regression is the statistical technique applied on data to measure the impact of training and motivation on performance of employees in the organizations.

4. Research Model

The research model is developed on the basis of earlier research studies; we have included the variables are as performance, training and motivation.

Tested Equation is as follows:

$Y= \alpha+\beta_1X_1+ \beta_2X_2$

Y = Performance

X1= Training

X2= Motivation

5. Research Findings

a) Reliability Statistics Analysis

Table 1

Variables	Chronbach's Alpha	N of Items
Performance	0.376	3
Training	0.679	5
Motivation	0.475	5

Table 1 show the reliability analysis of all the variables, the value of chronbach's alpha 0.376 for performance and 0.679 for training and 0.475 for motivation.

b) Descriptive Statistics Analysis

Table 2

Variables	Mean	Std. Deviation	N
Performance	1.7700	0.48477	100
Training	2.1440	0.62609	100
Motivation	2.3720	0.61168	100

Table 2 provides the information about descriptive statistics of the variables. N denotes the total number of sample which is taken for analysis. The standard deviation and average is also shown in above table. Performance has the mean of 1.7700 with standard deviation of 0.48477. The mean of training is 2.1440 and standard deviation is 0.62609. The standard deviation of motivation is 0.61168 and mean is 2.3720.

c) Pearson Correlation Analysis

Table 3

		Performance	Training	Motivation
Performance	Pearson Correlation	1	0.321**	0.092
	Sig. (2-tailed)		.001	.365
	N	100	100	100
Training	Pearson Correlation	0.321**	1	0.214*
	Sig. (2-tailed)	.001		.032
	N	100	100	100
Motivation	Pearson Correlation	0.092	0.214*	1
	Sig. (2-tailed)	.365	.032	
	N	100	100	100
***. Correlation is significant at the 0.01 level (2-tailed).*				
**. Correlation is significant at the 0.05 level (2-tailed).*				

Table 3 shows the correlation between the independent and dependent variables. According to the calculated values, performance of employees has positive correlated with training and motivation, as 0.321 and 0.092 respectively. On the other hand, positive correlation is found between training and motivation. It is concluded that if employees are adequately provided training, they perform better and their performance is increased as proven by primer data. Training, motivation**,** (if provided effectively) has a Positive effect on performance.

Pearson Correlation Coefficient: Hypothesis Testing

There are two hypotheses that are being tested:

H1: Training increases the performance of employees

H2: motivation increases performance of employees

The table below is a summary of hypothesis testing which indicates the relations of employee's performance and the two independent variables.

Table 4

Hypothesis	Variables	Pearson Correlation	Relationship
H_1	Training	0.321	Positive

H_2	Motivation	0.092	Positive

As per relationship between the independent variables, based on Pearson Correlation, the values of relation between independent variables in this study are less than 0.70 indicating that correlations between each of independent variables are not too high. But the relationship is found positive and training and motivation increases more the performance of employees. There is direct relationship between employee's performance and both training and motivation. The hypothesis H_1 and H_2 are accepted.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	N
1	0.322[a]	0.104	0.085	0.46369	100
a. Predictors: (Constant), Motivation, Training					

d) Regression Statistics Analysis

Table 5

Table 5 provides a summary output about regression statistics and number of observations to be taken. According to above calculations, regression statistics consist of 100 observations, in which multiple R has a value of 0.322 and R square has 0.104 accordingly. The value of adjusted R square is 0.085. This calculation shows standard error of .46369, which is acceptable. The value of R indicates that there is positive weak to moderate relationship among the employee's performance and independent variables. The value of R square shows that 10.4 % of total variation in employee's performance is explained by training and motivation. Model 1 explains 10.4% variation is explained by the given variables and the rest of variance is explained by the other factors or variables which are not included in this model. So the remaining variance is unexplained.

e) Coefficients (a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.201	0.224		5.363	.000
	Training	0.245	0.076	0.316	3.210	.002
	Motivation	0.019	0.078	0.024	0.243	.808
a. Dependent Variable: Performance						

Table 6

Table 6 shows the beta values for variables and constant in the model. The value of beta is 0.245 for training and 0.019 for motivation which are independent variables. The value of beta basically shows the expected change or increase in dependent variable for change or increase of 1 unit increase in independent variable. It means that both the variables training and motivation contributes towards the employee's performance positively, because negative beta value is not found. The impact or influence of training and motivation is positive on performance of employees in the organizations.

The research model is developed as follows.

$Y = \alpha + \beta_1 X_1 + \beta_2 X_2$

Where Y denotes Performance, X_1 denotes training, X_2 denotes motivation, α denotes the constant value in the model.

$Y = 1.201 + 0.245\ X_1 + 0.019\ X_2$

Conclusion

This study is conducted to identify the affect of certain factors on the employee's performance. The study found that there are two factors influencing employee's performance that are training and motivation in the organizations. The relationship of independent variables with dependent variables is also examined. All factors, two factors found to be positively related with performance of employees. This study provides some information regarding that two factors are positively correlated with performance of employees in the given organizations. All these factors have direct relationship with performance. An increase in any of independent variable will cause increase in performance. There are two factors (training and motivation), each factor play a key role in increase in overall performance, and all these factors influence the performance of employees. The chosen bank and institute is Habib Bank and Federal Urdu University of Arts Science and Technology Islamabad. A sample of 100 employees from the above mentioned organization is taken. The principal data collection instrument is structured questionnaire, chosen to determine the performance of employees. Training contributes greatly to performance, after finding the answers of questionnaires some statistical techniques are applied like Pearson correlation and regression analysis to find out the results in meaningful way that can help the organizations in future. The statistical techniques are applied on data through SPSS software and get the results. All the correlation results are positive so that on the basis of those results training increases the performance and performance have positive relationship with training, motivation. The research concludes that if the organization having good training plans for employees can enhance the performance of employees that is helpful in increase in performance of employee as well as of organization. All the organization that wants to enhance their employee performance should focus on training, motivation of employees to achieve higher performance levels. This study concludes that training contributes greatly to employee's performance in comparison with other factors like motivation, technology, management behavior, working environment. There is positive relationship between the employee's performance and training and motivation. This study shows that training and motivation have expected positive impact on performance of employees in the organizations. This study can helpful for the above mentioned organizations in future. It will also be helpful for other organizations in future especially related to higher education and banking sectors.

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Let us think of the Latin saying that goes:

Nemo vi rest qui mundum non reddat meliorem?

"What man is a man who does not make the world better?"

ARTICLE

Impact of adopting HRIS on three tiers of HRM: Evidence from Developing Economy

Irfan Saleem
University of Central Punjab, Lahore, Pakistan

Abstract

In information based economies, cross-sectional studies are needed to uncover missing linkage between Human Resource Management and Information Technology. Consequently Human Resource (HR) researchers and managers need to rethink about achieving organizational objectives with and through the people added by modernized technology in this information age. The main objective of this study is to identify the contribution of Human Resource Information System (HRIS) adoption impact on three tiers i.e. Operational, Functional and Strategic Human Resource Management (HRM). Findings show that that HRIS adoption significantly impacts HRM Operational Processes and moderately facilitates its Functional Processes and provides insignificant support for Strategic HRM Processes.

Key words: Human Resource Management (HRM) and Human resource Information System (HRIS),

Introduction

Rapid economic growth and increased competition attributes to multifarious business environment which has lead to exponential growth of technology applications in all areas of business including Human Resource Management (HRM). Consequently, this change has forced Human Resource professionals and researchers to rethink about achieving organizational objectives through adoption of modernized Information Systems (IS). Growing importance of HRM with increasing organizational size requires the maintenance of employee related data and generating appropriate HR reports enforcing organizations for adoption of computer based HRM systems (Tripathi, 2011). Although HRM (Absar and Mahmood, 2011) and Information Technology (IT) have drawn the attention of researchers (Saleem et al, 2011), industry and academia, yet linkage between the two disciplines is still at cutting edge and need more exploration (Mishra and Akman 2010) in developing economies like Pakistan. It has also been noticed that IS have been applied to HRM for decades, nonetheless way of using IS has improved dramatically (Zhang and Wang, 2006). Accordingly, HR professionals and executives need to use IS to help them meeting their organization's information (Teo et al, 2001) which in turn improves professional standing of HR professionals in the organizations of good repute (Hussain et al, 2007).

Literature Review

Emergence in technology and telecommunications mandate the transformation of HRM (Cleland et al, 2000). HR professionals thus need to respond to changing business conditions by demonstration of new competencies (Ulrich et al, 2007) which enforces today's enterprise management to be digitized (Zhang and Wang, 2006). Human Resource Information System (HRIS) meet the needs of a number of organizational stakeholders including HR professionals, managers in functional areas and employees in general (Power, 2004) and provides the vital link between IT and HRM.

Human Resource Information System

HRIS software are application systems that collect data and produce information about the workforce of an organization to facilitate personnel control, planning, development, and forecasting (Romm, Pliskin & Weber, 1995). HRIS package is designed to help organize the myriad of administrative and strategic variables of which the HR department is responsible (Van-der-Linden and Parker, 1998). HRIS is being used since many decades. Early example of the application of IT in HRM includes the development and use of optical scanning equipment (Cronin et al, 2006). However, in the present days, managers are using it for every business process to facilitate all stakeholders of company including HR. Resultantly IT usage in HRM is becoming critical (Shaw, 1994). HRIS has also been improved from simple Database Management Systems to more sophisticated web-based repository of organizational HR information to be used at all levels of organizations including first line, middle line, top line managers and executives. The bottom line of any comprehensive HRIS have to be the HR information validity, reliability and utility first and the automation of the process second (Kovach et al, 2002) that may be used for all organizational levels. Thus there is a great need to explore the adoption of HRIS at all three managerial levels, which is discussed in next Section in the light of historic studies.

HRIS Role and three Tiers of HRM

Researchers have agreed that HRIS has capabilities in shaping the integration between HRM and IT by supporting administration (Teo el al, 2007), planning (Hussain et al, 2007) and strategic decision-making (Johnston and Carrico, 1988; DeSanctis, 1986). Scholars have agreed on the fact that HRIS supports most of HR applications including Record Keeping (Ball, 2001), Recruitment & Selection (Chapman and Webster, 2003), Compensation (Kanthawongs (2004), Training & Development (Chan and Ngai, 2007). As HR Managers have to manage plethora of HR activities including recruiting & selection, training, promoting & demoting, and recordkeeping, therefore essential component in the success of managing HR data is HRIS (Hubbard et al, 1998) that functional HRIS must create an information system that enables an assimilation of policies and procedures used to manage the firm's human capital (Hendrickson, 2003).

Managers rely on capabilities of HRIS to provide superior HR data collection and analysis, for making decisions regarding performance appraisal, performance management and many other HRM processes. Thus HRIS should be introduced for automation of HR Department (Absar and Mahmood, 2011). However, important factors associated with the implementation of new HRIS as the conditions that support successful implementation for HR staff differ from those for line managers (Wilson-Evered and Härtel, 2009). Above discussion focuses this research to identify role that HRIS can play to support to HRM at three tiers including Operational, Functional and Strategic HRM Processes. In the view of last section following main proposition has been developed.

Proposition: Adopting HRIS supports Three Tiers of HRM

HRIS Role for Operational HRM

HRIS is adopted to automate HRM activities in order to obtain some general administrative routine purposes (Altarawneh and Al-Shqairat, 2010). Transaction processing layer of Management Information System in HR function deals with routine activities like attendance recording and payroll calculations also called operational HRM activities (Tripathi, 2011). IT is being used in HR Department for administrative purpose including employees record keeping, preparation of salaries and attendance record (Teo et al, 2001; DeSanctis, 1986). Additional HR functions that could be streamlined technology include selection (Davies and Calderón, 2005) whereas online recruitment has become popular tool of IT (Cronin et al, 2006). Thus HRIS can support to perform traditional activities and supports day to day functions of HRM at Operational Level which includes Record Keeping, Payroll Preparation and Recruitment & Selection. Based on this section, following proposition has been developed.

Proposition A1: HRIS Adoption supports Operational HRM Processes.

HRIS Role for Functional HRM

Functional HRM includes Training Need Assessment (Absar and Mahmood, 2011), Performance Appraisal (Huselid and Becker, 2011) and Compensation Management (Chen et al, 2011). Chan and Ngai (2007) have observed that Web-based training has become prevalent in business organizations. The typical HRIS user is HR officer (middle level for functional usage) in HR department (Al-Shibly, 2011). It is also identified that HRIS supports training (Ball, 2001). HRIS is becoming important for modern organizations to manage human assets effectively (Troshani, Jerram and Hill, 2011). HRIS allows the HR staff to dedicate more time to strategic decision making and planning, which consequently provides more value to the organization to enhance its position (Shani and Tesone, 2010) and provide facilitation at Functional Level. Thus HRIS can facilitate to perform at functional HRM processes which includes Training Need Assessment, Performance Appraisal and Compensation Management. Based on this section, following proposition has been developed.

Proposition A2: HRIS Adoption supports Functional HRM Processes.

HRIS Role for Strategic HRM

Roles and responsibilities are being evolved of HR professionals from a traditional perspective to a new strategic perspective (Delorme and Arcand 2010). The strategic level of support of HRIS has also been identified (Hussain et al, 2007; Boateng, 2007). Strategic HRM Processes includes Employee Career Development (Zhou, Zhang & Montoro-Sánche, 2011), Turnover Tracking Analysis (Hutchings et al, 2011), HR Planning (Absar and Mahmood, 2011) and Strategic HR Decision Making (Huselid and Becker, 2011). As human capital plays a larger role in competitive advantage, functional managers expect the HRIS to provide functionality to meet the unit's goals and objectives (Power 2004). Another study on adoption of HRIS reveals that top management support and HRIS expertise are positively related to the adoption of HRIS (Teo et al, 2007). Effect of HRIS on strategic decisions reveals that banks can use the HRIS in strategic decisions and thus

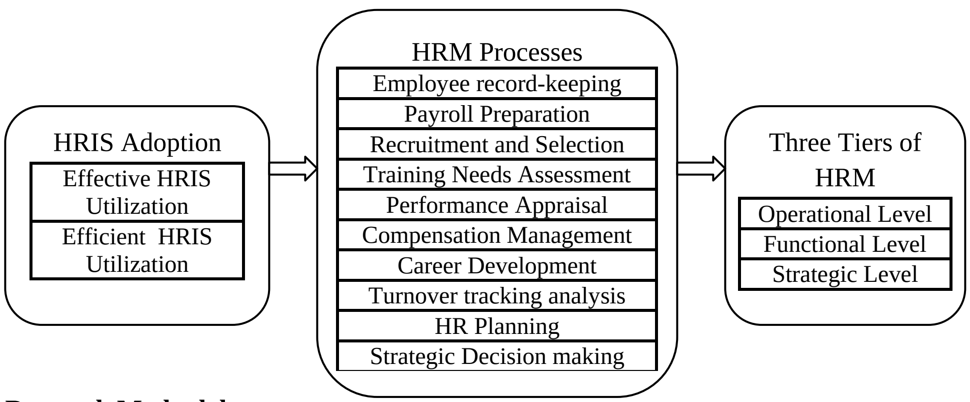
HRIS generate business value (Rangriz et al, 2011). Role of IS in HRM show taking management decisions related to management function especially for the top management (Tripathi, 2011). Thus HRIS can facilitate to perform at Strategic HRM Processes which will include Employee Career Development, Turnover Tracking Analysis, HR Planning and Strategic HR Decision Making. Based on this section, following proposition has been developed.

Proposition A3: HRIS Adoption supports Strategic HRM Processes.

Conceptual Framework

Various research models can be used in HR research including Descriptive, Explosive, schematics and Mathematical models. For this research descriptive model is being used and illustrated below in Figure A. The support of this conceptual model has been described in the view of literature in previous section. In the light of literature review, the followings propositions have been developed. The HR researchers have named HRM as HR best Practices (Qureshi and Hijazi, 2010; Shahzad et al, 2008). In the light of proposition and literature review, the following conceptual framework has been developed.

Figure A: Conceptual Framework



Research Methodology

This section focuses on population, sampling technique, instrumentation, data collection and findings. Research has mainly focused on service sector as population to find empirical evidence. Official websites have been used to retrieve most recent, complete and accurate list of organizations. “Snowball sampling” has been used for data collection with the reason that very few service sector organizations using HRIS and to make research process quicker. Aggregately 54 organizations responded with response rate of 51.43% including 29 Adopters and 25 Non-Adopters of HRIS. For data collection, HR Managers and HRIS Experts were mailed questionnaires. The process of data collection took more than three months. Research analysis has used various statistical tools including Correlation and Regression analysis using SPSS 14 software package. Questionnaire for primary data collection was designed on a five point-Likert scale. To measure HRIS adoption Troshani, Jerram & Hill (2011) study and Teo et al (2007) study has been utilized. Hussain et al (2007) and Kovach et al (2002) studies are used to find the impact of HRIS. To quantify HRM relationship with HRIS main input has been scanned from earlier research studies of Qureshi & Hijazi (2010), Arthur & Boyles (2007), Boateng (2007) and Johnston & Carrico (1988).

Research Findings

This section will focus on correlation and regression analysis in order to empirically test the role and the impact of HRIS on three tiers of HRM.

a) Correlation Analysis

HRM Processes have been grouped under the guidance of previous studies including Operational, Functional and Strategic HRM. Refer to Table B, it is proved that HRIS highly support HRM Processes at operational level (r= 0.592). HRIS support moderately (r=0.255) Functional HRM Processes. However, the relationship is found to be positive and weak incase of Strategic HRM Processes(r=0.150). The combined effect is also significant (r=0.491)

Table B: Correlation Matrix of HRIS Adoption and 3-Tiers of HRM

3-Tiers of HRM↓	HRIS Adoption
Operational Level HRM	0.592**
Functional Level HRM	0.255
Strategic Level HRM	0.150
** Correlation is significant at the 0.01 level (2-tailed).	

b) Impact Assessment of HRIS on three tiers of HRM

This part of study will discuss three subsequent HRIS Adoption impacts including Operational, Functional and Strategic HRM in emerging service sector of developing economy.

HRIS Impact on Operational HRM

Proposition A1 HRIS Adoption supports Operational HRM Processes is accepted. Refer to Table C1 (Model E1), it is noted that correlation coefficient (r=0.592) is highly significant explaining 32.5% variation (r^2=0.325). Regression equation is written as Y = .675 + 0.886X. Focusing on predictors, it is statistically proved that HRIS-Adoption (Beta/ b= 0.886) is highly significant (p=.001), and coefficient is positive indicating that HRIS-Adoption highly supports Operational HRM Processes.

Table C1: Regression coefficients for Operational HRM Processes

		Unstandardized Coefficients		Standardized Coefficients	t	P-Value/ Sig.
Model		B	Std. Error	Beta		
E2	(Constant)	.675	1.015		.665	.051
	HRIS Adoption	.886	.241	.592	3.674	.001
(a Dependent Variable: Operational Level HRM)						

HRIS Impact on Functional HRM

Proposition A2 HRIS Adoption supports Functional HRM processes is accepted. Refer to Table C2 (Model E2), it is shown that correlation coefficient (r=0.255) is positive. Regression equation is written as Y = 2.646 + 0.345X. It is also identified that HRIS Adoption (Beta/ b= 0.255) is significant (p=.009), which indicates that HRIS Adoption is facilitating for Functional HRM Processes.

Table C2: Regression Coefficients for Functional HRM Processes

		Unstandardized Coefficients		Standardized Coefficients	t	P-Value/ Sig.
Model		B	Std. Error	Beta		
E2	(Constant)	2.646	1.101		2.403	.024
	HRIS Adoption	.345	.261	.255	1.320	.009
(a Dependent Variable: Functional Level HRM)						

HRIS Impact on Strategic HRM

Proposition A3 HRIS Adoption supports Strategic Level HRM activities is rejected. Analysis shows that correlation coefficient (r=0.150) is insignificant (P-Value=0.454). However, coefficient is positive indicating that HRIS-Adoption can facilitate at strategic level of HRM Processes if more sophisticated HRIS are developed and better input is performed at operational level HRM.

Table C3: Regression Coefficients for Strategic HRM Processes

		Unstandardized Coefficients		Standardized Coefficients	t	P-Value/ Sig.
Model		B	Std. Error	Beta		
E3	(Constant)	3.029	1.136		2.666	.013
	HRIS Adoption	.205	.270	.150	.760	.454
(a Dependent Variable: Strategic Level HRM)						

Discussion

Research statistically proves that support for HRIS towards HRM is significant. Referring to preceding studies, it is identified that study findings are consistent with many studies regarding HRIS support towards Operational HRM (Altarawneh and Al-Shqairat, 2010; Ball, 2001; Teo et al, 2001; DeSanctis, 1986). Notwithstanding, in-case of HRIS support towards Functional HRM, research results are partially consistent with various studies (Hussain et al, 2007; Davies and Calderón, 2005; Teo et al, 2001; DeSanctis, 1986). Nonetheless, research has found inconsistent results in-case HRIS support towards Strategic HRM with various studies (Hussain et al, 2007; Boateng, 2007; Davies and Calderón, 2005; Teo et al, 2001). The focus of study was to gain an insight into the current status of HRIS adoption in organizations in Pakistani service sector. Majority of the survey respondents indicated that HRIS was used mainly at Operational and Functional Level. It is therefore suggested that there may be more benefits in adopting HRIS for operational and functional level HR processes rather strategic level HR processes as companies may seek to gain efficiencies through reduction in staffing levels for routine administrative tasks.

Future Research Directions

Further research can be focused on barriers identification which is preventing the most of the organizations from adopting HRIS. Research is also needed to explore integration of HRIS at the strategic management level because it is quite relevant that HRIS can significantly improves the profitability of company by reducing monitoring and controlling the cost associated with HRM Processes. Finally studies can be conducted to measure HR Professionals standing in the organizations after HRIS adoption.

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"No fundamental form of culture is infinite in its creative possibilities but is limited….When their creative forces are exhausted and all their limited potential realized, the respective culture and society either becomes petrified and uncreative or else shift to a new form which opens new creative possibilities and new values."

- *The Crisis of our Age*, P.A. Sorokin, A Dutton Paperback P. 25

DISCUSSION

Gender Differences in Trait Emotional Intelligence: A Comparative Study

Salman Shahzad
Institute of Clinical Psychology, University of Karachi, Pakistan

Nasreen Bagum
Area Study Center for Europe,University of Karachi, Pakistan

Abstract

The objective of present study is to determine the difference between male and female on the variable of trait emotional intelligence. After the detailed literature review the following hypothesis was formulated; There would be a difference between males and females on the variable of trait emotional intelligence. The sample consisted of 100 university students. The entire sample divided into two groups. The sample consisted of 100 university students, recruited from University of Karachi, including 51(51%) males and 49 (49 %) females. The age range of both groups were from 18 to 30 years (Mean age =23.78 years) with males (Mean Age = 24.18 years) and female (Mean Age = 23.37 years) and minimum educational level was intermediate (12th class) and highest education was Maters (16th Class). The measures used in the research included, Personal Information Form and Trait Emotional Intelligence Questionnaire by *(Petrides & Furnham, 2003) that was administered to measure the trait emotional intelligence. 't' test for independent sample was calculated to determine the difference of trait emotional intelligence between males and females in statistical terminology. The results showed a significant difference between males and females on the variable of trait emotional intelligence* $t(98) = 2.773$, $p < 0.01$. *The analysis showed that the male participants demonstrated higher level of emotional intelligence as compared to females.*

Keywords: Gender, Trait Emotional Intelligence, Student

Introduction

Emotional intelligence is a main topic of many discussions among researchers, academicians and scholars. It has received attention as an important aspect which is valuable in understanding and predicting individual's behavior at home, at school and at work place. The term "Emotional Intelligence" was first given by Salovey and Mayer in the early 1990's. It gained its popularity among professionals as well as among general public when Daniel Goleman in 1995, published his book titled "Why it can matter more than IQ". Further Mayer, Salovey, & Caruso (2000) and Afolabi (2004) argued that emotional intelligence is not a single trait but it is a composite of distinct emotion reasoning abilities. Perceiving emotions consist of understanding and interpreting the meaning of diverse emotional conditions, as well as their associations with other sensory experiences. Understanding one's emotions involve recognition of how basic emotions are bring together to form complex emotions within an individual, and the regulation of emotions include the control of one's as well as others emotions too.

There are many definitions of emotional intelligence that have been put forward, but the basic concept is same that the emotionally intelligent individuals have better understanding of their own and others emotions. There are numerous conceptualizations of emotional intelligence in the literature (e.g., Bar-On, 1997; Goleman, 1995; Mayer & Salovey, 1997; Petrides & Furnham, 2001). According to Bar-On (1997) EQ as "an array of non-cognitive skills that influence one's ability to succeed in coping with environmental demands and pressures". Bar-On divided EQ into five domains which includes; intra-personal, inter-personal, adaptability, stress management and general mood (as cited in Reiff, 2001). According to Goleman (1995) emotional intelligence means "emotional literacy". Individual with emotional intelligence have ability to relate with others have the ability to empathize, have well developed social skills and have ability to use their emotional understanding to direct their behaviors. According to Salovey and Mayer (1997) emotional intelligence is "the ability of individual to understand his or her emotions as well as others emotions and feelings, to distinguish between them and to use this knowledge in his decision making process and actions". According to Petrides and Furnham (2006) there is a conceptual distinction of emotional intelligence such as "trait EI (emotional self-efficacy), which concern emotion related traits and self-perceived abilities which is measured through self report questionnaires, and second is the ability EI (cognitive-emotional ability), which concerns with the abilities related to emotion and is measured through maximum-performance tests.

The current research is based on the trait emotional intelligence (emotional self efficacy) which focuses on the gender difference in trait EI. According to Petrides and Furnham (2006) "Trait EI is a constellation of emotion-related self-perceptions and dispositions" (e.g., emotion perception, emotion management, empathy and impulsivity) assessed through self-report questionnaires. Many empirical studies have been done to understand the systematic differences in a way in which the two genders experience the workplace and its demands (Roxburgh, 1996).

Research on individual differences has shown much attention on the impact of emotional abilities as personal resources of individuals. Among the emotional abilities the emotional intelligence (EI), is one of the important psychological construct, is partly responsible for bringing a new sphere of studies to explain individual differences in human behavior. Recently, studies have been done which has contributed to this interest by shedding light on the advantages of being an emotionally intelligent individual in areas as diverse as; physical health (Woolery & Salovey, 2004), mental health (Tsaousis & Nikolaou, 2005).

In their research Mandell and Pherwani (2003) examined relationships between emotional intelligence, gender and leadership. They found significant, predictive relationships between these variables. Researchers have sought the differences in EI across gender. For example, Bar-On (1997) and Goleman (1995) found a differential EI profile of males and females. In their researches, researchers (Mayer et al., 1999; Mayer & Geher, 1996; Mandell & Pherwani, 2003) found that women scored higher on the variable of emotional intelligence than men. On the other hand, Petrides and Furnham (2000) found that men score higher on the variable of emotional intelligence as compared to women. Goleman (1998) conducted a research to determine the gender difference on the variable of emotional intelligence and found no difference between men and women.

Previously, studies conducted to assess the gender differences on the variable of emotional intelligence have found controversial findings. Studies in which self report measures were used to assess gender differences on the variable of EI do not generally find significant differences (Fernández-Berrocal, Extremera, & Ramos, 2004) or, in other cases, males scored slightly higher on intrapersonal sub domain than women (Bar-On, Brown, Kirkcaldy, & Thomé; 2000; Petrides & Furhman, 2000).

A research Goleman (1998) and argued that that “men and women seem equally able to increase their emotional intelligence”. Study conducted by Stein (as cited in Murray, 1998), in which both men and women were assessed on the variable of emotional intelligence. Stein found that on the sub scales of empathy and social responsibility women scored higher than men, while men scored higher on the subscales of stress tolerance and self-confidence than women. He concluded that both women and men are equally intelligent emotionally, but they are strong in different domains.

Previous researches have given contradictory results regarding the emotional intelligence in males and females. There are few research studies that have been done on the emotional intelligence in general and specifically on gender differences. Keeping in mind the current study was designed to determine the possibility of gender differences on the variable of emotional intelligence in our own cultural framework by formulating a hypothesis that, “there would be differences between male and female students on the variable of trait emotional intelligence”.

METHOD

Participants

In this study, the sample of university students were recruited from university of Karachi (a city of Pakistan). Sample of the present research comprised of 100 (Mean Age = 23.78 years, SD = 3.211) participants. The entire sample was divided into two groups, i.e., 51 males (Mean age = 24.18 years, SD = 3.211) and 49 females (Mean age =23.37 years, SD = 3.426). Their minimum education was intermediate (12^{th} grade) and maximum education was Master (16^{th} Grade). The sample belonged to middle and upper socioeconomic status.

Procedure

A list of departments of university of Karachi was randomly selected for data collection. A letter of consent describing the research project and inviting participants was provided to heads/authorities of the departments, along with the sample of questionnaires containing items regarding Personal Information Form and trait emotional intelligence scale. The participants were also introduced to the researcher, informed of what participation would entail, and given a consent form sheet that explained the objective of the study. Initially students of their respective classes were approached, and Personal Information Form was filled by the examiner. After that Trait emotional Intelligence Scale *(TEIQue; Petrides & Furnham, 2003)* was administered to assess the emotional intelligence between the groups. After the administration of scales all the participants were thanked by the examiner for their time and voluntarily participation.

Statistical Analysis

Statistical methods used for analysis of data in the present research were descriptive statistics and 't' test. 't' test for independent sample was computed to determine the difference between males and females on the variable of trait emotional intelligence.

Description of Measures

a) Demographic Information:

Personal information would be obtained through items which focus on the participant's age, gender, highest level of education, class in which he/she is studying, grade / division obtained in last class, family structure, and monthly family income.

b) Trait emotional intelligence questionnaire (TEQI- SF): (Petrides & Furnham, 2003).

This is a 30-item questionnaire designed to measure global trait emotional intelligence (trait EI). It is based on the full form of the TEIQue (Petrides & Furnham, 2003), which covers the trait EI sampling domain comprehensively. The TEIQue-SF provides highly reliable global trait EI scores that correlate meaningfully with a wide range of diverse criteria, including coping styles, life satisfaction, personality disorders, perceived job control, and job satisfaction (Petrides et al., 2003). Items are responded to on a 7-point Likert scale.

RESULTS

Table 1

Descriptive statistics for the age of the entire sample

Variable	*Group*	*Minimum*	*Maximum*	*M*	*SD*
Age	Male	18.00	30.00	24.18	3.211
	Female	18.00	30.00	23.37	3.426

Table 2

Independent Samples 't' Test for participants' Trait Emotional Intelligence

Variable	Group	*N*	*M*	*SD*	*SEM*	*df*	*t*	Sig. (2-tailed)	Std. Error Difference
Trait Emotional Intelligence	**Male**	51	147.51	22.253	3.116	98	2.773	.007	4.393
	Female	49	135.33	21.650	3.093				

Discussion

Results in Table 2 shows that there is a difference between mean scores of male and female with respect to emotional intelligence, with males having higher level of trait emotional intelligence than that of females. However, the difference touched 0.01 level. The results obtained from present study are consistent with the findings of studies conducted by Chu (2002) who revealed that males have higher level of emotional intelligence than that of females. However, these findings contradicted the results of previous studies (e.g., Mayer, Salovey, & Caruso, 2002; Palmer, Gignac, Manocha, & Stough, 2005; Singh, 2002). They all found females to have higher emotional intelligence than that of males.

A possible explanation might be that men perceive themselves more emotionally intelligent, as has been observed for other self-reported characteristic. Another reason for the present findings might be due to the fact that emotional intelligence deals with managing and expressing individual's emotions as well as social skills. Since, males tend to control their emotion well and are able to develop healthy relationships as compared to females, so they are emotional intelligence than that of females. This is perhaps because of the society, which socializes the two genders differently as has been found in studies by Duckelt and Raffalli (1989) and Sandhu and Mehrotra (1999). Singh (2007) reported that women are not necessarily 'smarter' than men on the variable of emotional intelligence, nor are men are 'superior' to women on this variable. But both of them as individual as well as groups share personal profile of strengths and weaknesses in each domain. For example, if some one empathic to others may lack certain abilities to cope up with distress; some may have deep understanding of other's emotions, but may be socially incompetent. Both men and women have equal contribution to society, but women have to face discrimination in certain areas due to her role as female. This discrimination may possibly effects on the emotional development of females.

This study with its capacity would help to better understand the meaning of gender differences in the field of emotional intelligence and suggest proper interventions for raising emotional both men and women. So this area needs more exploration. Findings of this research study will prove beneficial for educators, parents, counsellors for providing better knowledge about this vital component of success and its important predictors. An understanding of all these aspects will provide a better insight into the success equation required in life. Thus, the above finding may not be conclusive and can't generalize to all men and women but suggestive of the trend.

Emotional intelligence plays an important part in every aspect of people's lives for example, in their research Siddiqui, Shahzad and Ansari (2009) found that there is a significant positive relationship of trait emotional intelligence with happiness and life satisfaction. With all that in mind, EQ training with well planned manner to both males and females graduate students is necessary and would be an advantage in their lives. This may help them to develop stable and trusting relationships, to understand themselves as well as others in a better way, to control their feelings effectively, to interpret others behavior objectively and treat other people with empathy.

Human emotions are essential aspect of personality. It would be interesting and valuable to examine the other domains of personality in future research that may possibly have a relationship with emotional intelligence of both group. As mentioned earlier that trait emotional intelligence is a constellation of trait to have global trait EI. So the study of multiple facets of trait emotional intelligence may give a deep understanding about the individual\s global trait emotional intelligence.

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DISCUSSION

Business Management and Ethics: An Islamic Approach

M. M. Maishanu
Usmanu Danfodiya University Sokoto, Nigeria

Ahmad Maigari Dutsin-ma
Usmanu Danfodiya University Sokoto, Nigeria

Abstract

This paper explores the relationships between business management and ethics in Islam. The paper's central theme is that business management is not separate from ethics; the latter reinforces the former. In Islam, mundane and spiritual pursuits are complementary as such mundane activities are not left to chance but guided by sharia to enhance the chances of spiritual salvation. To establish this, the paper largely relies on the Holy Quran and Hadith and other complementary sources of data. Istikhlaf (vicegerency), Tauhid (Oneness and Uniqueness of Allah) and ukhuwah (Brotherhood) are regarded as the main guiding concepts or precepts behind activities which a Muslim undertakes and should guide business activities and behavior of businessmen. The paper based on the sharia examines certain ethical issues in business activities such as indulging in interest-related activities, leadership (management) based on ignorance, dishonesty, profiteering, bribery etc. and their prohibition. Finally, Islamic banking which abhors interest and makes halal funds available for business growth and expansion is recommended.

Keywords: Ethics, sharia, riba,

Introduction

Business is an important aspect of man's pursuit. The nature of business in an Islamic society differs from that of a non-Islamic one. Islam is a complete way of life, and this therefore necessarily includes the business sphere. Prophet Muhammad (SAW) particularly emphasized that honesty and kind dealings with customers are the secrets of success in business. He said, "The truthful and honest merchant is associated with the Prophets, the upright and the martyrs" (*Al-Tirmidhi*). In another hadith, "God shows mercy to a person who is kindly when he sells, when he buys and when he makes a claim" (*Al-Bukhari*). The Prophet gave many teachings on business and economic issues particularly on ethical dimension; he covered almost every aspect of business and economics.

This paper shows the main principles of Islam like the concept of *khilafah* or istikhlaf **(**vicegerency**),** *tauhid* (the science of oneness and uniqueness of Allah), and *ukhuwah* (international Islamic Brotherhood or the Islamic globalization) and examine their linkages and shape in business undertakings. The paper also examines how a manager is supposed to ethically conduct his business dealings in Islam. The paper draws conclusions and offers some suggestions on the importance of establishing Islamic banking institutions for the progress of Muslims and non-Muslim communities as well in promoting ethical business dealings.

Business Management in Islam

Business is defined as an organization which operates economic activities for satisfying social and consumer needs at a profit. It also refers to all activities which are involved in the attempt to create and enhance distribution and consumption of goods and services for private and public benefits in human societies. Business is a form of activity pursued primarily with the object of earning profit for the benefit of those on whose behalf the activity is conducted. It involves production and/or exchange of goods and services to earn profits or in a broader sense, to earn a living. Profit is not the sole objective of the business but the most primary. It may have other objectives like promotion of welfare of the workers and the general public (social responsibility).

In an Islamic set up, business is neither individualistic giving emphasis only to individual nor socialistic giving emphasis to society alone *per se* but a balanced framework between personal and social benefits. Allah the Most High commanded man (more specifically referring to the rich like Aaron during the time of Prophet Moses) that "But seek, with that (wealth) which Allah has bestowed on you, the home of the Hereafter, and forget not your portion of legal enjoyment in this world, and do good as Allah has been good to you, and seek not mischief in the land. Verily, Allah likes not the Mufsidun (those who commit great crimes and sins, oppressors, tyrants, mischief-makers, corrupt" (Surah 28:77).

Islam emphasizes the balancing of right and risk-taking. Islam stands for perfectly balanced way of life avoiding extremism and shortages of all kinds. An Islamic community is described by Allah the Most High as a perfectly balanced one: "Thus We have made you [true Muslims - real believers of Islamic Monotheism, true followers of Prophet Muhammad and his *Sunnah* (legal ways)], a *Wasat* (just) (and the best) nation,…… (See Qur'an 2:143).

Man is a combination of matter and spirit and both require due attention. He is supposed to direct his material and spiritual pursuits toward acquiring the pleasure of Allah. The Quranic Verse 28:77 referred to above commands the Muslims to seek their livelihood with a view to getting a better and more lasting life in the Hereafter; they are also enjoined not to forget their portion of this world.

Shaping Business Undertakings in Islam - *Istikhlaf*, *Tauhid* and *Ukhuwah*

Istikhlaf, *Tauhid* and *ukhuwah* are the main guiding concepts or precepts behind activities which a Muslim undertakes. *Tauhid* means simply belief in the Oneness and Uniqueness of Allah. He is the only one worthy of being worshipped, obeyed and paid obeisance in whatever sense and not associating partners unto Him whatsoever. In addition, worship should strictly be observed as taught by His Messenger (PBUH). A Muslim must know that in order to run a successful life, creed wise or spiritually, politically, morally, socially and business wise and in fact all other facts of life, he has to give Allah's law or *shariah* its absolute right of obedience and implementation and not any other law whatsoever.

Istikhlaf or Khilafah goes hand in hand with *Tauhid*. The concept of *Khilafah* or vicegerency of Allah's law is also very important where man and jinn are supposed to represent the *shariah* in all aspects of life as (trust) which they promised to shoulder when they come to this terrestrial world which is the primary and the sole consideration for creating.

These two concepts permeate all the teachings of Islam and therefore must be given absolute attention in all what one does in order to get Allah's pleasure and recompense here and hereafter. One is expected to run one's business life in accordance with Islamic teaching based on the spiritual, moral, political, social, and in whatever aspects. For example, in the same way that a Muslim is expected to observe his rituals – prayer, fast etc., as stipulated in the Quran and Sunnah, business conducts should be observed likewise. Otherwise, one is considered a rebel and not a real believer.

Ukhuwah is another central and basic concept in Islam. This means that whatever dealings a Muslim is going to engage in, he has to give Islamic brotherhood a very top consideration whereby he treats his fellow Muslims in accordance with the *shariah* and in accordance with what he himself like others to do unto himself. This is because the noblest prophet Muhammad said 'none of you is really a believer until he loves for his brother what he loves for himself' (Imam Bukhari). It is natural that no one will like or love evil for himself. In fact, in terms of dealing, it is even haram (prohibited) to cheat a non-Muslim let alone a brother Muslim.

Business Ethics: Secular and Islamic Perspective

Ethics is defined as the set of moral principles that distinguish what is right from what is wrong; it describes what one should do or abstain from doing. Business ethics, sometimes referred to as management ethics or organizational ethics, simply limits its frame of reference to organisations (Beekun:2001). Beekun (2001) adds that within an Islamic context, the term most closely related to ethics in the Quran is *khuluq*. The Quran also uses a whole array of terms to describe the concept of goodness: *khayr* (goodness), *birr* (righteousness), *qist* (equity), '*adl* (equibilibrim and justice) etc.

The aim of business in a secular society differs from that of an Islamic one. In the latter, even mundane activities are designed to achieve spiritual welfare. This naturally demonstrates the differences in approach and objectives behind business pursuits in the two settings. Secularism preaches the non-inclusion of religion or spiritual values in all aspects of human life, even where they are involved; one finds that it is a mere formality. In Islamic societies like Saudi Arabia, the concept of accountability directs the attention of a businessman so that he strives with his might and main to please Allah by being just and fair to himself, his relations, and other parties to the exchange as he interacts in the market.

In an Islamic economy/business setting, there should be sincere urge from a manager to discharge his duties as a trust (*amanah*) from Allah. That is why all the stakeholders in all spheres of the Muslim society from a leader, a subject, a household, husband and wife, master and servant to a manager and his subordinates etc. are considered each a shepherd and will be responsible for his flock. This is similar to a cattle or animal rearer who is considered as a shepherd (a leader) and will be asked about your flock in the hereafter. Therefore, everybody under an Islamic business organisation is a trust and should be treated as such. Prophet Muhammad said "be kind to those on earth and He who is in the Heaven will be kind to you" (Tirmithi and Abu Dawud. See also

Mushkat Vol. 2 p. 608 Hadith no. 4969). Any leadership or managerial position is a trust and the subordinates also are a trust in the hands of the leader or manager.

A Muslim manager must be knowledgeable enough to know how to run the organisation and should know the rights of those he interacts with. The issue of knowledge is very important since Islam emphasizes that leadership should not be given to an ignorant person. Islam was the first force to fight ignorance and backwardness. The first revelation in *sura-al alaq* commanded the Prophet Muhammad to read and do that in the name of Allah, the most Bounteous – "Read! In the Name of your Lord, Who has created (all that exists)" (Quran, 96:1). This shows that one should seek knowledge of an affair before undertaking it. Islam is the prime motivator towards progress and prosperity for the first generation of the *ummah* (community). The companions showed reality practically where the *jahiliyyah* (ignorant) Arabs were turned in less than a century unto the most progressive and most civilized nation or community mankind had ever witnessed. If in an organizational setting trusts are given to the ignorant, both the right of Allah and that of his fellow beings will be trampled upon.

In an Islamic setup, businessmen and women should try as far as possible to present their commodities or their honest descriptions so as to leave no doubt to the customer. They should avoid deceit and exaggeration so that the Hadith 'whoever deceives others is not of us' would not apply upon them. The Prophet (PBUH) said 'the seller and the buyer have the right to keep or return the purchased goods as long as they have not departed. Again, 'if both parties spoke the truth and described the defects and quality (of the goods), then they would be blessed in their transaction and if they lie or hide defects, then the blessings of their transaction would be lost' (Imam Bukhari and Imam Muslim). Therefore, adverts and activities of commercial (marketing) managers should be critically examined. The presentation of nude and attractive women folk in different fashions so as to take the unwary customer into confidence of purchasing their commodities should be checked so as not to inculcate superficial desires into their minds especially television adverts and billboards.

A business manager should not aim at profit at all cost for this has the tendency of making the business a dirty one where survival of the fittest becomes the norm. According to the Prophet (PBUH), "one of you is not a real believer till he loves for his brother what he loves for himself" (Bukhari and Muslim). This does not mean that Islam is against profit in business pursuits or dealings but moderation in all its affairs is what it calls for and preaches. Islam did not specify a quantitative level to the extent of material growth of the Muslim *Ummah*, since the quest for spiritual fitness is equated with that of material means. The Quran says "Then when the (*Jumu'ah*) *Salat* (prayer) is finished, you may disperse through the land, and seek the Bounty of Allah (by working, etc.), and remember Allah much, that you may be successful" (62:10). This verse contains the call made to the believers to disperse in the land and seek the bounties of Allah after offering the prayers. This does not mean the two are perfectly equalized, but in terms of commandments, the calls to both are equalized.

It is through this that the gaining of mastery over the earth and harnessing of its resources to meet the needs of the individuals and society could be possible. Islam aims at removing hardships and promoting easiness. Allah the glorified, the Most High says that: Allah desires to alleviate your burden for man is created weak. The same idea was also given elsewhere in the Quran (see Quran 2:185). The Prophet (PBUH) says "there is nothing wrong in wealth for him who fears Allah (silsilat al ahadith of Shyukh Albani).

A Muslim manager should not allow his organization to run on usury or interest (*riba*), for any edifice built up thereon is bound to perish and crumble. This further enhances the exploitation of some part of the society against the other as is witnessed now in the conventional banking system. Allah the Most High has permitted trade and forbidden usury or interest dealings (Al-Quran 2:275). Dealing in usury is equated with fighting against Allah and His Prophet (PBUH) (see Quran 2:279) and in Surah Rum 30:39, Allah the Most High says "the *riba* that is practiced to increase some people's wealth does not gain anything at God. But if people give to charity, seeking God's pleasure, these are the ones who receive their reward many fold". Thus, usury was deprived of all blessings but charity is multiples in blessings. Increase in volume does not mean increase in blessings in so far as usury is concerned.

Bribery and exploitation should not be condoned by a business manager in all their ramifications. People's wealth should not be allowed to go in vanity and falsehood (see Al-Quran 2:267 among others). A business management always strives to bring something new and beneficial to the society by encouraging and welcoming new ideas, views as well as giving room for new inventions and innovations in line with the Hadith – the best of mankind is he who brings the most benefit to others.

Islam preaches patience, perseverance and hard work as nothing good will mature except through struggle and hard work. Allah (SWA) said "man can have nothing but what he strives for; that (the fruits of) his striving will soon come in sight" (Al-Quran 53:39-40).

Conclusions

A Muslim manager should uphold these teachings and set-up rules and regulations that are in accordance with the teachings of Islam. He should make allowance to himself and his subordinates for the performance of their daily prayers and other rituals. Business pursuits should not deter one from performing religious duties especially attending congregational prayers (see 24:37-38), keeping of promises, discharging of trusts and speaking the truth (see Al-Quran 2:177; 23:8, see also 70:32-33.

Trade and merchandize should not deter one from the remembrance of Allah. The best leaders and managers are those described in the Quran. They are those who establish prayer, give regular charity, enjoying the right and forbid the wrong" (Al-Quran 22:41).

There are certain strategies for promoting enterprises in the business sector and the economy in Islam. One strategy could be by introducing the Islamic economic system which eliminates all interest bearing in production, and by proportionately compensating entrepreneurs' risk taking behavior especially through *mudarabah*. Other strategies include introduction of *qard hasanah* (beautiful interest free loans), eliminating gambling and other dubious as well as of eliminating *israf* (prodigality) and stinginess in the pursuits of business.

Muslim countries and non-Muslim countries should strive to establish Islamic banks which are interest free and based on the principles, aims and objectives of the *shariah*. According to ITC (2009), Islamic banking represents an interesting complement or alternative to conventional banking. For some however, using Islamic finance is closely linked to the desire to follow the laws of sharia in business activities. But there are other aspects of Islamic banking that can make it attractive to a wider group, including micro, small and medium-sized companies. Islamic banking emphasizes the partnership relationship, where success is rewarded and failures shared.

Islamic banking however is not recent; it emerged as early as the 8th century. Islamic banking developed financial instruments that influenced the banking system in Europe in medieval times, such as bills of exchange, the first forms of partnership, limited partnerships, cheques and promissory notes (ITC:2009). Establishing Islamic banks will serve very well in the business sphere as confirmed from the prosperity and growth of existing Islamic Banks across the world. Businesses whose foundation is interest-free and based on Islamic principles like *mudarabah* (silent partnership agreement) should also be established and promoted.

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"To me, life boils down to one thing. It is movement. To live is to keep moving."

- Jerry Seinfeld

CASE STUDY

Reasons for Failure of New Products in the Consumer Goods Industry

Usamah Iyyaz Billah
Hailey College of Commerce, University of the Punjab, Lahore, Pakistan

Abstract

Consumer goods companies launch new products in order to create diversification in their product portfolios and successfully compete in the market. However, based on in-depth literature review, it has been identified that only a few of these new products are successful.
For the purpose of this research article, detailed interviews have been conducted with corporate managers of consumer goods companies in Pakistan and the Middle East. This article, hence investigates the key reasons for new product failure, the level of impact of these reasons and the measures that should be taken in order to avoid new product failure. The findings and recommendations can serve as a useful guideline for decision makers of this field and also provide further opportunities for research in this area.

Key words: New products,launch, failure, reasons, cnsumer goods, Marketing.

Introduction

Perhaps most companies today believe that diversification is a pre requisite for surviving and competing successfully in the consumer and trade markets. One of the main tools used by companies for diversification is expanding the company's portfolio through launch of new products. The new products can be launched in existing as well as new product segments. However, extensive literature review shows that most of the new products launched by companies end up in failure. This results in huge loss of the company's investment in production, packaging, machinery, marketing, human resources and goodwill. Keeping in view the above, this research takes an in-depth look into the reasons that cause new product failure. Based on extensive literature review, key variables have been identified and their relation along with the level of impact has been studied. The research has been conducted through interviews with corporate managers in consumer goods companies from Pakistan and the Middle East. This research article can be highly useful for corporate decision makers in the consumer goods industries as well as researchers of this field.

Brief Literature Review

In today's competitive age, companies are striving for excellence and distinction. In particular, consumer goods companies are focusing on portfolio diversification through launch of new products. The aim of launching new products is to increase profitable sales and business growth of the company. Business managers understand that they should develop a range of new products in order to generate sustainable growth —or in order to keep up with the competitors. As the market factors change, consumer desires, wants, aspirations and trends also evolve and companies don't want to be left behind.

However, extensive literature review shows that most of the new products launched by companies are not successful and have to be discontinued. It is estimated that only 1 out of 5,000 inventions have gone on to successful product launches. (Harold, Beyolyn, 1999). It is also seen that for every successful business, there are usually 100 ideas or more, out of which only one is launched in the market with only a moderate success rate. (D. MacDonald, 1998)

In support of this market fact, Yeang Soo Ching (2000) states that “It is universally accepted that out of every 100 inventions, only three to five will succeed commercially.” Further to the above, it is estimated that about half of all resources allocated to “product development and commercialization” in the U.S. go to products that a firm cancels or produce an inadequate financial return. (Cooper, 2006)

The Boston Consulting Group reports that only 1 in 2 executives are satisfied with the return generated from innovation projects. According to the group’s study, “over the last six years, the proportion of survey respondents who declared themselves satisfied has averaged less than 48%.” (Andrew, Micheal, Sirkin, Haanaes, Taylor, 2009).

As the literature presents the case that most new products fail, it is necessary to explore through secondary sources, which variables are the potential causes of failure of new products. Literature shows that the key reasons for new product failure include targeting the wrong group, weak positioning strategy, less than optimal product or service attributes and insufficient level of awareness from advertising campaigns (Clancy and Kreig, 2005). It is important to highlight that an insufficient level of awareness is mainly caused by lack of funds invested in the advertising or consumer marketing campaigns. In addition, it is seen that many of the causes for lack of new product success are due to execution and control problems. Further review of content, re-iterates the causes of new product failure as poor positioning, poor quality of product, selection of improper channels of distribution and too little marketing support (Mir, 2008).

Literature review further re-iterates incorrect positioning of product and poor promotion, marketing and advertising as few of the reasons behind new product failure. (Goessl, 2009)

It is noteworthy to mention that the impact of failure increases with the product’s development stage and that this effect is contingent on the resources of the firm (Buerger, Patzelt, Schweizer, 2009). As advertising and consumer spending is also linked with the available funds, the lack of investment in the new product’s consumer marketing, significantly hinders the growth of the product.

A study of the Nepalese market shows that quality, promotion and wide distribution channels are the main determinants of new product success. The study further re-iterates that a majority of the new products fail due to low quality standards, weak promotional efforts, ineffective advertising campaigns or improper supply of goods. (Sharma, 2006) The above literature review substantiates the limited success rate of new products. Further, it also identifies the key variables and their relation with failure of new products.

Problem Statement and Variable Identification

Based on the review of relevant literature, the broad problem area is Success/Failure rate of new products in the consumer goods industry. In order to make the research meaningful, it is best to identify the causes or reasons of new product failure in the consumer goods industry. Hence, the problem statement is: Reasons for failure of new products in the consumer goods industry.

Based on literature review, the following key reasons are identified as the most significant causes for failure of new products in the consumer goods industry.

– Low consumer marketing investment
– Weak positioning
– Low quality
– Weak distribution

Objectives of Research

Main Objective

The main objective of the study is to identify the key reasons of new product failure in consumer goods industry and study their impact in order to provide future direction for decision makers and opportunities for further research.

Sub Objectives

In line with the main objective, the following sub objectives have been studied:

- To assess the need for new products in the consumer goods industry.
- To ascertain the relation between independent variables and dependent variable.
- To gauge the extent of impact of identified reasons on new product failure.
- To identify any other key reasons for failure of new products.
- To acquire suggestions and recommendations on how companies can avoid failure of new products in their respective industries.

Theoretical Framework

Graphical Model

INDEPENDENT VARIABLE OR PREDICTOR VARIABLE +VE RELATION DEPENDENT VARIABLE OR CRITERION VARIABLE

I = Low Investment in consumer marketing
P = Weak Positioning
Q = Low Quality vs. competition
D = Weak Distribution

F=Failure of the new product

Since the nature and direction of the relationships can be theorized on the basis of the literature review, there is an indication in the discussion that the relationship is positive.

Hypothesis

The given alternate hypothesis is directional as it states the relationship between two variables and it is believed that a positive relation exists between them, based on the literature review.
Hence, the hypothesis statements are:

Null Hypothesis:

There is no relation between independent variables (low investment in consumer marketing/weak positioning/low quality of the product/weak distribution of the product) and failure of the new product.

Alternate Hypothesis:

There is a positive relation between independent variables (low investment in consumer marketing/weak positioning/low quality of the product/weak distribution of the product) and failure of the new product.

Methodology and Research Design

Purpose and Type of study

The purpose of the study is Hypothesis Testing as it will explain the nature of relationship, establish the difference among groups and see the strength between the dependent and independent variables. Regarding type of investigation, it is a correlational study because it studies the relation between two variables and takes into account the strength between them.

Data collection and Study Setting

Interviews were conducted with respondents face to face, in their respective premises/offices while some managers were also emailed the questionnaires for their response. The questionnaire included a combination of nominal, ordinal, ratio and interval scales in order to fulfill the objectives. The study setting is non-contrived and the researcher interference is minimal as the respondents were fully allowed to explicitly highlight their opinion on the subject. Hence, it can be termed as field experiment (non contrived + minimal interference).

Sampling and Sample size

The unit of analysis is corporate/central line managers from companies in the consumer goods industry. The sample size of the interviews is 53 different managers from 26 different companies from Pakistan and the Middle East. Regarding criteria, all companies are part of the consumer goods industry; having launched atleast 3 new products in the past 2 years or having a (current) new product development plan. The managers are all part of the middle to senior tier management of their respective companies. They belong to central departments of the company including Marketing, Finance, RnD, Sales or Operations.

Type of sampling used was non-probability sampling as it was imperative that the managers must belong to consumer goods companies with a focus on new product launch. Here, factors of time and cost were also critical. A purposive sampling technique was implied whereby the researcher used judgment sampling to select the most relevant companies and respondents, pertaining to the problem area of research.

Econometric Model used

As the research aims to study the relation between the independent variables (reasons) and dependent variable (new product failure), multiple regression analysis has been conducted. The key statistical indicators including P value, R value have been interpreted to approve or disapprove the relation. The relevant betas have been calculated to gauge the extent of change in the dependent variable, arising from the dependent variable. The equation for multiple regression in given as follows:

$$NPF = \beta_0 + \beta_1 I + \beta_2 P + \beta_3 Q + \beta_4 D + \varepsilon$$

Where,

NPF = New Product failure (Dependent variable)

I=Low Investment in consumer marketing (Independent variable)

P= Weak Positioning (Independent variable)

Q=Low Quality (Independent variable)

D=Weak Distribution (Independent variable)

Time horizon
This is a one-shot, cross-sectional study as data was collected from different respondents, only once. The research study commenced in May 2011 and was completed in October 2011.

Limitations of the Study
As this research has been conducted with corporate managers in the consumer goods industry, it might not be replicated to other industries including business to business or industrial product concerns. Furthermore, due to the nature of the study (responses of managers on new product failure) a minimal effect of respondent biasness may also prevail.

Detailed Findings
There are two portions of detailed findings. Firstly, the econometric model of multiple regression has been discussed followed by a descriptive write up of the findings.

Econometric Analysis (Multiple Regression)
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.706a	.499	.457	.75673

a. Predictors: (Constant), Impact of Weak Distribution, Impact of Weak Positioning, Impact of Quality Issues, Impact of Low Marketing Investment

The coefficient of correlation r measures the strength of a relationship. R also indicates the direction of a relationship. As the r value given above is greater than .7, it can be stated that the relationship is positive and significant. The co-efficient of determination R2 gives the explanatory power of the variable and shows goodness of fit. Here, R2 = 0.499 means that 49.9% of the variation of dependent variable around its mean is explained by the regressors.

ANOVAb

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	27.343	4	6.836	11.937	.000a
Residual	27.487	48	.573		
Total	54.830	52			

a. Predictors: (Constant), Impact of Weak Distribution, Impact of Weak Positioning, Impact of Quality Issues, Impact of Low Marketing Investment
b. Dependent Variable: Failure Impact of new products

F-statistic is a value resulting from a standard statistical test used in the above ANOVA table in order to determine if the variances between the means of two populations are significantly different. The P value or significance probability gives the probability that the null hypothesis is correct; therefore, as our P value is less than 0.05, null hypothesis is rejected. More specifically, P or Sig= 0.000 means that there is greater than 99.9% certainty that the difference did not occur by chance. Hence, it is implied that there is a relation between given independent variables and the dependent variable.

Coefficientsa

	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	t.	Sig.
(Constant)	-1.152	.812		-1.419	.162
Impact of Low Marketing Investment	.384	.116	.369	3.321	.002
Impact of Weak Positioning	.148	.126	.131	1.170	.248
Impact of Quality Issues	.354	.133	.280	2.668	.010
Impact of Weak Distribution	.415	.116	.375	3.562	.001

Given above are the beta values of the 4 independent variables. On the basis of these variables, it can be gauged that how many units of change will take place in the dependent variable with one unit change in the independent variable. In the last column, the P-value of for individual t tests for our independent variables is given. This t test evaluates the claim that there is no relationship between the independent variable and dependent variable. Thus as these values are mostly less than .05 (p<?), we reject the claim that there is no significant relationship between the independent variable and dependent variable.

On basis of the beta values, the following equation is hence derived:

$NPF = \beta 0 + \beta 1I + \beta 2P + \beta 3Q + \beta 4D + e$
New product failure = $-1.152 + .384\ I + .148\ P + .354\ Q + .415\ D + \varepsilon$

Based on the above analysis, it is concluded that there is a direct positive relation between identified independent variables and dependent variables. The analysis leads to rejection of the null hypothesis.

Descriptive Analysis

Profile of the Companies and Respondents:

As per criteria of the research, all respondents belonged to consumer goods companies in Pakistan and the Middle East. It is interesting to note that 57% of these companies have launched more than 3 new products, 15% companies have launched 3 new products and 19% companies have launched 2 new products in the past 2 years. This data shows that the companies are aggressive in the frequency and pace of launching new products. In addition, all these companies currently have plans to develop and launch new products in the future as well. Regarding the respondent profile, the managers belong to the middle to senior tier of their respective companies and are in central roles in departments including Marketing, Sales, Finance, operations and RandD.

Reasons for launching new products

	Included		Excluded		Total	
	No.	Percent	No.	Percent	No.	Percent
Diversification	35	66.0%	18	34.0%	53	100.0%
Capitalize on new Market opportunities	36	67.9%	17	32.1%	53	100.0%
Counter Competition	36	67.9%	17	32.1%	53	100.0%
Consumer Demand	29	54.7%	24	45.3%	53	100.0%
Management Direction	10	18.9%	43	81.1%	53	100.0%
Other Reasons	1	1.9%	52	98.1%	53	100.0%

The managers were asked to identify the reasons why consumer goods companies launch new products. Multiple responses were allowed in this question. According to the managers, companies mostly launch new products in order to capitalize on new market opportunities and counter the competition. These 2 reasons have been voted by almost 68% of the managers. Another most important reason is diversification which has a near percentage of 66%. Further, 54% of the managers agree that new products are launched based on consumer demand and insights and only 18% say that new products are launched on the direction of the management. Little or almost no other reasons for launch were highlighted by the managers, apart from the ones included above.

Reasons for failure of new products

	Included		Excluded		Total	
	No.	Percent	No.	Percent	No.	Percent
Low Marketing Investment	26	49.1%	27	50.9%	53	100.0%
Weak Positioning	34	64.2%	19	35.8%	53	100.0%
Low Quality	32	60.4%	21	39.6%	53	100.0%
Weak distribution	20	37.7%	33	62.3%	53	100.0%
Other Reasons	19	35.8%	34	64.2%	53	100.0%

The managers were asked to validate if the identified reasons are indeed the causes of new product failure. Here, multiple responses were allowed. Overall, 64% of managers believe that weak positioning is a key reason, followed by low quality (60%) and low marketing investment (49%). Weak distribution was voted as a key reason for new product failure by 37% of the respondents. It is also noteworthy that other reasons (unique in nature) were also mentioned by 35% of the respondents. These reasons can serve as independent variables in future researches on the subject. These reasons include incorrect pricing, poor planning, higher costs than anticipated, competitors strength or reaction, poor timing of introduction, technical or production problems, new product protocols are not followed, products are launched on personal judgements, lack of promotional services, poor after sales service and ineffective marketing communication

Impact level of key Reasons on new product failure

	No.	Minimum	Maximum	Mean	Std. Deviation
Low Marketing Investment	53	2.00	5.00	3.7358	1.00290
Weak Positioning	53	2.00	5.00	4.2264	.91234
Quality Issues	53	2.00	5.00	4.2642	.81219
Weak Distribution	53	2.00	5.00	3.7925	.92733

The managers were also inquired to rate the impact of key reasons on new product failure on a likert scale of 1-5 (no impact to very high impact). It was seen that the highest impact factor is quality issues, having a mean score of 4.3. This implies that consumers are highly quality conscious when it comes to consumer goods and this should be the first priority of companies. The second most important impact factor is weak positioning which has almost the same mean score as quality. This reason for failure means that either a relevant and significant unique selling proposition was not incorporated in the product or maybe it was not communicated to the consumers clearly.

Impact of low marketing investment and weak distribution have almost the same mean score of around 3.7 which means that they have a moderate to high impact on the failure of new products. These two factors are significant as inadequate funds lead to lower visibility of the communication and weak distribution directly affects sales. The standard deviation of each score is not more than 1 which shows moderate dispersion.

Measures to avoid new product failure

	Minimum	Maximum	Mean	Std. Deviation
Improve Strategic Planning	2.00	5.00	4.2453	.78215
Improve Product Quality	3.00	5.00	4.3962	.71628
High MarketingInvestment	2.00	5.00	4.1509	.71780
Good Launch activities	2.00	5.00	3.8113	.83336
Motivated Team	1.00	5.00	4.2075	.79320
Strong USP/Positioning	2.00	5.00	4.2264	.86916
Strong Distribution	3.00	5.00	4.2264	.66914
Correct pricing	2.00	5.00	3.9057	.88283
Trade deals/discounts	2.00	5.00	3.1509	.74411
Other Measures	4.00	5.00	4.7143	.48795

The managers were also asked to rate the impact level of various measures that can be adopted in order to prevent failure of new products. A 5 point likert scale was used (no impact to very high impact). Overall, product quality improvement came out as the factor with highest impact level, followed by improvement in strategic planning, strong positioning, distribution, a motivated team and high marketing investment. All these measures have a rating of +4 which means they have a high impact on new product success. Correct pricing also comes out as an important factor, having a mean score of 3.9. The managers also believe that good pricing is an important measure at it acquires a mean score of 3.9 (close to high impact). Trade discounts acquired a mean score of 3.1 which shows moderate importance of this measure. The managers were also provided an open ended opportunity to suggest other measures to prevent new product failure. These measures (although unique in nature) have a mean score of 4.7 which implies that the respective managers believe they have a close to very high impact on success/failure of the new product. Some of these key measures have also been incorporated in the recommendations given below.

The standard deviation of each score is less than 0.9 which shows low to moderate dispersion.

Recommendations

In the primary research survey, several recommendations were provided by the managers which can serve as a guideline to launch new products, successfully. These recommendations (as response to open ended questions), include the following:

- New products should be launched based on insights/gaps identified from consumer researches.
- Companies should launch products which consumers need rather than which the companies can easily manufacture (and may not be required by consumers).
- Prior to launch, proper and indepth marketing research should be conducted to analyze the competitive scenario, pricing norms, packaging requirements, product preferences and optimum promotional mix. Proper assessment of market potential is highly important.
- Companies should launch the product with proper planning and preparation, ensuring that all the elements are in place rather than hastily launching a product which either is not fully developed or still has production issues etc.
- Products should not be launched based on personal judgement and wishes.
- The acceptance of brand elements and positioning should be across all regions where the product is going to be launched.
- A written and formalized new product development and launch process should be followed with due adherence to all steps.
- The product must be properly positioned per the target segment once it has been finalized.
- Effective distribution channels must be developed to support the product availability on shelves, prior to launch.
- Consistent R and D and quality assurance measures must be in place, to control product quality.
- Pricing/Discounts/Promos can be offered to penetrate the market.
- Strong affiliation of the product with the consumers should be built through aggressive marketing campaigns, both on ATL and BTL
- The sales staff should be fully aligned with the product strategy.
- Companies should set realistic targets to judge the performance over a certain period and have periodic reviews after launch to gauge whether the desired targets are being achieved or not. If not, then corrective actions should be taken immediately.
- Packaging, being the first interaction with consumers should be relevant to the product offering. There should be complete harmony between the brand name, packaging design, positioning and the target consumers.
- Continuous customer feedback must be acquired after launch and necessary steps must be taken on timely basis, in light of the customer's comments.

- Good after sales service must be provided (especially in case of consumer durables). This factor has a direct effect on repeat purchase by the consumers.
- There must be quick response towards quality/availability issues so that trade/consumers do not get offended.
- The frequency of new products should be moderate. Over reliance on large number of launches dilutes the effectiveness of the marketing and sales efforts.
- E-Marketing should be used an effective tool for development of the new brands/products.
- There should be a system for reward and accountability for every department involved in the new product development and launch
- The objective of the new product launched should be long term success rather than short term sales.
- There should be innovation in the features of the new product.
- Prior to launch, simulated test marketing should be conducted for the product.

Overall, it can be stated that indepth marketing research and assessment of the right potential (the unmet need identification) based on right consumer insights (the big idea) is the key to initiate the product whereas the right mix of 4ps help to expedite the process of success.

Conclusion

It has been proved on the basis of the literature review and survey that the new product success rate is very low. It is also a fact that in the current era, companies have aggressive plans to launch new products. The research shows that new products are mostly launched by companies in order to capitalize new market opportunities, to counter the competition, for diversification and to cater to consumer demand.

Further, it has been found that the identified reasons (independent variables) including low quality, low investment in marketing, weak positioning and weak distribution have a direct relation with new product failure (dependent variable). The degree of impact of these products is also significantly high in nature. In addition, there are several measures which can be adopted to prevent new product failure which include improving quality of the product, thorough marketing research, keeping the team motivated, improving distribution level and better strategic planning.

The given findings present a guideline for successful new product launch, a useful direction for consumer goods companies as well as opportunities for further research in this area.

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"I am the punishment of God. If you had not committed any great sins, God would not have sent a punishment like me upon you."

Genghis Khan
(1162-1227)

CASE STUDY

Role of Education in Human Development: A Study of South Asian Countries

Amna Mahmood
International Islamic University, Islamabad, Pakistan.

Abstract

Although education is a source of better income and jobs, it has much value for social development as an imperative for the development of human capital. That is why it is considered to be a vital part of development economics. Most of the economists have a consensus that the pace of economic and social development of a country depends on its human resource rather than its material resources. But South Asian policy makers paid merely a lip service to this area. In this region the demographic nightmare poses a key challenge for human development since the population has more than doubled during the last three decades. This population could have become the real wealth of these nations, if sufficient investment had been made in developing human capital. Human resource development is the most deprived area in South Asia and this region spends less than five per cent of its combined GNP on education and health which is one of the lowest even in the developing countries. That is why; rapidly growing population has become a major liability and a source of human deprivation.

In global context, South Asia has been the least developed region of the world, both in terms of its income and human developments index. The percentage of adult literacy is the lowest among developing nations, even behind Sub-Sahara Africa. In fact South Asia has emerged as the most illiterate region in the world. Its human capital is being wasted for a long time. The article defines the term 'human capital and discusses the role, which education and training play in the process of developing human capital. Social capital signifies sound institutions and good governance, which again depend on coverage and quality of education. It also discusses as to how education contributes to the development of human resource which supports not only economic development but also help to develop sound institutions and good governance. It also explores with the help of different studies at how education helps to address gender issue, health care and population control creating a strong nation ready to face the challenges of the twenty-first century.

Key words: Human development, South Asia, Education human Capital, Literacy rate.

Introduction

Kofi Annan, Secretary General of the UN, writes:

Education is a human right with immense power to transform. On its foundation rests the corner stone of freedom, democracy and sustainable human development (UNICEF Report 1999, 4).

Education is the key to building human capital and human capital is vital for building a nation. The East Asian miracles are primarily due to their emphasis on basic and technical education. Statistics show that there is no industrial society today with an adult literacy rate of less than 80 per cent. Education is not only a way to better income and employment opportunities for all or a source of economic growth for the nation. But it also plays a pivotal role in improving other social indicators. It leads to better life expectancy and health care, smaller family norms, greater community and political participation. It also leads to reduction of inequality, poverty elevation and good governance. It is a pre-condition to establish democracy in a country.

South Asia became the most malnourished and illiterate region in the world facing acute poverty. With its rich still unexploited resources, it has all the potential to be emerged as most vibrant region provided it adopts a new development strategy focused on developing human capital. Political commitment and society's full participation can help to meet the formidable education challenges of South Asia.

Most economists agree that the pace and character of economic and social development in a country is determined by its human resources and not by its physical resources. Professor Frederick Harbison says that the "Human resources constitute the ultimate basis of wealth of nations. Capital and natural resources are passive factors of production while human beings are the active agents who accumulate capital, exploit natural resources, build social, economic and political organizations and carry forward national development. Nonetheless a country which is unable to develop the skills and knowledge of its people and to utilise them effectively in the national economy would be unable to develop anything else." (Harbison 1973, 18)

The importance of education for development was fully acknowledged by classical economists like Adam Smith (1776), Alfred Marshall (1890), Frederick Engels (1845), Karl Marx, etc. The recent political economists like Schultz (1988), Becker (1993) and Sen (1995) reaffirmed it. But in South Asia, policy makers ignored this aspect and they allocated insufficient resources for education; a bulk of them was allocated to wrong educational priorities. Public spending on education is still low in South Asia, even though it has increased substantially over the last few decades. Table 1 shows the comparison with other religions.

Table 1: Public spending on Education: South Asia in comparison with other religions.

Region	**As% of GNP1993-94**	**As% of total government expenditures (1992-94)**
South Asia	3.5	10.9
East Asia (excel. China)	4.5	17.3
All Developing Countries (excel. South Asia)	3.6	15.7
Arab States	5.5	20.5
Sub-Saharan Africa	5.5	19.9

Source: (Haq 1998, 132)

The low rate of public spending in South Asia is due to low level of political commitment on one hand and due to the heavy military spending (Haq 1999, 5), debt servicing and sick public enterprises on the other. In fact militarisation is the major cause of poverty and least social development. Both India and Pakistan spend $1.70 and $4.32 on military and debt servicing respectively, against every single dollar to be on social development. The tensions have become more volatile since the nuclear tests in May 1998 by India and Pakistan (Spot Light).

Demographic nightmare poses one of the key challenges to human development in the region. The population has become more than double during the last three decades. This population could have become the real wealth of these nations if sufficient investments had been made in human development. But since South Asian countries spend very little on education and health of its people i.e. less than five per cent of its combined GNP, their rapidly growing populations have become a major liability and a source of human deprivation (Haq 1997, 16, 66).

Global Context

In the global context, the South Asian region has been the least developed region of the world, both in terms of human development and income. These facts are illustrated in Table 2. Considerable decline in the relative performance of South Asia has occurred in the last three decades. From Table 2 it is clear that there are only two areas in which South Asia has made progress, one in increasing its share in world population, from 19 per cent to 22 per cent in 1993 and second in the world's illiterate adult population. The literacy rate of South Asia has slipped behind that of Sub-Saharan Africa.

Table 2: South Asia in the Global Framework

	Population million		**Real GDP ˚PPP dollars (billion)**		**Absolute Poverty (million)**		**Illiterate Adults (million)**	
	1960	1993	1960	1993	1960	1993	1960	1993
World	2,996	5,508	5,303	30,542	n/a	1,314	735	853
South Asia	564	1,191	365	1,632	n/a	527	234	396
Share of South Asia in the World(%)	19	22	6.9	5.3	n/a	40	32	46

*SPPP: The power of a country's currency to purchase goods and services equivalent to worth one $US. (Source: Haq 1997, 8)

Despite the GDP growth rates of 5 to 6 per cent a year as compared to the negative growth rate in sub-Saharan countries, the literacy rate in South Asia increased by 1.8 per cent a year during 1960-93 compared to 3.1 in Sub- Saharan Africa. The percentage of adult literacy in South Asia is the lowest among the developing nations. Table 3 shows the facts about the literacy rate in various regions of the world.

Table 3: Adult literacy in various Regions. (%)

Regions	**Adult Literacy Rate (%)**
South Asia	48%
Arab States	53%
Sub- Saharan Africa	55%
Developing Countries	69%
Latin America &Caribbean	86%
East Asia (excel .China)	86%

Source: (Haq 1997: 15).

Statistics mentioned in the Table 3 show clearly that South Asia is having the lowest literacy rate in the world. Its human capital is being wasted for a longtime.

Human Capital

Human capital is considered to be an engine of growth because it is the only instrument to utilise all the material resources. Human capital is defined as the group of useful, valuable and concerned knowledgeable people who are the product of relevant education and training process. For development of this capital, human stock needs investment in the form of formal education from primary to secondary level. It increases the capacity of a labourer to work and in turn his productivity which is rewarded by high wages in the labour market. It is considered to be the most valid 'economic explanation' for higher rewards for the educated workers in the job markets (Becker 1993 & Schultz 1998). Empirical evidences shows that in Bangladesh, the average salary paid to a secondary school qualified woman is as much as seven times higher than that given to an illiterate woman (World Bank 1993b). Similarly skilled labour in construction industry receives double wages of unskilled workers. A study by Jamison and Lau (1982) conclude that the output of farmers increases by about 8 per cent with four years of schooling.

Pakistan is no exception to this trend. Here the greater increase in agriculture productivity (2.7 per cent) was associated with a ten per cent increase in male literacy, compared with less than half this productivity increase for a ten per cent growth in some other agriculture inputs (Rose Grant and Evenson 1993). It is amazing that not only the productivity of educated workers is increased but also that of their neighbouring labour is raised by having a role model (Foster 1995). At the same time, schooling is a powerful weapon to fight against child labour (UNICEF 1997). It is also helpful in poverty alleviation especially when the other market options are there augmented by new technologies (Rosenzweig 1995).

The two World Bank studies (1993b & 1995a) present most powerful arguments in favour of this school of thought that believe in inevitable place of human capital for development. On the basis of experiences of 192 countries of the World, these studies concluded that "as much as two-third of the wealth of nations consists of human and social capital." Social Capital signifies, sound institutions and good governance, which in turn depends largely on the coverage and quality of education (Haq and Haq 1998, 25). In countries like Japan that lacks a good natural resource base, human and social capital are estimated to have contributed 85 per cent to the total national wealth, while physical capital (machinery and physical infrastructure) 14 per cent and natural capital only one per cent. The relationship of social and human capital in national development is mentioned in the Table 4.

Table 4: Percentage share of Contributions to the Human Capital.

Regions	Natural Capital	Physical Capital	Human Capital
Sub-Saharan Africa	52	17	31
East Asia & Pacific	12	13	75
South Asia	9	15	76
Latin America &Caribbean	35	15	50
Middle East &North Africa	32	29	39
Eastern Europe	43	16	41
High Income Countries	17	16	67
Other Developing Countries	28	16	64

Source: World Bank 1995 c.

These figures prove that if a country lack human capital it cannot progress because natural resources cannot overcome the deficiency of natural capital while scarcity of natural resources can be dealt with by constructing human capital. The visible example is that of OPEC countries which have large reserves of resources but since they have not been concentrating on human development they are still on the status of developing countries, even having attractive per capita income.

Importance of Education

The human capital is inevitable for building any nation and for that purpose education is the only key. No doubt, it is not possible without the relevant education according to the needs of society and demands of the global job markets. Secondly, it must be provided to every citizen of state without discrimination of gender, economic and regional basis. Although the equal distribution of education facilities does not always overcome the income disparities among different groups but it at least help to reduce them. Furthermore it adds up to enhance the living standards and life style of a nation (Tilak 2002, 9). East Asian experience shows the importance of basic and technical education in building a stock of valuable and required human capital. Statistics show that no society can acquire the status of industrialized one without education more than 80 per cent (Haq 1998, 26).

East Asian Example

The human capital of South Asia is deficient both in terms of quantity and quality. This becomes painfully clear when South Asian situation is compared with the experience of East Asia (excel. China) over the last three decades. In 1960 South Asia enjoyed a real per capital income very closed to that of East Asia. But now South Asian average per capital income is only one tenth of that in East Asia. The Table 5 shows the comparison.

Table 5 : South Asia Compared with East Asia (excel. China)

	1960		1993		Annual Rate of change(1993)	
	South Asia	East Asia	South Asia	East Asia	South Asia	East Asia
GDP per Capital (PPP$)	658	869	1,730	11,088	2.2	8.0
Life Expectancy Years	44	55	61	71	1.0	0.8
Adult literacy rate	32 (1970)	88 (1970)	48	98	1.4	0.5
Public spending on	0.5	0.2	1.4	2.3	3.5	8.5
Health (as% of GDP)						
Public spending on education(as % of GNP)	2.0	3.7 (1980)	3.4 (1992)	4.3 (1992)	1.7	1.3
Military Spending	113	273	72 (1991)	49 (1991)	-1.5	-5.6
Population growth rate	2.4 (1965-80)	1.9 (1965-80)	2.1 (1980-93)	1.5 (1980-93)		
GNP per capital growth rate	1.4 (1965-80)	5.1 (1965-80)	2.9 (1980-93)	7.5 (1980-93)		

Source: (Haq 1997, 14).

The major differences in their development strategies centred around five main areas: the focus on basic education, the promotion of exports; land and credit reforms; saving and investment policies; and the extent of co-operation between the public and private sector. In the period of three decades only, East Asia has become a different world altogether while South Asia has fallen much behind. In fact the East Asian economic miracles are based on the educational miracles. The per capita income in East Asia was close to that of South Asia in 1960, but the education levels preceding the rapid economic growth of the last three decades were often higher than the present education levels in South Asia. For instance in 1960, only 30 per cent of Pakistani were enrolled in primary schools, compared to 94 per cent in South Korea. The East Asian literacy rate was already 88 per cent compared to the low literacy rate of 32 per cent in South Asia. South Asia governments failed to realise that broad based-education is essential for sustained, equitable economic growth. That’s why, per capita annual investment in education and health sectors, is $5 in Bangladesh, $10 in Pakistan and $14 in India, compared to $150 in Malaysia and $160 in Republic of Korea. Though several East Asian economies are passing through a short-term liquidity crisis at present but many analysts are predicting that East Asia would come out of its current financial crisis even stronger, because of its abundant human capital which still remains intact (Haq 1998, 31).

Rate of Return on Investment in Education

Investment in education conceptually is the same as an investment on physical capital. It can be assessed by calculating the costs and benefits of education giving the rate of return to such investment. Rate of return is technically what equates the future stream of benefits with the present stream of costs. Social rate of return from education is defined as all the cost born by that society as a whole. It includes the fees, scholarships, administrative expenditures which are paid by the state or society (Cathal 1999). In social benefits, it is the level of education such as improved standards of hygiene, low rates of infant and child mortality, reduced rate of population growth, higher civic consciousness, greater political participation and an improved sense of national integration. For policy purposes, the social rate of returns is very important. The extract of various studies shows that:

- The primary education has the highest social rate of return, followed by secondary education.
- As national income increases, the return to all levels of education declines but primary education still has the highest rate of return.
- Technical education at all levels has generated considerable rate of return as far as sustainable development is concerned.
- South Asia and Sub-Saharan Africa shows the highest rate of return on investment.

Economic Growth

The several recent analysts place knowledge at the centre of growth process. Impressive statistics show that the economic growth in the West was based on the development of human capital which stimulated the growth of material resources, in turn the economic development of these nations (Todaro 1989).

Though East Asian miracle was based on many factors, all analysts agree on the central role that the primary education had played in shaping this miracle. It is clear from several studies that at all levels more educational opportunities helped to bring economic growth by (a) generating an extremely productive working force, (b) more opportunities of jobs for teachers, (c) creating a class of educated leaders to provide good governance and (d) promoting literacy and basic skills by providing relevant training and education. This type of education support modern trends within different groups in the society representing diverse attitudes (Todaro 1989). Table 6 shows the contributions of education in selected countries and regions.

Table 6: Contribution of Education to Economic Growth

Country	Growth Rate by Education
Canada	25.0
Ghana	23.3
India	27.0*
Argentina	16.5
Nigeria	16.0
United States	15.0
Belgium	14.0
Kenya	12.4
Regions (1950-60s)	
Africa	17.2
Asia	11.1
Europe& North America	8.6
Latin America	5.1

Source: World Bank 1993c & * Loh 1995 for India.

The reason for the low contribution of education to economic growth in certain countries such as Nicaragua, Cuba and Sri Lanka etc., was that the complementary economic and social policies required to ensure sustainable human development were missing there. In fact sustainable economic growth can be achieved by providing adequately remunerated productive jobs to the educated people. It would act as an incentive to get education. Along with the creation of jobs opportunities, it is essential to ensure that educational performance is not hampered by poor health. For that purpose it is necessary that education must be a part of a wider human development strategy. Such complementary policies can reinforce educational progress. For instance, if a country with a 50 per cent literacy rate doubled its GDP, it could expect illiteracy to fall to 27.3 per cent (Anand and Ravallion 1993).

Broader Social Impacts of Education

Education is not the only source of better income and job opportunities for people. Although it ensures high economic growth rate but it has other valuable effects on social aspects. Education improves other social indicators of human development. It leads to better life expectancy and health care, more community participation and smaller family. It leads to high standards of living, more hygienic food and healthy leisure time activities.

Key to Better Health Care

Several empirical studies have confirmed a positive and very close relationship between improvements in health and education. Cross-country research has shown that a mother's schooling of one to three years is associated with a 20 per cent decline in the risk of childhood death. (World Bank 1997c). Another study reveals that if female participation at secondary level is doubled (as done in 1975, from 19 per cent to 38 per cent) it would check the infant mortality rate (IMR) to 31 from an alarming figure of 85 (reduced by 64 per cent). The results were much more than those attained by most discussed routes, for instance, doubling the number of doctors would have reduced the IMR by 5 per cent and doubling per capita income by reduced 6 per cent (Subarao and Raney 1995). If both parents are literate, it can reduce the infant mortality rate by 27 per thousand (Schultz 1998).

Education, particularly of females, greatly improves the ability to manage basic child care, increases nutrition value of diet, ensures more effective diagnosis of diseases and improves elementary hygienic conditions. There is a close correlation between paternal education and infant mortality. Both are inversely proportional to each other. Historical evidence indicates that there is a dramatically sharp decline in child labour as the primary education becomes universal.

Most Effective in Controlling Population Explosion

Role of education in bringing down the rate of population growth is even more dramatic. It has been observed that more education reduces the population growth rate in the society. One reason may be that more education leads to higher income group and larger families are not in fashion in that group. The other obvious reason is the liberalisation of society and more women empowerment to take decision about their family size. More education also facilitates more mobility, access and knowledge of services provided for keeping family size in control. All these measures results in significant reduction in growth of family size and control over the threat of population explosion which is a potent threat to already scares resources of South Asia.

In the most populous country of the region, Bangladesh, 66 per cent among women with more than secondary education used contraceptive as compared to 47 per cent among women with secondary education, while 35 per cent among those with primary education used contraceptive as compared to 27 per cent women with no education (World Bank 1993a).

The acquisition of knowledge delays the age of marriage. One reason is that to acquire higher education is a matter of time also and other is that it exhibit greater self-confidence on the part of educated women who have better job opportunities. Education also empowers women to protect their reproductive rights and to convince their husbands to have a smaller family size. Since education reduces the rate of population growth and a lower fertility rate in the society, it further helps to minimise the burden of extra new students on existing educational system. With a slow growing school-age population, state can increase spending to provide more years of schooling or better quality of education.

Poverty Reduction

Education plays an effective role in poverty reduction. Many studies concluded that a rise in literacy rate is reciprocated by a recordable decline in poverty level (Fields 1980, Tilak 1989). Indeed the economic growth record of South Asia has been satisfactory. Despite high population growth, an average 5 per cent growth rate per annum in GNP and 3 per cent per annum in per capita income was observed. Still South Asia is the home of 500 million poorest people. The greatest policy failure is that the increasing prosperity is not reflected in the lives of ordinary people. The pace of economic growth is unevenly distributed among different regions in South Asia. Pakistan shows the highest rate of increase (163 per cent) between 1970-93 in real per capita GDP in $PPP, while Sri Lanka experienced the lowest increase (71 per cent). The real issue is not the quantum of growth but its quality and distribution (Haq 1999). A comparison of South Asian poverty profile with other regions of the World is shown in the Table 7.

Table 7: Comparison of Poverty Profile of South Asia with other Regions.

Regions	People in Poverty*1993(millions)	%age Share in Global Poverty
South Asia	515	40
Sub Saharan Africa	219	17
East Asia (excel. China)	94	7
China	352	27
L. America & Caribbean	110	8
Arab States	11	1
Developing world	1,301	100

*Defined as $1 day per person based on 1985 PPP $ Source: UNDP 1997a.

According to the latest World Bank estimates 53 per cent of population in India, 12% in Pakistan 29.5 in Bangladesh, 45 in Sri Lanka and 53 per cent in Nepal are subsisting in absolute poverty. The number of poor in Pakistan is well over 40 million. Education contributes enormously in poverty reduction in rural areas. A study in the Republic of Korea, Nepal, Malaysia and Thailand suggests that education greatly raises the productivity of small farmers and in this way, reduces absolute poverty (Saeed 2000).

Reducing Inequality

There are two views about the role of education in reducing inequality. On one hand education is viewed as a great equalizer. It allows everyone better access to economic, social and political opportunities. Especially in egalitarian societies of third world universal education promotes a sense of social equality. At the same time, it is true that an important component in income inequality may be the inequality of educational opportunities. A recent study concludes that over one half of income inequality in the United States of America can be attributed to such inequality (Haq 1998)

Keeping in view the arguments of both view points, it can be stated that if the entire population is educated (as in East Asia and other developed countries) education would exercise the equalizing influence on income distribution. If only a small fraction of population is educated (as in the case of South Asia), the dual standards are likely to prevail and income inequalities may become more pronounced. (Tilak 1998) concludes that as the labour force becomes more educated; income is redistributed from top 20 per cent to bottom 80 per cent or population.

In South Asian countries the existence of more than one education systems, one for elite class and the other for ordinary people, ultimately widens the gap both in social and economic aspects.

Good Governance

Education is a basic component of social cohesion and national identity. People, having civic sense, awareness of their rights and duties and habitual obedience to state laws, prove to be an asset in the formation of a political society. They also generate good governance from state institutions.

Education also plays a key role in the democratization process, as demonstrated by the experience of nineteenth century America and Europe. Education enables people to resist dictatorship and people organise politically thus ensuring social justice and democracy. No educated society can be politically, socially and economically repressed for too long.

Education levels also have impacts on public opinion formulation. As the example of Indian state of Kerala, shows that 90 per cent literacy rate in Kerala as compared to 52 per cent in India as a whole, resulted in the newspaper reading of half of literate population compared to 20 per cent in other parts of India (Ramachandrau 1998). Thus education can improve the depth and quality of public opinion.

Education provides the basis for the better democratic citizenship. As voters are the basis of the democratic system, their awareness generates high standards of public representation in the elected governmental institutions. They also provide effective accountability of public officers, not to become tyrannical to the masses. In South Asia, where democracies are transitional, only education can provide stability to democratic process.

Conclusion

South Asia-the region, proud of its culture heritage and magnificent past, had been the centre of the great civilizations and religions. But at the same time it has become the poorest and the most malnourished region. It has also emerged as the most illiterate region having lowest gender sensitivity level. It is the home of 395 million illiterate adults (nearly half of the world's total) and over 50 million out of school children (2/5 of the world's total). Despite its satisfactory economic performance, what it lacks is the sufficient human resources development which can serve as a basis for sustainable economic development. On the other hand, it can be developed as 'the most dynamic region' in the twenty-first century if the human development is taken as a priority by their respective governments. It needs generous investment in developing human capital as a part of comprehensive development strategy. Nonetheless the basic education for all is the critical components of any such strategy but the technical education to produced skilled man power should be a priority. What is lacking! Not the financial resources, but the political commitment. Political commitment and society's full participation can meet the already formidable educational challenges of South Asia.

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Main Campus: University Road, Karachi. Tel: (92-21) 38104700 Fax: (92-21) 99261508
City Campus: Garden/Kiyani Shaheed Road, Karachi.
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