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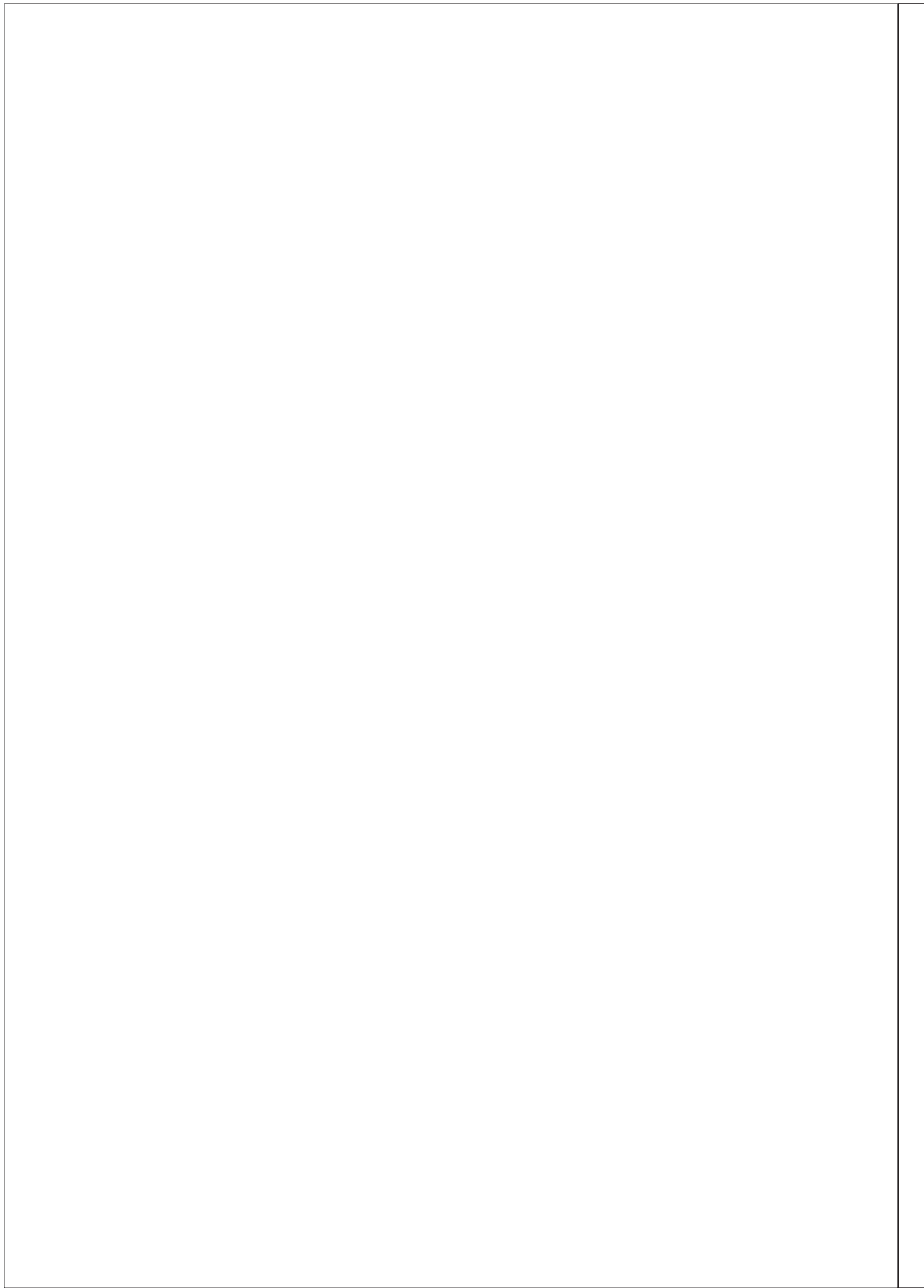
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A Note from the Editor-in-Chief

This issue is the first to appear under my supervision as Editor-in-Chief. When I accepted this responsibility of ‘Business Strategies’ Journal as Editor-in-Chief, three questions were prominent in my mind: How could we further improve quality of research papers and work with heavy profile researchers? How could we best demonstrate our analysis and solution of important Business Education problems through this Journal? How could we further improve the quality of reviewing the articles and improve its editing, formatting and proof reading?

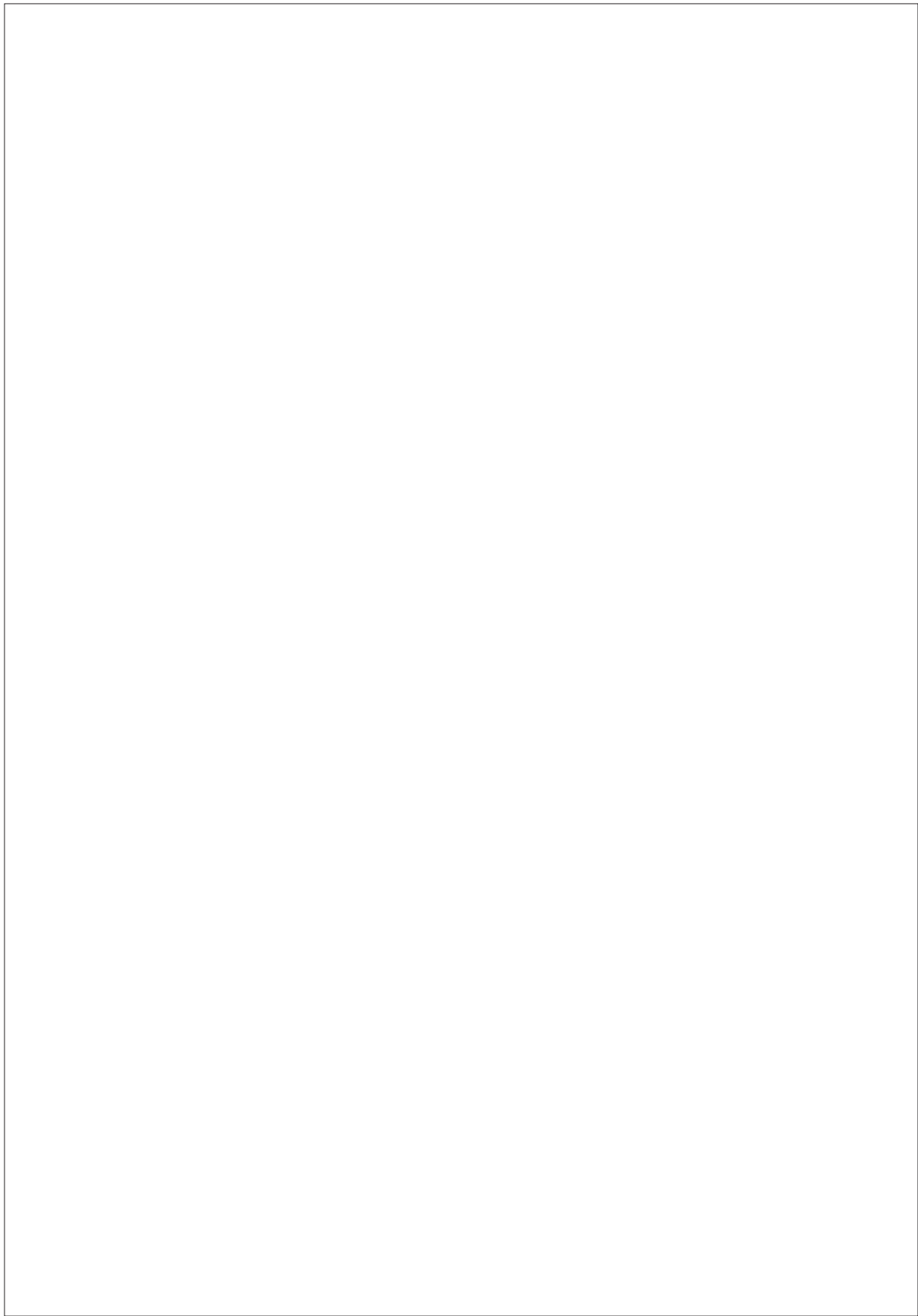
In accepting this responsibility, I agreed to work on it with the very next issue. It is for the readers to judge whether I succeeded in responding appropriately to these questions. However to find the answer to my first concern, I devised the editorial policies to distribute preferred themes among the potential contributors and emphasized empirical mode of investigation in the published papers. The answer to second concern (responsiveness to Business related problems) I suggested to approach in reaching out beyond the boundaries of our disciplines by touching the issues of Economic relevance and themes that intersect with various sister disciplines. As to further improvements in the quality of the review of articles I asked to select at least two experts from the related disciplines and request them for their transparent review. I am thankful to our valued reviewers who cooperated in our scheme to raise the level of professionalism in a thorough review process.

Finally, I appreciate the sincere academic efforts of its Editor Prof. Dr. Syed Arshad Imam for his continuous hard work in publishing this Journal, Assistant Editor Mr. Sherbaz Khan for his assistance and Mr. Abdul Kalam who did the arduous task of composing the journal materials very efficiently.

Prof. Dr. A. Q. Mughal
Editor-in-Chief

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Time Series Forecast Models for Pakistan's Economic Activities in Past Four Decades

Muhammad Arif Hussain*

Institute of Business and Technology (IBT), Karachi,

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*A good collection of tax revenue plays an important role in the prosperity of any country as it contributes to increase productivity of the national economy, which in turn reduces unemployment through creation of job opportunities. This study, analyzes and develops time series forecast models for the direct and indirect tax revenue of Pakistan over a period of about forty years, covering the period (1973-2011). First, test for normality has been applied to the direct and indirect tax revenue data sets using **Minitab**, 16. The Anderson-darling (AD) normality test reveals that both data are coming from non-normal processes. Secondly, we test for stationarity of available data using Augmented Dicky-Fuller test using computer application, **R**, which shows that first order differencing is needed to make the observations stationary. Then different ARIMA models have been tested to get the most appropriate forecast models for direct income tax and indirect federal revenue observations using **Minitab**, 16. It has been found that ARIMA(1,1,1) and ARIMA(1,1,0) models are adequate forecast models for direct income tax and indirect federal revenue respectively. The finding of this study will be helpful for government, policymakers, exporters, producers, industrialists, importers and investors.*

Keywords:*Direct and indirect tax, Anderson-darling normality test, ARIMA models, Dicky-Fuller test.*

Introduction

Tax revenue and generation of tax revenue in any country is a major part of the policy making to fund the government expenditure. These expenditures consist of provision of social programs, infrastructural developments, defense expenditures and other liabilities of the government. Sustainable economic growth is considered crucial for improving the living standards. It is even more important for developing countries like Pakistan which are suffering from many economic problems. The government, international and national financial institutions, importers, exporters, industrialists and investors are very much

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interested in the study of tax revenue and generation in the tax revenue as this study is the base line of the economy of any country. The collection of tax (direct and indirect) is the policy of concern for any government as it ensures the income of government which later on helps in making decision in budget, like government expenses, development funds, defense expenditures. In Pakistan, about 24% of people live below the poverty line (Ahmad & Wajid, 2013), so yield of tax revenue can be improved by mobilizing domestic resources and eliminating anti-trade biases. It can also be improved by minimizing the inequality and distortions of the existing tax system and by eliminating tax evasion through harmonization of tax regime and general tax reduction (Saahdong, 2008). This study aims at analyzing and developing forecast models for the tax revenue of Pakistan over a period of about four decades by using Box-Jenkins time series data analysis methodology. Augmented dickey fuller test is used to test for unit root in the time series. Augmented Dickey-Fuller test provides a formal test for non-stationarity in the time series data. This test is used to test for the presence of unit root in the coefficient of lagged variables. If the coefficient of a lagged variable shows a value of one, then the equation shows that there exists unit root in the series (Dickey & Fuller, 1979 & 1981). The aims of this study are:

1. To test normal distribution followed by direct and indirect tax data sets
2. To examine the presence of unit root in above data sets
3. To analyze and suggest appropriate *ARIMA* models for direct tax collection data.
4. To analyze and suggest appropriate *ARIMA* models for indirect tax collection data.

To develop forecast models for the direct and indirect tax in Pakistan and testing following hypotheses, *Minitab*-16 and *R* computer applications are used (Hussain & Khan, 2014).

Hypotheses

To check the characteristics of direct and indirect tax data, we construct following hypotheses:

- Ho = direct tax observations follow normal probability distribution.
- H1 = direct tax observations follow right skew probability distribution.
- Ho = indirect tax observations follow normal probability distribution.
- H2 = indirect tax observations follow right skew probability distribution.
- Ho = direct tax observations exhibit stationarity in the series.
- H3 = direct tax observations are non-stationary.

Ho = indirect tax observations exhibit stationarity in the series.

H4 = indirect tax observations are non-stationary.

Method

The data sets used for the analysis are secondary and consist of yearly tax (direct and indirect) collections. This data have been collected from "FBR" year book, Govt. of Pakistan, Revenue Division, Federal Board of Revenue, Directorate of Research and Statistics. The data used covered the period from 1972-73 to 2010-11. For test of normality of distribution of collected tax observations we use Anderson-Darling (AD) normality test. Time series analysis is the main statistical tool employed in the analysis of tax revenue collection data. Box-Jenkins (1976) methodology of *ARIMA* modeling is considered to be the most flexible method and has had been used by number of researchers for forecasting time series data. According to this method, a non-seasonal *ARIMA* model is denoted by *ARIMA*(p, d, q). This model is combination of Auto regression (*AR*) and moving averages (*MA*) with an order of integration or differencing (d). Where " p " is the order of autocorrelation and " q " is the order of moving average (Cooray, 2008).

A test is needed to get an idea about adequacy of the fitted models. It has been shown that for a satisfactory model, the variable Q (Box and Pierce's Q -test)

$$Q = N \sum_{k=1}^K r_a^2(k), \quad (1)$$

where $r_a(k)$ are estimated autocorrelations for the residuals a_j , have χ^2 distribution with $K-p-q$ degrees of freedom. Here, $N = n - 1$ (in our case equals to the amount of initial data used). Next, we discuss results of this study.

Results and Discussion

Careful analysis of Figures 3 and 4 reveal that the data sets are skewed to the right, and looks like log-normal distribution than a normal distribution. To test formally for normality we use Anderson-Darling (*AD*) normality test (Hussain M A, 2006). The test values and p -values show that data are coming from non-normal processes as is also revealed by time series plots (see Figures 1 and 2). We are primarily concerned with the p value in the bottom right corner of the graph, which in our case is p -value < 0.005 . The null hypothesis states that the data are generated by some normal process, so that we would reject the null hypothesis as the p -value is less than any stated alpha level we might want to choose; the data is highly non-normal (see Figures 3 and 4). So, we reject Ho hypotheses of both

data sets and conclude that observations are being generated by some multiplicative processes. To bolster the above test result we conduct Dicky-Fuller test of unit roots.

Augmented Dicky-Fuller test (implemented in R) show that there is a unit root in both the data sets at lag 1. So, the series should be differenced once. For an $ARIMA(p, d, q)$ model, it is necessary to obtain the order of the model. The important step is to identify the order of differencing (d) needed to make the series stationary (Box & Jenkins, 1976). Modeling and predicting the economic data such as annual revenue generation is required for reliable and effective planning, managing, and operation of economic projects. In this study, a non-seasonal time series $ARIMA$ mathematical model is described. One of the attractive features of the Box-Jenkins approach to forecasting is that $ARIMA$ processes are very rich class of possible models and it is usually possible to find a process which provides an adequate description to the data. The study also shows that there will be an expected smooth increase of Federal tax revenue and direct tax collection in the years to come. So, on the basis of Q -statistic (see Eq. 1) and residuals partial correlation functions (see Figures 5 and 6), we can say that the adequate models for direct income tax and indirect federal revenue are $ARIMA(1, 1, 1)$ and $ARIMA(1, 1, 0)$ respectively.

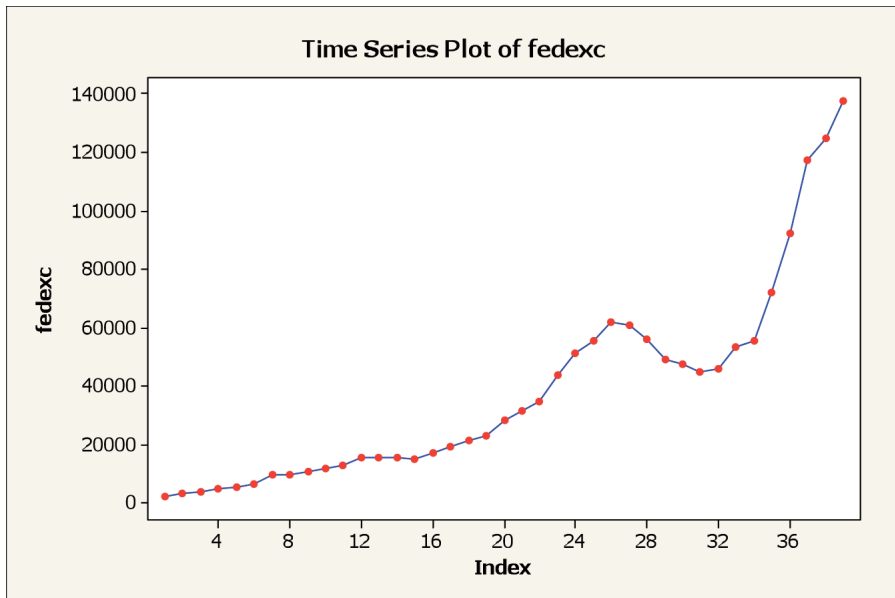


Fig.1 Time series plot of federal revenue (fedexc) data.

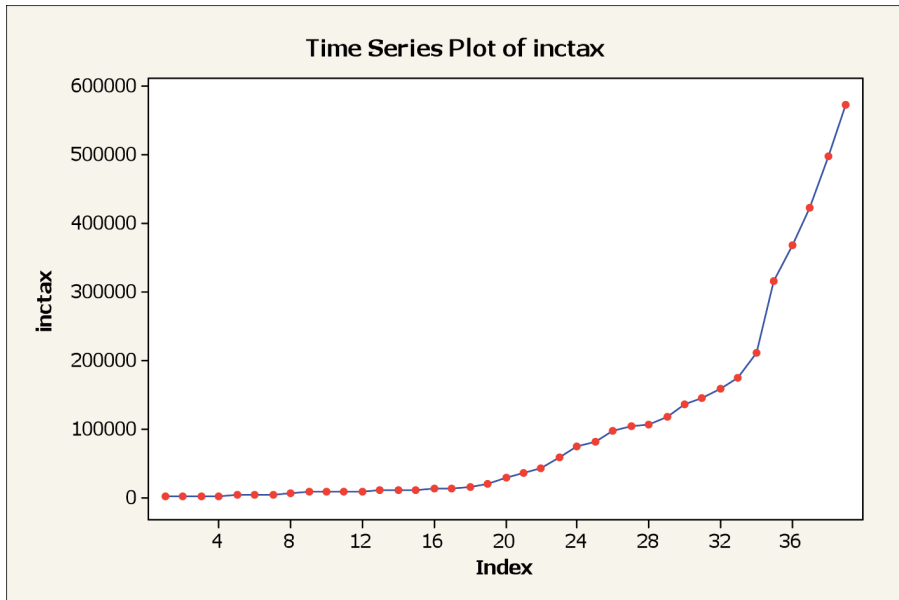


Fig.2 Time series plot of income tax (intax) data.

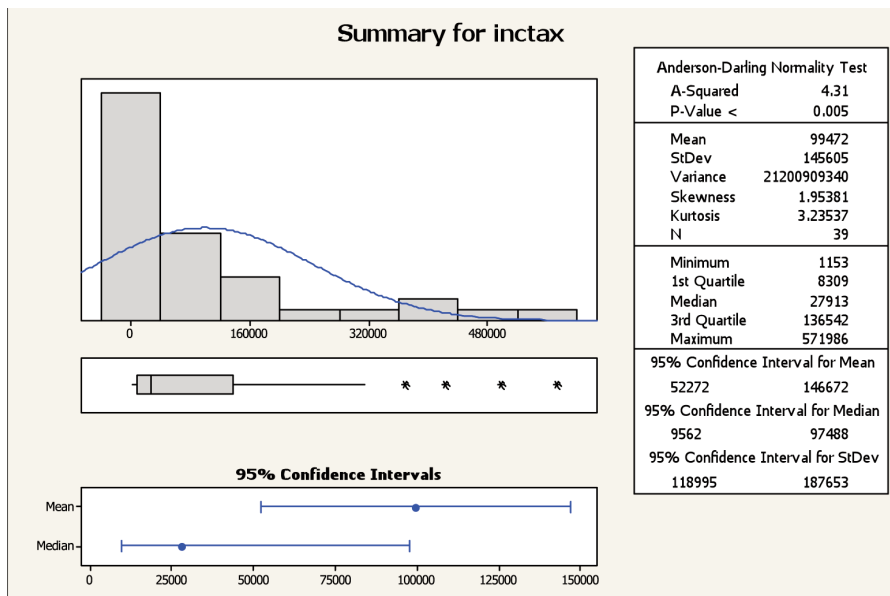


Fig.3 Graphical descriptive summary of income tax data. Anderson-Darling (*AD*) normality test shows that underlying process is non-normal.

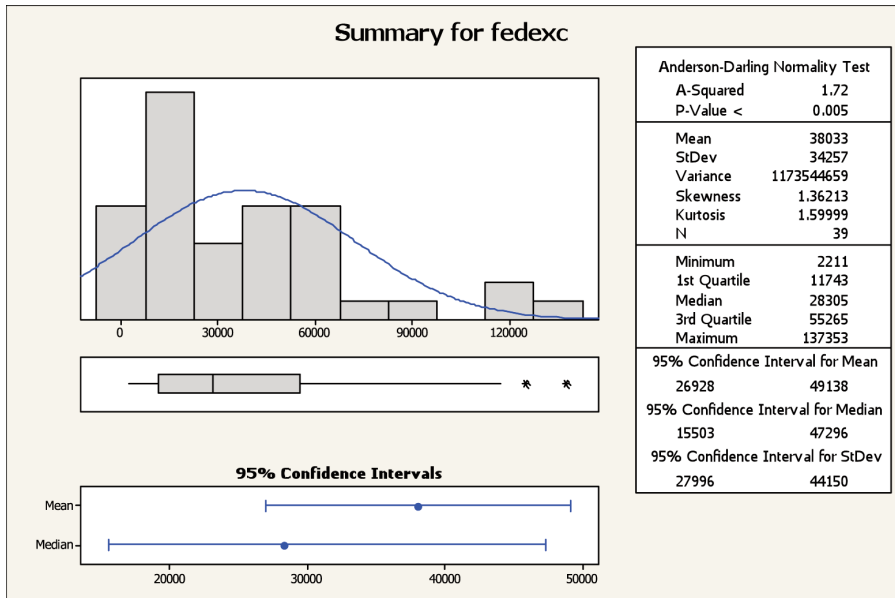


Fig.4 Graphical descriptive summary of federal tax data. Anderson-Darling (*AD*) normality test shows that underlying process in non-normal.

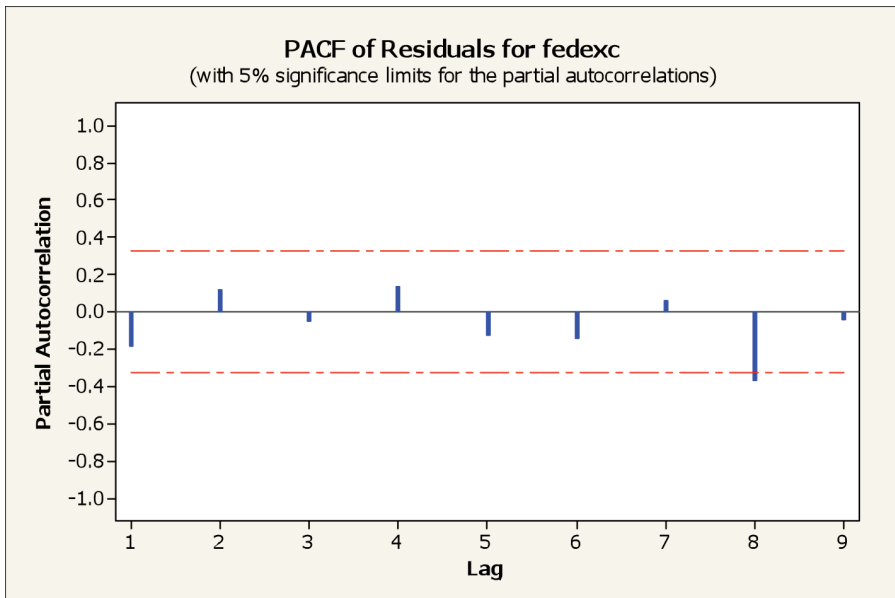


Fig.5 Partial autocorrelation function plot of residuals of federal income tax data.

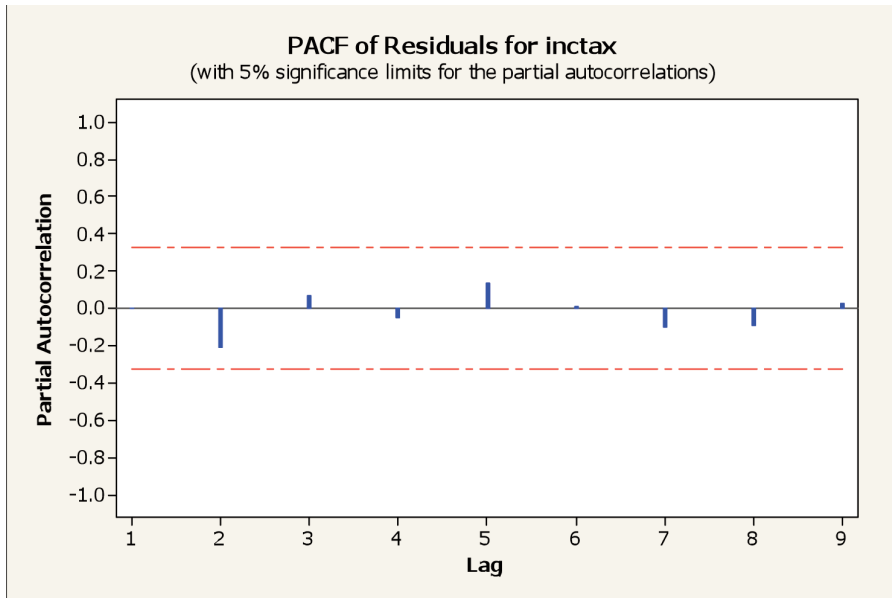


Fig.6 Partial autocorrelation function plot of residuals of direct income tax data.

Conclusion

Findings of the study reveal that direct income tax and indirect federal revenue data follow right skew probability distribution showing presence of trends in the observed data. All null hypotheses (H_0) are rejected of both data sets as a result of tests performed in the analysis process. It was also found that the time series for the two data sets were non-stationary in its levels during the time, and it suffers from a unit root, indicating requirement of first order of differencing, which was used in *ARIMA* modeling. It adopted Box-Jenkins methodology for forecasting and has provided several important insights relating to forecasting. It revealed that *ARIMA* (1, 1, 0) and *ARIMA* (1, 1, 1) are the optimal models for forecasting Federal tax revenue and direct tax data respectively. We hope that, this study will encourage researchers to conduct further studies about forecasting direct and indirect tax data in Pakistan. Pakistan should keep tax rates almost invariable and let the level of debt fluctuate to absorb the fiscal impact of economic fluctuations (Padda, 2009).

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Economic Impact of Private Tuition in Pakistan

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&

Huma Tabassum

Government Girls Degree College, Hyderabad

This paper aims to explore economic impact of private tuition on students, their families and broader Pakistani society. This exploratory, cross sectional research is based on primary data. The method for data collection was survey. The data was collected from students, teachers, parents and common people with the help of a questionnaire developed by the researcher. This research paper focuses on the amount of money invested by a student in private tuition every month. It also evaluated the difficulty people face in paying fee for the private tuition. It also analyzed peoples' perception regarding the impact of private tuition on economic conditions of students' families. Finally, the paper identifies perceptions regarding private tuition's responsibility in causing or reproducing the economic inequalities among students in broader society.

Keywords: *Private Tuition, Economic, Impact, Pakistan.*

Introduction

Private tuition or often called as shadow education is rapidly growing around the world. Some form of private tuition or tutoring exists in almost all countries irrespective of their political structures, economic and social development or religious or cultural situations. Several studies have explored the phenomenon of private tuition with special focus on different geographical regions or specific countries. The list of countries in which detailed studies have been done regarding the private tuition mania includes Azerbaijan, Bosnia & Herzegovina, Croatia, Cyprus, Egypt, France, Georgia, Greece, India, Italy, Kazakhstan, Korea, Kyrgyzstan, Lithuania, Malta, Mongolia, Pakistan, Poland, Portugal, Slovakia, Slovenian, Tajikistan, Turkey, and Ukraine (Afzal and Khan 2006; Bray 2006; Bray, Mazawi, and Sultana 2013; Education Support Program 2006; Heung-ju, 2006, Silova 2009; Sujatha 2006b).

Pakistan is not an exception to this private tuition fever. A culture of private

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tuition outside and after the regular school is rapidly increasing in Pakistan as well. It is affecting Pakistani society in various aspects. It has implication for the quality of teaching and learning in public education system. It affects teacher's performance and attendance of students in the regular school or educational institutions. Besides the educational effects, private tuition is also affecting social and psychological aspects of students and their families. It has become a fashion but still gives psychological stress to students for excessive burden and time consumption in studies and to families for arranging the best quality of instruction for children to gain an edge in competition with others. Economic aspect of the private tuition in Pakistan is still a least explored area in academic studies. Private tuition has emerged as a flourishing industry or business. It involves lot of money as fee paid by the students and their families and the money reaped by private tutors or tuition centers.

This paper aims to explore economic impact of private tuition in Pakistan. The paper is divided into five parts. The introduction follows a review of related literature. Third part deals with the methodological considerations adopted in this research study. Fourth part is presenting the data and its analysis. The major focus is on the money invested in private tuition by students and their families, the difficulty they faced in paying this money for private tuition, the negative effect it has on economic conditions of family's and the perceptions regarding creation of socio-economic inequalities in the broader societies by private tuition industry. Finally, the major findings of the paper will be highlighted to make some concluding remarks along with recommendations for future research and policy.

Literature Review

Private tuition is the term generally used for paid supplementary instruction for academic subjects provided outside the regular school (Aslam 2011; ESP 2006). It is also known as "shadow education" (Baker and LeTendre 2005; Bray 1999; Bray, Mazawi, and Sultana 2013; Bray and Silova 2006; Stevenson and Baker 1992). The culture of private tuition is on the rise all around Pakistan. There is a variety of causes behind this rapid growth of private tuition industry in the country. Different scholars have identified the large number of students in classes, the declining learning environment, ineffective performance and the poor quality of education in government institutions as the causes of rising trend of private tuition in Pakistan (Chuadhry and Javed 2012: 101; Urooj 2012; Aslam 2011; Zafar 1992). Students and their parents also prefer private tuition for better academic performance and achieving higher grades in examinations (Sujatha 2006a, 1; Urooj 2012).

The private tuition industry has also some economic implications on students, their families and the overall society. Urooj (2011, 1121) claims that due to various interests of the students, teachers, and other professionals a large number of private tuition centers have mushroomed and making money from this business. Humayon Dar (2013) also reported that thousands of private tuition centers have been established across Pakistan from cosmopolitan cities to the villages and the private tutors are earning too much money as the monthly fee paid for an individual student ranges from Rs. 1,000 to Rs. 50,000.

The money these private tutors and the private tuition centers are reaping from this industry is becoming a burden on the students and their families. Chuadhry and Javed (2012, 109) discussing about the money invested in private tuition by students from public and private schools explains that at tuition academies and centers the tuition fee are high. It is found that students have to pay Rs. 1000 either for each science subject or for whole tuition at primary, middle or matric levels (Chuadhry and Javed 2012, 109). Although the money invested is too high and creates an extra burden but still families invest money in private tuitions to make their children have a comparative edge over others (Bray 2006). Chuadhry and Javed (2012, 109) inferred that this fee for private tuition along with the expenditures on mainstream education makes a substantial economic burden for middle class families.

Jokić et.al. (2013) in a comparative study of private tuition in Croatia, Bosnia and Herzegovina argue that one important factor contributing towards widespread reliance on private tuition is its affordability. They identify that the competitive market sufficiently supply variety of quality and quantity of private tuition in a variety of fees making some kind of private instruction affordable for students coming from different socio-economic background. But still they identify that a group of students cannot afford private tuition and it causes serious educational inequalities. Bray (2006) also identified that “tuition is obviously a mechanism for maintaining and increasing social stratification”. It is argued that the different quality and quantity of private tuition available to access by different income groups across regions is a source of perpetuating the inequalities and creating the new disparities among people (Bray 2006).

Aslam (2011) argues that “the option of giving (for the teachers) and receiving (for the pupils) tuition outside of normal school hours changes the incentive structure of the provision of high quality instruction within the standard school system which in turn has implications for equity and social justice.” She further claims that the relationship between acquiring private tuition and student’s achievement is becoming a focus of scholarly and policy attention because it

raises question about the quality of education provided within school and the ability of students to pay for gaining access to this extra private instructions (Aslam 2011, 23). These questions are pointing towards the socio-economic inequalities that play important role in first determining who will be able to access this extra help and finally in shaping the result of this extra help in the form of unequal academic achievement.

The families with sufficient resources are able to invest more, than those lacking in these resources, for acquiring best quality and more quantity of private tuition for their children enabling them to perform better in school and later gain better earning opportunities (Bray 2006). Heung-ju (2006) argues that this enhanced investment in private tutoring inherits social position and wealth consequently making the educational environment more stratified on the basis of economics than individual ability. Those children who cannot afford the high fee for private supplementary instruction are disadvantaged in terms of academic acquisition thus effecting their chances of enrollment in institutions of higher learning like universities (Budiene 2006).

Method

The research aims to focus on economic impact of growing private tuition culture in Pakistan, in general and in District Hyderabad, in particular. It is designed as an exploratory research done with quantitative approach to data collection and analysis. Survey method of data collection was used to collect primary data. A questionnaire developed by researcher was used for the purpose of data collection. The respondents were randomly selected included students, teachers, and common people.

The questionnaire consisted of 85 items. Multiple types of the question were used in the questionnaire. It was divided into three major sections. The first section comprising 14 items was dealing with the demographic features of the respondents. Second section dealing with the personal experiences of gaining or imparting tuition by respondents comprises of the multiple type of questions with accordingly suitable answer categories (e.g. see in graph 1, the response categories for money invested in the private tuition). The third section dealt with people's perception regarding the impact of private tuition on students, their families and the broader society. The questions in this section were developed on five point Likert scale (e.g. see the response categories in graph 3 and 4).

The data analyzed was collected from 245 respondents. They included 140 students, 35 teachers, and 70 common people (also including parents of students). The gender wise distribution of the respondents included 60% male respondents

and 40% female respondents. Due to non availability of any authentic number of students and teachers involved in private tuitions in the district and the list of their names, the respondents for this study were randomly selected to ensure participation from people of diverse socio-economic background. They were selected from different private tuition centers, public and private universities, colleges, and schools, parent teachers committees of these institutions, different work stations, NGOS, individual private tutors imparting tuitions at home, etc.

The data collected was statistically analyzed and presented in the form of graphs. Finally, the analyzed data was interpreted to highlight the major findings regarding the main focus of the study.

Results

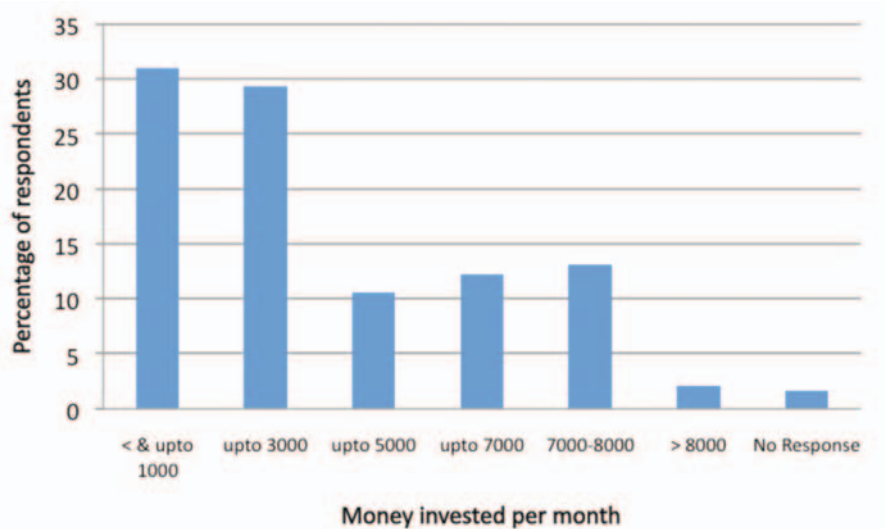
This paper analyses the economic impact of tuition culture on students, their families and the broader Pakistani society. The impact has been analyzed by focusing on the following aspects: 1) The amount of money invested by students for acquiring private tuition, 2) the level of difficulty students and their families face in paying fee for private tuition, 3) the overall economic impact of private tuition on students' families, 4) and the responsibility of private tuition industry in creating economic inequalities in the broader society.

Amount of Money Invested for acquiring Private Tuition

The data analysis, presented in Graph 1, shows that majority of respondents (i.e. more than 60%) are of the opinion that average students pay less than or up to 3000 rupees per month for private tuition. Only 10% respondents consider that students pay more than 3000 and up to 5000 rupees for private tuition per month. Another more than 25% of the respondents believe that students pay more than 5000 and up to 8000 rupees for acquiring private academic instruction. Only 2% of the respondents consider that students pay more than 8000 rupees per month for private tuition.

This is certainly a high amount of money for an average income family to spend on their children's supplementary instruction after mainstream educational institutions. This burden becomes higher when calculated at annual bases. The problem also becomes severe as the household size in Pakistan is large and usually each house has to afford the burden of education of more than one child at a time.

The difference in categories of the amount paid by students occurs on the basis that which classes a student is taking tuition for. Usually when the tuition is reported to be imparted on lower grades (e.g. for primary classes) the money invested to this is also less, while when it comes to secondary, higher secondary and tertiary education (e.g. matriculation, intermediate and college education) the amount of money starts increasing.



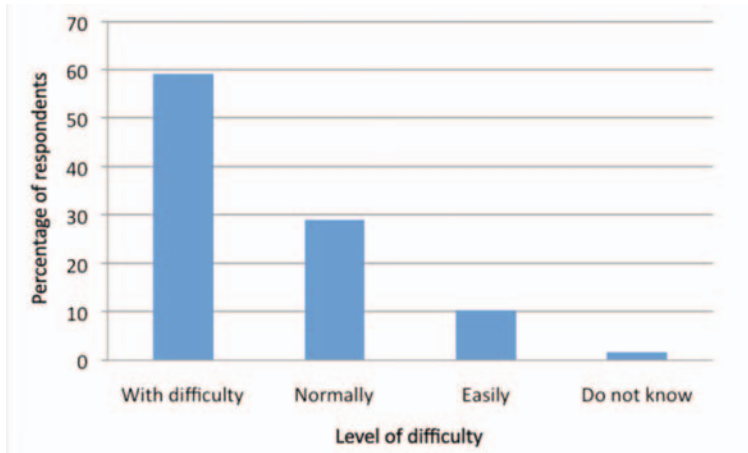
Graph 1. Money invested in private tuition by students & parents

Some other factors influencing the amount of fee are the geographical location (rural or urban, small town or big cities) where this private tuition is being acquired, the institutional setup (e.g. at student or tutor's home or at professional private tuition academies/centers) where student take private instructions, and the person (professional tutor, senior student, neighbors, etc) who provides these private instructions to students.

Difficulty in Paying Fee for Private Tuition

The amount of money indicated to be paid by average student as fee for private tuition is relatively high for an average income family in Pakistan. the data analysis (in graph 2) reflects that the majority of the respondents (i.e. 59.18%) are found believing that students and their family face difficulty in paying fee for private tuition. Another 28.9% respondents consider that students and their family does not feel it difficult rather normally pay fee for private tuition. Only 10.2% of the respondents believed that people easily pay fee for the private tuition. A minority of the respondents (i.e. 1.63%) were showing their unawareness in this regard.

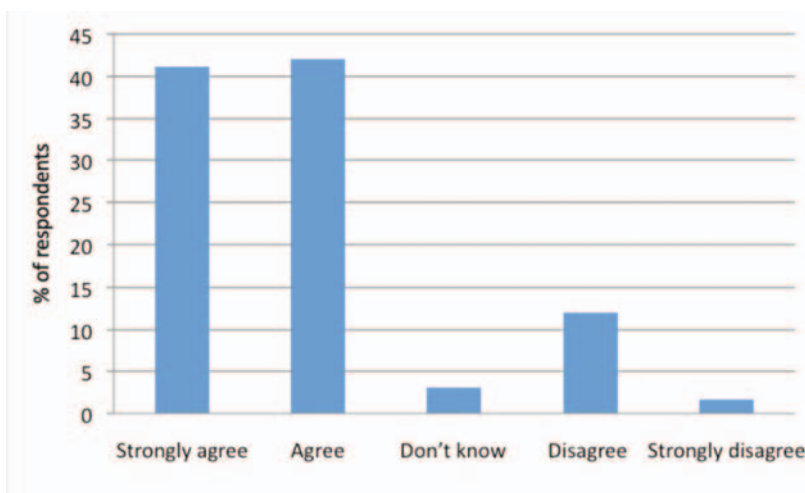
It means that more than half of the respondents (59%) believe that a common person feels difficulty in paying the high amount of the fee to private supplementary tuition in Pakistan. On the other hand, less than half but still a large majority of respondents (i.e. 39%) believed that people do not face any difficulty rather pay either normally or easily the fee for acquiring private tuition for their children.



Graph 2. Level of difficulty faced in paying fee for acquiring private tuition

Negative Effect on Economic Conditions of Family

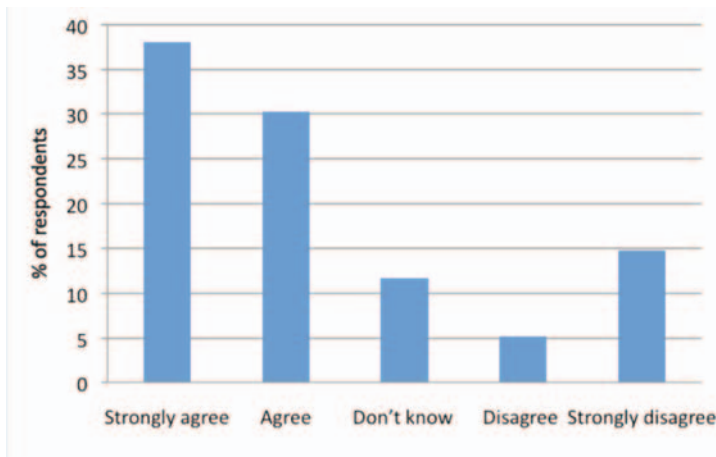
The data analysis (shown in Graph 3), shows that a large majority of respondents (i.e. 83%) agree that fee paid for the private tuition renders a negative effect on economic conditions of the family. It causes an unnecessary burden on family economics. Among them, 41.14% of the respondents “strongly agree” that the large amount of the fee paid for private tuition negatively affects family’s economic condition. Another 42% of the respondents “agree” that it is a burden on family economics. Still almost 14% of the respondents “disagree” that the fee paid for private tuition has a negative effect on students’ families. Only 3% of the respondents showed their lack of knowledge in this regard.



Graph 3. Money invested in private tuition has negative effect on economic conditions of families

Private Tuition and Socio- Economic Inequalities in Society

The review of literature above shows that those who are economically strong can easily join the private tuition. Those who got supplementary education in private tuitions can perform better in the final examinations and have better chances for acquiring good jobs in market. Thus, it all emerged from economic inequalities and results in enhancing economic inequalities in the broader society. The data analysis, shown in Graph 4, also confirms this argument. Majority of the respondents (i.e. 68%) believed that private tuition causes economic inequalities in the broader society. Among them, 38% are “strongly agree” with the idea that economic inequalities existing in society are further strengthened by the private tuition. Another 30% of the respondents “agree” with the same idea.



Graph 4. Private tuition reproduces economic inequalities among students

Almost 20% of the respondents still believed that acquiring private tuition is not responsible for increasing the economic inequalities in Pakistani society. Among them, 5% of the respondents “disagree” and 14.85% “strongly disagree” with the idea that acquiring private tuition creates economic inequalities. Only 11.7% do not know about the role of private tuition in creating economic inequalities in society.

Discussion

This paper focused on the economic impact of private tuition on individual student, their parents and families and on overall society. The impact was assessed by focusing on amount of money invested in private tuition as fee, the difficulty faced in paying this money, effect on families economic conditions, and the socio-economic inequalities caused in the broader society. The following major findings regarding the focus of the paper are inferred from the data analysis:

More than 60% of the respondents agree that an average student pays less than or up to Rs. 3000 for acquiring private tuition. The amount of private tuition fee can reach to Rs. 8000 or more. This is certainly a high amount of fee to be spent of extra supplementary tuition besides the regular expenditures done on children's mainstream schooling.

People face difficulty in bearing the extra economic burden of supplementary private tuition. The data analysis shows that majority of the respondents (i.e. 59%) agree for students and their parents faced difficulty in paying this extra money for acquiring private tuition for their children.

Accordingly, the money invested in private tuition is a source negatively affecting the families income. It places an extra burden on economic conditions of the family. The data analysis shows that a clear majority of respondents (i.e. 83%) consider that the fee paid for acquiring private tuition for children is negatively effecting family's economic conditions.

Keeping in view the amount of money needed to be paid as fee for private tuition, it is clear that the chances of access to and acquiring private tuition are conditioned with the economic well being and affordability of the concerned student and family. The existing literature shows that the patterns of availing private tuition are already indicating to be as a result of socio-economic inequalities existing in society. The data analysis also shows that majority of respondents (i.e. 68%) were agreed that private tuition industry fosters the existing socio-economic inequalities in the broader Pakistani society.

On the basis of above finding, the paper is also intended to extend some recommendations to benefit students, their families, institutions, and the policy makers and practitioners. The suggestion in this regards are as following:

The state should formulate proper policy for such rapid mushrooming of private tuition industry across the country. The fee structures, employment conditions of teachers and facilities provided to the students should be designed to fulfill the requirements of equitable good quality of education to all.

The quality of education should be enhanced and maintained in government educational institutions. So that the need and demand for private tuition for students should not be felt at such a major level.

Conclusion

This paper was an effort to analyze the economic impact of private tuition on students, their families and broader society. Survey method of data

collection is used. The data was collected from students, their parents, teachers and common people. The data analysis shows that the amount of money paid by majority of the participants of this study for acquiring private tuition ranges from less than one thousands rupees to more than 8000 thousands rupees. It can be considered as an extra economic burden on students and their families as most of the respondents face difficulty in paying this amount. Therefore, the majority of the respondents (83%) perceived that the money invested in private tuition is negatively affecting economic conditions of the concerned students and their families. Majority of the respondents (68%) also considered that private tuition reproduced the socio-economic inequalities existing in Pakistani society. The paper extends few suggestions for improving the conditions in this regard. It is recommended that government should formulate and implement some policy for controlling the fee structures, criteria for teachers to be employed and quality of education provided in these institutions. It will help in reducing the socio-economic inequalities developed by the private tuition in Pakistan.

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Impact of Long Working Hours on Job Satisfaction of Employees Working in Services Sector of Karachi

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Employees are often found complaining about prolonged working hours and relating it to the fact that it abnormally cannibalizes their personal life. Working hours are less often taken as a prime substantive concern in Pakistan. The aim of this research is to assess the working hours of employees and to validate the reasons of long working hours identified by Kodz et al (2003) and to gauge its impact on job satisfaction of employees working in service sector of Karachi. The respondents are permanent, full-time, managerial and professional employees working in private services sector organizations. The study specifically focuses three service sub-sectors banking, IT and media are focused. Two organizations from each sub-sector were selected. The respondents are engaged in non-manual jobs, namely, professional services. Both males and females were included in the study. Data is collected through personally administered five-point Likert questionnaires. It consists of 32 items adapted from previous research done by International Labour Organization on Decent Working Time (2006) and J. Kodz et al. (2003) on working time. The study proposes that employees associated with working in banking, IT and media firms of Karachi are experiencing long working hours where they end up working more than 48 hours a week. Job Strain is the most significant factor influencing long working hours. Organizational culture and job insecurity also play an important role in promoting long-hours culture. Long working hours, Job strain, Job insecurity, Organizational culture, Personal choice and Rewards & Recognition adversely affects Job Satisfaction of employees.

Keywords: *Long working hours, managerial employees, services sector, job satisfaction.*

Introduction

In the 21st century, employers have been able to realize that employees are the most important assets for any organization. The employment relationship is regulated through an agreement between the employer and the employee. According to this agreement, employees are bound to fulfill certain responsibilities for a specified time. Hence working time is one of the most

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important elements of the employment relationship (Rubery, Ward & Grimshaw, 2006). Working hours can be fixed or may be unspecified. At times, the working hours are not specified by the employer nor are they agreed upon by the employee (Rubery et al., 2006). The concept of long work hours in organizations have been introduced quite long time back and one the example of this Robert Owen (Golden, 2009) who was the first one to argue for required working hours. Most researchers started analyzing the working hours trends with the start of the industrial revolution, especially in European and North American countries.

According to the International standards, with few variations across different countries, “Generally, standard working hours are up to eight hours per day and up to 40 hours per week. Standard working hours plus overtime must not exceed certain thresholds - namely 10 hours per day and 50 hours per week, respectively”. Under some circumstances, standard daily working hours may be extended up to 9 or 10 hours. For example, this can be done to create longer breaks (like statutory holidays or weekends) or mutually agreed reduced working week. There has been a growing concern worldwide to assess the compliance with the core standards delineated for working time (Widner, 2010). Excessive working hours is one of the major occupational stressors for employees (Spector et al., 2004; Trimpop, Kirkcaldy, Athanasou & Cooper, 2000). Unlike men, female employees who work more than 55 hours per week have an increased risk of depression and anxiety as compared to those employees who work 35 – 40 hours (Trimpop et al., 2000)

Long working hours are most common among managers, professionals and operative and assembly workers. Both men and women on managerial grades work over 60 hours a week and in most cases they are not being compensated in any form. People between 30 to 49 years of age are most likely to work long hours. The trend of long working hours is more evident in private sector than public sector (Kodz et al., 2003). Extended working hours, for both genders, are usually found to be coupled with high educational attainment, white-collar jobs, self-employment, shift work and multiple job holding (Shields, 1999). (Shields, 1999)

According to Kodz et al. (2003), the biggest charm for manual workers is that they are paid overtime. So, they prefer to work longer hours for increased earnings. While for the managerial and professional workers the “overtime” is not paid usually. They work longer hours to get better evaluations and improve their promotion chances and job security. Hence they aim to increase their earnings in the future. Another core reason for long hours is the workload / job requirement / volume of work. Recent research suggests that reduced working hours might increase employee productivity along with employment (Kodz et al., 2003).

The ever increasing workload during these days can be attributed to radical changes within organizations like: decentralization, flat hierarchy, shortage of workers, cost cutting, increased focus on customer needs, meeting culture, excessive commuting for work related tasks, advancement in technology and email overload (Kodz et al., 2003) and other types of communication overload. Kodz et al. (2003) argued that long working hours can lead to decline in productivity, lower employee motivation and morale, impaired work performance and efficiency, potential increase in error rates and health problems. It is also detrimental to social behavior like abrupt mood swings, impatience, intolerance, incomplete statements, speaking slowly, more repetitive, mispronunciations, relationship with colleagues etc.

The previous researches clearly indicate that due to adverse effect of long working hours, the frequency of health and safety incidences increase (Kodz et al., 2003). This risk for occupational injuries substantially increases due to hectic work schedules that involve long hours or overtime. Tight work schedules with less rest breaks causes fatigue or dysfunctional stress (Dembe, Erickson, Delbos & Banks, 2005). Kodz et al. (2003) argued that long working hours trend negatively affects motivation while it positively affects absences and employee turnover. Numerous researches have revealed a positive correlation between long working hours and employee turnover. Extended working hours are reported to increase number of sickness absences too. (Ala-Mursula et al., 2006)

Long working hours negatively affects both physiological and psychological health. It often causes fatigue and stress which plays an important role in stimulating cardiovascular diseases and mental health disorders working hours (Spurgeon, Harrington & Cooper, 1997). Duration of overtime is a negative risk factor for the development of type 2 diabetes mellitus (DM) in male employees (Nakanishi et al., 2001). Increased working hours may act as a risk factor for hypertension. The root cause of hypertension is stress, particularly work related stress. Inadequate time for sleep might be associated with disruption of physiological processes (Yang, Schnall, Jauregui, Su & Baker, 2006). Extended working hours result in unhealthy lifestyle such as retarded physical activity, sleep disorders, eating disorder, smoking, drinking, and fewer chances for medical examinations (Shields, 1999). Besides being definite cause of hypertension, long working hours also increases body mass index (Wada et al., 2006). Women are more prone to undergo health related problems than men, if they work long hours (Kodz et al., 2003). These adverse effects surface with working hours exceeding 50 hours per week (Spurgeon et al., 1997). Shield (1999) highlighted that long working hours is a pressing issue for Japanese

workers and employers. An increasing number of workers are dying in their most productive years from various cardiovascular causes. Japanese have named such deaths as *Karoshi*, meaning “death from overwork”.

Working hours are a significant factor in managing work-life balance. Excessive working hours can create an imbalance which negatively affects personal and social life of an individual (Bielby, 1992). Overall job satisfaction of women, as compared to men, usually decreases with the increase in working hours. Therefore, women are more likely to have an urge to reduce their working hours. Working for long hours may increase job satisfaction as far as the promotion panorama is concerned. This is especially true for women (Kodz et al., 2003). Although the recent national survey of labor force indicates a slight decline in the number of employees working 50 hours and above but the decline is not satisfactory according to the ILO standards (Pakistan Bureau of Statistics, 2014).

Job satisfaction is studied in many researches in Pakistan but working hours is less often a prime substantive concern. The aim of this research is to assess the working hours of employees and to validate the reasons of long working hours identified by Kodz et al (2003) and to gauge its impact on job satisfaction of employees working in service sector of Karachi.

Literature Review

Reasons given for long hours working

Organizations vary widely in cultures due to diversity in their norms, values and practices (Schein, 1985). According to Kodz et al. (2003) the literature and the evidences form various case studies indicate that workload is a major reason for working long hours and this is attributable to ever increasing workload due to the initiatives of restructuring of organizations. Flattening organizational structure leads to multitasking, greater customer focus, shortage of workforce, meeting culture, greater commuting requirements, IT/email overload etc. The author also asserts that the attitude and expectations of managers and/or workgroup are also sometimes significant in promoting a long hours culture. In such culture, presence at workplace is considered as a precursor of commitment. Unlike manual workers, this cultural pressure is more rampant amongst non-manual workers where the attitude of coworkers pushes them for unpaid overtime (Kodz et al., 2003). Job insecurity, career advancement, personal preference, career commitments are some other reasons given for working long hours. Usually employees have multiple reasons to do so which cannot be unscrambled easily, particularly in an organization having a long hours culture (Boulin,

Lallement & Michon, 2006). Another motive cited for working long hours was personal satisfaction. Also, employees prefer to work longer hours to bring quality in their work, promotions, pride and at times out of personal choice. Particularly at higher positions, some employees find their work so interesting that it becomes fun for them. So, they are least bothered about increased working hours (Kodz et al., 2003).

Happy Overworking

Bosch (2006) argues that usually employees do not prefer working long hours. Regardless of potential negative effects on health, there are people who work long hours without expressing any offense. This phenomenon is known as “happy overworking”. It is more common for employees working in countries having long hours culture like the United States, Australia and the United Kingdom as compared to many other European countries.

“Happy overworking” is sometimes used as a caution against policy intervention to discourage long hours. Unreasonably long working hours have been expansively debated in Australia. It was observed that working long hours (more than 48 hours per week) is positively related to job quality. Therefore, considering that employees themselves prefer to work long hours. Subsequent research indicates that employees often are willing to work longer hours as a “rule of the game” and actively participate in the “rat race” because they know that the working hours are used to gauge their performance and even promotions are based on this criterion. Employees who work shorter hours are penalized in one way or the other (Bosch, 2006).

Gauging Long Hours

It is difficult to know as to what extent employees take on long working hours around the world. This can be attributed to the reason that it is a matter of perception as to how many hours are considered long enough to root problems. Therefore, working long hours is a relative concept (Lee & McCann, 2006).

There are three possible way to evaluate long hours. Since statutory working hours are assumed to be the socially acceptable echelon of working hours, hours exceeding this standard can be considered as long working hours. Another way is to consider the number of working hours as long; which exceed the normal working hours and when negative consequences on employees start surfacing. The third approach to examine long hours is to measure it according to the perception of employees. Hours beyond employees preferred working hours can be recognized as long hours (Lee, McCann & Messenger, 2007).

Long Hours and Managerial Positions

“By working faithfully for eight hours a day, you may eventually get to be boss and work twelve hours a day.” Robert Frost (Natti et al 2006 p.291). Working hours may vary across different professions and professional status. Often a manager’s job responsibilities are not clearly defined with numerous ambiguities. The activities are usually disjointed taking place at remorseless pace. Time pressure like having short deadlines, unannounced meetings, invariable interruptions, and dealing with numerous issues simultaneously is inherent to a manager’s job. A comparative research of five countries indicated that many managers do not prefer to work long hours to carry out their responsibilities. The same study revealed that full-time employees typically work 40 hours a week while managers work 5 additional hours which accumulates their average weekly working hours to 45. Managerial working hours also vary slightly according to the gender. Female managers work lesser number of hours as compared to their male counter parts. Unmarried male managers possessing achievement motivation and with less interest in hobbies are likely to work long hours. Married male managers with children are likely to work long hours. The same is true for single female managers and without children (Nätti, Anttila & Väisänen, 2006).

Long working hours and soaring demands come as a part and parcel of managerial work. Managers can have multiple reasons behind stretching their working hours. There could be individual factors like attitude, personality, family status and demographic factors. Besides individual factors there can be organizational and economic reasons as well. Good career prospects can also be secured through working long hours. Hence, managers who are highly committed to their work do so to achieve the most sought after reward like a high-status job (Nätti et al., 2006).

The statutory provisions regarding working hours and overtime are not applicable to certain hierarchical levels e.g. managerial personnel with material management functions are exempted from working time provisions. An employer is not violating any such provision by expecting and making managerial employees work beyond normal working hours. Employers would have been heavily fined for violating the working hours provision, if this ‘manager’ exception is not there. Therefore, it is obligatory to specifically define the post of a manager in terms of job grade. First-line and second-line managers (even third-line managers in some cases) are considered as ‘managers’. Other features of a ‘manager’ are the authority to direct subordinates, discretion over personal working hours (can even work lesser number of hours, if they like) and above average compensation (Widner, 2010).

‘Culture’: influence of managers and colleagues

“A long hours culture is defined as being characterized by long hours working being valued within an organization and interpreted as a sign of commitment” (Kodz et al. 2003 p.81). Literature identifies that there are various factors that contribute to the culture of long working hours. One such contributing factor is the attitude and behavior of colleagues and managers within organization where working long hours or being present is valued and often perceived as a sign of organizational commitment. This is in fact one of the most influential factors. At times managers themselves work long hours which reinforces such culture as they were considered as role model to be followed. Many employees do not consider this attitude of managers as a good example to be set for subordinates. Peer pressure, past trend within the organization, organizational norms, rat race amongst employees to see who can put more hours and inability to decline unreasonable deadlines also fosters long hours culture. Long-hours culture or presnteeism culture is the one where working extended hours is like a norm for employees as they are expected and accepted to adapt to this culture. Other contributing factors include performance appraisal, fear of being penalized, competitive environment, pay incentives, personal choice, customers, coworkers, boss, assembly line or machine (Kodz et al., 2003). Economic factors faced by the organization like declining profitability, downsizing and job insecurity may also adversely affect working time (Nätti et al., 2006).

Long working Hours and Services Sector

In terms of the nature of economy, there has been a dramatic and noteworthy increase in the size of services sector in the past 30 years. Therefore, this sector is influencing the working time patterns greatly and perhaps working as a driving force. Generally, working hours in the services sector are longer as compared to the manufacturing sector. In certain services subsectors like transport, communication, wholesale, retail trade, storage, hotels, restaurants, the average weekly hours are usually higher as compared to other subsectors. The lowest average working hours were most typically observed in the education subsector, social services, and public sector employees involved in governmental functions. In other subsectors, such as real estate, renting and business activities, the working hours vary radically across countries (Lee et al., 2007).

Differences in Working Hours

The issue of working time continues to be a pertinent since its inception. There has been no comprehensive global analysis to compare working time rules and regulations across various countries up till now (Widner, 2010). People have

been optimistic since quite long about the working hours to be reduced or limited through legal provisions but significant variation still exists in the actual working hours between the developed and developing countries. Also, countries vary in statutory norms regarding working hours. There isn't any evident mark of working hours being abridged. Many people argue that 40-hour and 48-hour working week are only seen on papers and not practiced in real due to poor enforcement of stipulated working hours laws. Workers in developing countries like China as well as unexpectedly in some industrialized countries too are consistently complaining about long working hours (Lee et al., 2007).

Concept of 'Decent Working Time' by the ILO

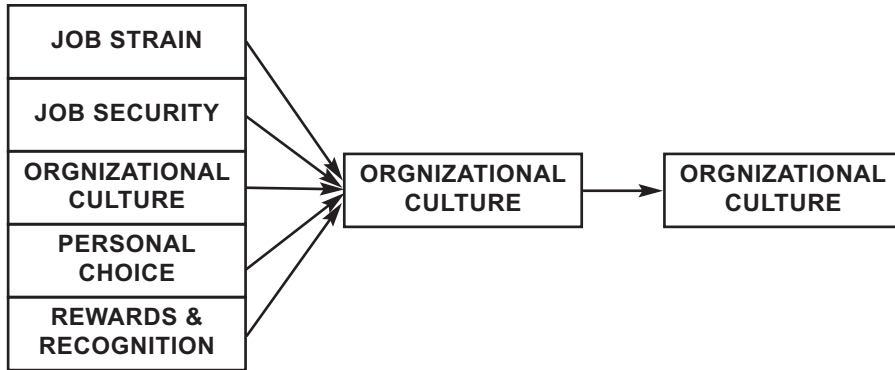
International Labor Organization (ILO) has been continuously focusing on the central issue of working time for the past many years. Besides establishing international standards to limit working hours, ILO has addressed numerous working time related topics like providing for minimum weekly rest periods, paid annual leave, protections for night workers and equal treatment for part time workers (J.-Y. Boulin, 2006).

Profound changes in the nature of working time and employment relationship, witnessed in the past one or two decades, were highlighted in the ILO's Ninth International Symposium on Working Time. The economy has now shifted to 24-hour and 7-day economy due to excessive use of results-based employment relationships. This has significantly increased business requirements, the operating/opening hours, decentralization, neck to neck competition between businesses and workers. This Symposium assisted the ILO in further developing and refining the proposed policy framework for advancing "decent working time" (J.-Y. Boulin, 2006).

Dimensions of ILO's Decent Working Time

Currently, long working hours is one of the major concerns for the International Labor Organization (ILO) and it is taking initiatives at international level and pushing member states to curb this trend (Pakistan Bureau of Statistics, 2012). ILO has suggested five crucial inter-connected dimensions of "decent working time". The first dimension relates to the protection of health and safety of workers. The second dimension talks about family friendly working hours that help employees effectively manage both their work and family life. Third dimension promotes gender equality. Fourth dimension considers working time options like working hours record, sabbaticals and lifelong training schemes could prove to be instrumental in enhancing productivity and firm's overall competitiveness. The last dimension argues for workers' control over working hours where an employee has choice to make individual decisions regarding managing his/her working hours (Anxo, Boulin & Fagan, 2006).

The Theoretical Model



Following are the hypotheses of the study based on the theoretical model:

- H1: Employees are experiencing long working hours.*
- H2: Job strain is the driving force for longer working hours.*
- H3: Employees work long hours due to the culture of late-sitting in organization.*
- H4: Job insecurity is the driving force for longer working hours.*
- H5: Employees work long hours out of personal choice.*
- H6: Employees prefer to work long hours for rewards and recognition.*
- H7: Long working hours adversely affects job satisfaction.*

Method

This study is quantitative in nature and follows pragmatic paradigm. Data is empirically collected through a cross-sectional survey using deductive approach.

A 5-point Likert scale questionnaire (1=strongly disagree and 5=strongly agree) is developed based on literature review and personally administered on the factors mentioned in the theoretical framework to test the hypotheses developed. The average weekly working hours of employees will be quantitatively calculated by multiplying the number of daily work hours with the number of working days per week. Weekly working hours greater than 48 hours would be considered as long working hours. The most common reasons for long working hours would be identified through pre-specified reasons given in the questionnaire and would seek for respondents agreement or disagreement with them.

The respondents are permanent, full-time, managerial and professional employees working in private services sector organizations. Three services sub-sectors specifically banking (banks and financial institutions), IT (contains businesses involved in development of software, manufacturing of electronics,

computers or products and services relating to information technology) and media (print and electronic content providers) are focused. Two organizations from each sub-sector were selected. The respondents are engaged in non-manual jobs, like, professional services. Both males and females were included in the study. A sample size of 350 (same number of respondents from each of the three sectors) is selected at 95% confidence interval \pm 5% margin of error by using quota sampling. Out of 350 questionnaires, 297 were returned after being filled. Response rate was 85%. 39 questionnaires were discarded due incomplete responses. The final sample size is 258.

The study has one intervening variable, “Long Working Hours” and one dependent variables “Job Satisfaction” and five independent variables namely: Job strain, Organizational culture, Job insecurity, Personal choice, and Rewards & recognition.

Descriptive analysis, correlation analysis, regression analysis and chi-square test is done to verify the hypothesis. SPSS is used for statistical analysis and MS Excel for charts and graphs

Results & Discussion

The aim of this study is to analyze the trend of long working hours and assess its impact on job satisfaction of employees.

Profile of Respondents

71% of the respondents of the study are males and 29% are females.

Majority of the respondents (59.3%) belong to the age group of 24 – 34 years, 26% are between 35 to 50 years, 8.5% are less than 24 years and 6.2% are above 50 years of age.

58% participants are married while 42% are either single, divorced or separated.

46.5% respondents have children while the remaining 53.5% do not have children.

Out of 258 respondents of the study, 134 are from the banking, 73 from IT and 51 from the media sector.

Reliability of Scale

The overall reliability of scale is high (cronbach’s alpha = 0.848). The reliability of Job Strain is also good (0.804), Rewards & Recognition (0.703) and Job Satisfaction (0.645) is acceptable while reliability of Long Working Hours (0.534), Organizational Culture (0.506) and Job Security (0.594) is low.

Descriptive Analysis of all Constructs

Examining the descriptive statistics report of all dependent and independent variables, it shows that their means are very similar and above 3 which is towards the agreement side of five-point Likert scale with the exception of Job Satisfaction which is 2.79 (SD=0.98668).

Correlation of Variables

All correlations are statistically significant at 0.01 level and since the significance value is 0.000 (which is less than 0.01), we can say that there is a significant correlation among all the variables. The data also reveals that there is a strong positive correlation between Long Working Hours and Job Strain (0.664). Whereas the correlation of Long Working Hours with Organizational Culture, Job insecurity, Personal Choice, Rewards & Recognition is found to be positive but weak. Job Satisfaction is negatively correlated to all variables. There is a strong positive correlation between Job Strain & Job Insecurity (0.649) and among Personal Choice and Rewards & Recognition (0.655).

Regression

Regression analysis is done to test the significance of the model. The adjusted R^2 of the model is 0.470, which shows that independent variables are explaining Long Working Hours 47% and remaining variation is unexplained. The model is significant as the p value is 0.000 ($F = 46.574$). The independent variable, job strain, is significant as $t = 7.934$ and the coefficient is 0.494 which shows that change in independent variable will effect dependent variable by 0.494 units with change in one unit. The results indicate that Job Strain is one very strong independent variable in the model while the rest (namely organizational culture, job insecurity, personal choice, rewards & Recognition) are not significant. So, then regression was checked by removing job strain to analyze the significance of other constructs. After removing job strain from the model, the adjusted R^2 of the model is 0.340, which shows that independent variables are explaining Long Working Hours 34% and remaining variation is unexplained. The model is significant as the p value is 0.000 ($F = 34.125$). Two independent variables, organizational culture and job insecurity comes out to be significant. Organizational culture is significant as $t = 3.431$ and the coefficient is 0.213 which shows that change in organizational culture will effect Long Working Hours by 0.213 units with change in one unit. Job insecurity is also significant as $t = 5.264$ and the coefficient is 0.337 which shows that change in job insecurity will effect Long Working Hours by 0.337 units with change in one unit. However, Personal Choice and Rewards & Recognition still remain insignificant ($t < 2$).

Gauging Long Working Hours

As identified in the literature Long Working Hours can be measured in two ways. Firstly, employees serving more than the statutory working hours, delineated in the labor laws of Pakistan, would be considered as long working hours. Therefore, average weekly working hours are numerically calculated by multiplying the number of working days per week with the average number of hours served per day.

Results indicate that 54% of the employees are working more than 48 hours a week and around 13% employees are working up to 60 – 66 hours per week. The mean of weekly working hours is 49.0.

Another way to assess long working hours is through the four items in the 5 point Likert questionnaire. The mean value of long working hours is 3.11 which statistically prove that employees are experiencing long working hours. To further probe, cross tabulation between numerical and statistical data regarding long working hours. The chi-square statistic value is 15.89 and p-value is 0.000, there is statistically significant association between perceived Long Working Hours and Actual Long Working Hours. It is observed that employees serving 48 hours a week or less, even 85 out of 119 (71.4%) perceive that they are working long hours.

Split correlation – Gender wise

At 1% level of significance, there is a correlation among all the variables. The data also divulge that the positive correlation between Long Working Hours and Job Strain is comparatively stronger for males (0.686) than for females (0.611). On the other hand, the correlation between Long Working Hours and Organizational Culture is greater for females (0.501) than for males (0.451). Similarly, correlation between Long Working Hours and Personal Choice is also higher for females (0.459) than for males (0.300). In case of relationship of Long Working Hours with Job Insecurity, the value is greater for females (0.571) as compared to males (0.518). Correlation between Long Working Hours and Rewards & Recognition is same for both males and females. As far as the relationship between Long Working Hours and Job Satisfaction is concerned, correlation value is lesser for males (-0.514) than for females (-0.470).

Split correlation – Sector wise

For all the three sectors (Banking, IT, Media), correlation between Long Working Hours and Job Strain is statistically significant at 0.01 level and the significance value is 0.000 (which is less than 0.01). As compared to the media sector, the correlation between Long Working Hours and Job Satisfaction is stronger in the Banking and IT sectors. There is a strong positive correlation between Job Strain & Job Insecurity in the Banking and Media sector.

In the Banking sector, significant correlation of Organizational Culture with Job Strain (0.591), Job Insecurity (0.580), Personal Choice (0.358) and Rewards & Recognition (-0.419) is observed at 1% level of significance. In the other two sectors, Organizational Culture is not correlated to Personal Choice (0.196, significance value 0.168). It is also not correlated with Rewards & Recognition

Summary of Analysis

This section encapsulates the major findings of the study. There are 7 hypotheses of the study based on the theoretical framework.

All correlations are statistically significant at 0.01 level and since the significance value is 0.000 (which is less than 0.01), we can say that there is a significant correlation among all the variables. Job Satisfaction is negatively correlated to all variables while all other correlations are positive.

The overall reliability of scale is high (cronbach's alpha = 0.848). The reliability of Job Strain is also good (0.804), Rewards & Recognition (0.703) and Job Satisfaction (0.645) is acceptable while reliability of Long Working Hours (0.534), Organizational Culture (0.506) and Job Security (0.594) is low. The adjusted R² of the model is 0.470, which shows that independent variables are explaining Long Working Hours 47% and remaining variation is unexplained. The model is significant as the p value is 0.000 (F = 46.574).

The numerical results regarding actual working hours indicate that 54% of the employees are working more than 48 hours a week and around 13% employees are working even up to 60 – 66 hours per week. The mean of actual weekly working hours is 49.0. The mean value of perceived long working hours is 3.11 which statistically prove that employees are experiencing long working hours. To further probe, cross tabulation between numerical and statistical data regarding long working hours. The chi-square statistic value is 15.89 and p-value is 0.000, there is statistically significant association between perceived Long Working Hours and Actual Long Working Hours. It is observed that employees serving 48 hours a week or less, even 85 out of 119 (71.4%) perceive that they are working long hours. Therefore we accept H1 as the findings suggest that employees are experiencing long working hours.

Job strain is the driving force for longer working hours as the Pearson Correlation value is 0.664 and it is significant. Gender-wise and Sector-wise analysis also indicates that Job Strain is more significantly correlated to Long Working Hours as compared to all other variables. As per the regression analysis Job strain is significant as $t = 7.934$ and the coefficient is 0.494 which shows that change in independent variable will effect dependent variable by 0.494 units with

change in one unit. The results indicate that Job Strain is one very strong independent variable in the model. We can say that the data support our hypothesis. Hence H2 is also accepted.

The Pearson Correlation value is 0.532 (p-value 0.000) shows significant correlation between Long Working Hours and Job Insecurity. Regression results also report that Job insecurity is significant as $t = 5.264$ and the coefficient is 0.337 which shows that change in job insecurity will effect Long Working Hours by 0.337 units with change in one unit. We say data support our hypothesis. Hence H3 is accepted that Job Insecurity is the driving force for longer working hours.

Employees reported that they work long hours also due to the culture of late-sitting in organization. The Pearson Correlation value is 0.465 and it is significant (p-value 0.000), we can say that there is significant correlation between Long Working Hours and Organizational Culture. Regression results also report that Organizational Culture is significant as $t = 3.431$ and the coefficient is 0.213 which shows that change in organizational culture will effect Long Working Hours by 0.213 units with change in one unit. Therefore H4 is accepted.

Positive but weak correlation is found between Long Working Hours and Personal Choice as correlation value is 0.353 and p-value 0.000. But regression results indicate that Personal Choice insignificant as $t < 2$. Hence H5 is rejected as data does not support it. So, we can say Personal Choice is not the driving force for Long Working Hours.

Similarly, positive but weak correlation is found between Long Working Hours and Rewards & Recognition (correlation value is 0.363, p-value 0.000). But regression results indicate that Personal Choice insignificant as $t < 2$. Hence H6 is also rejected and Rewards & Recognition is not the driving force for Long Working Hours.

Long working hours adversely affects job satisfaction as both these variables are significantly and negatively correlated. As compared to the media sector, the correlation between Long Working Hours and Job Satisfaction is stronger in the Banking and IT sectors.

Conclusion

The aim of this research was to assess the working hours of employees and to validate the reasons of long working hours identified by Kodz et al (2003) viz.

Job strain, Job insecurity, Organizational culture, Personal choice and Rewards & Recognition and to gauge impact of long working hours on job satisfaction of employees working in services sector of Karachi. The study proposes that full-time managerial employees associated with services sector, working in banking, IT and media firms of Karachi are experiencing long working hours where they end up working more than 48 hours a week. The results of this study are in accordance to the findings of Kodz et al (2003). Job Strain is the most significant factor influencing long working hours which is also reported by Kodz et al (2003) and organizational culture and job insecurity also play an important role in promoting long-hours culture. Long working hours, Job strain, Job insecurity, Organizational culture, Personal choice and Rewards & Recognition adversely affects Job Satisfaction of employees.

Recommendations

Taking into account the findings of the study, it is proposed to the management and human resource professionals to further investigate the issue of long working hours in their organizations and its severity too. Long working hours is inversely related to job satisfaction and this study confirms that job strain, organizational culture and job insecurity are some of the prevalent reasons which pressurize employees to work more than the regular working hours. So, organizations require some organizational development interventions to tackle with these factors effectively. Also, strict abidance should be ensured at the governmental level as long working hours is not merely an organizational issue rather it is a major social concern as well. If this problem is not addressed as a sustentative concern, its numerous negative implications on the social behaviour of individuals and overall society will be devastating.

Areas for Further Study

This study can be extended to other parts of the country to analyze the differences among various regions. Furthermore, research needs to be done on other services subsectors of Karachi as well as the manufacturing sector to investigate the overall trend of long working hours in the city. An in-depth analysis of all the individual factors contributing to long working hours is required to have the insights regarding each factor.

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Perception about Service Quality in Shifa International Hospital

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The paper examines the factors responsible for service quality in one of the private sector organizations believed to be managed well. The simplified SERVQUAL model has been used to collect data through a survey of more than six hundred respondents on convenience basis. The data have been collected from the customers approached the organization to front line employees. It is found that customers are happy as a whole with minor pockets of dissatisfaction. For instance, the customer had to wait for a reasonable amount of time to receive the services; it suggests that the service quality mechanism designed and in place is satisfactory, however, some area (s) need improvement to make it more efficient. The model can be used by other similar organizations in the same industry or any other line of business with minor changes in private / public sectors. The findings confirmed the previous studies conducted about the topic.

Keywords: *Survey, customer perception, service quality, Shifa International Hospital, SERVEQUAL*

Introduction

Service quality is an attitudinal build that depends upon service experience of customer regarding a given vender or supplier (Cronin & Taylor, 1992). It is the outcome of customer assessment process when they associate desires with what they receive or observe in a particular situation (Gronroos, 1984). Quality is a comparison between wants of service receiver and recognition of service (Parasuraman et al, 1988); in other words a distinction between customer expectations before performance of actual service and their observations of what they have actual received (Asubonteng et al, 1996). Improvement in service quality expedite client fulfillment, reduces administration cost and enhances profit (Stevenson, 2002). Service quality is an instrument for survival and retention of customer which leads to loyalty in the long run (Dabholker, Shepherd & Thrope, 2000). It creates customer satisfaction that is the focal entity in today's competitive business environment; quality is considered a source of success (Annamalai et al, 2011) The customer can best be served if their expectations (needs and wants) are known. And they can be identified through research; however, there is not much research in the country about service quality. A few studies are found in literature such as Khan (2010), Naseem (2011) & Iqbal et al

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(2013). This paper is an attempt to visit the customers of an organization to identify the parameters of their satisfaction so that they can be applied by them or any other who is interested in to improve the level of offerings and harvest the benefits stem out of their efforts. It is accomplished through a survey that consists of eight dimensions of quality (Evans & Lindsay, 2013) which has been augmented with two more dimensions to accommodate specific requirements of a developing nation like Pakistan.

Literature Review

Quality is the “judgment of or attitude related to the superiority of a service which is based on disconfirmation paradigm” (Parasuraman et al, 1988). It is a relationship between the levels of service the customer receives from the provider and their expectations and perceptions (Rajeswari & Sunmista, 2011). Lewis & Booms (1983) argue that “service quality is a measure of how well the service level delivered matches customer expectations. Delivering quality service means conforming to customer expectations on a consistent basis.”

Quality has been examined from product and service perspectives. Product quality has been seen as “free from defects”, “conformance to requirements” (Crosby, 1979), “fitness for use” (Juran & Godfrey, 1999). ISO has combined both product and service and defined quality as “the totality of features and characteristics of a product or service that bears its ability to satisfy stated or implied needs.” (ISO 8402-1986). However, services are different from products because they are intangible, heterogeneous and inseparable; therefore, it is not easy to define service quality because it is more difficult for customer to evaluate it. Perceptions are formed through consumer expectations with actual services received and it involves the process of delivery (Parasuraman et al, 1985). It suggests the impediments on the way to define service quality than goods quality.

Service quality is a multidimensional phenomenon which was put forward by many specialists. Garvin (1987) has identified a set of them: features, performance, reliability, conformance, durability, serviceability, aesthetics and perceptions. Another set of researchers focused on services and suggest a range of factors: tangibility, reliability, responsiveness, assurance and empathy (Parasuraman et al, 1985). These determinants have been the part of the well-known SERVEQUAL model that was empirically tested but criticized on the ground that it is not applicable in retail environment (Dabholker et al, 1996). Recently Evans & Lindsay (2013) put forward eight dimensions of service quality: time, timeliness, accuracy, consistency, completeness, accessibility, courtesy and responsiveness. The model is simpler than the previous one and is

more understandable which needs empirical test. The paper is an attempt to put it in practice; therefore, it is explained in greater detail.

Time is the length of time measured in seconds, minutes, hours required to perform an activity (Bahia & Nante, 2000). For example, they say, “while we were in a restaurant we waited a lot, we tried to capture the attention of waiter as well but he did not respond us, so we decided to leave that restaurant and catch another one.” It is the time customer has to wait normally in a queue so that the service delivery process starts.

Timelines is the time line promised for its completion e.g. taking Electrocardiography (ECG) in a healthcare unit. How many minutes are required to do an x-ray and receive its result? Other things being equal shorter the timeline, the better it is and vice versa. However, it might be different in fast food preparation cooking; the food has to be cooked properly to deliver it to customer. If it is delivered quickly but not properly cooked, the customer will be not happy. If services are not delivered according to promised time customer feel disappointed, dejected and dissatisfied (Yang, Peterson & Cai, 2003).

Completeness is the “process from beginning to end where all the tasks are provided and requirements are filled.” (Martin, Molina & Esteban, 2007). In a hospital environment, testing blood to take the ‘profile’ or measuring blood sugar, cholesterol and other parameters involves taking blood in a required quantity, examining it, reporting it and delivering the report to the physician for further action. If the hospital management promised to do it in three hours performing all the required procedures then leads to customer satisfaction.

Courtesy is the way employees respond towards the clients (Jayaraman, Shauker & Mun, 2010); the behavior of front desk personnel (Evans & Lindsay, 2013). It is graciousness, admiration, kindness and scalability (Wels-Lips, Ven & Pieters, 1998); is the employees’ supportive attitude, and individualized consideration (Parasuraman, 1991). Courtesy is helpful to create loyalty.

Consistency is related with the performance of service for every customer in a similar way. Wel-Lips and his colleagues (1998) say it is the regularity, constancy, steadiness and uniformity of the level of service (Biolos and Nantel 2000) but it is the most important factor for market leader (Walter, Ken & Curtis, 1999).

Accessibility is the approachability to the service point or personnel without any obstruction (Wels-Lips, Ven and Pieters, 1998). It helps customer to receive an offerings; sometimes convenience is related with location of service point or customer receive center (Yang, Peterson & Cai, 2003). However, in terms of hospitals, they are situated at a given location; here accessibility may be about transport links or wider roads or less busy roads/areas.

Accuracy is interpreted as performance “right the first time”. (Juran & Godfrey, 1999). Yang (2003) and his colleagues call it flowers completion, precision and correctness. Accuracy leads to repeat purchase, reliability, reputation and integrity (Negi, 2009).

Responsiveness implies keenness of employees (Wel-Lips, Ven and Pieters, 1998), the willingness of personnel (Parasaraman, 1991). Consumer switching rate is low in responsive organization and vice versa (Jayaraman, Shanker & Mun, 2010).

The above factors determine overall quality or satisfaction; the concept was coined by Negi (2009) and applied by a Danish Company (Frohlich, 2009). The statistical analysis is linked with it in this study. The overall quality is the dependent variable in the regression analysis that is determined through eight independent variables.

Method

It has been divided into two subsections.

Participants

The focus of the study is the assessment of quality at the employees working at front desk and the quality management system that they follow which has been designed by the organization concerned. Therefore, it is a generic work instead of specific to the industry or the industrial units. However, data have been collected from a specific entity to examine its mechanism. It may be helpful to generate special instances to arrive at meaningful conclusion and to produce guidelines for those who are interested in to implement such initiatives or service quality systems in their respective organizations.

The survey was administrated at Shifa International Hospital, Islamabad. The sample comprised of 607 patients or their representatives collected on convenience basis. Total 650 questionnaires were administered but 43 of them were not returned; therefore, the response rate was 93 percent because of self-administration.

Instrument

The questionnaire was based upon Evens & Lindsay (2013) model; it had been enhanced with two more dimensions taken from the literature. Eleven questions were formed; one each from all the dimensions except accessibility and convenience. It was split into two questions to broaden the phenomenon and make it more understandable.

Scale

Five point Likert scale was used to measure the degree of responses; the strongest response was measured as “strongly agree” and the weakest response was measured as “strongly disagree”. The SPSS version 15 was applied to determine statistical outcomes; model summary, ANOVA and coefficients were measured in the linear

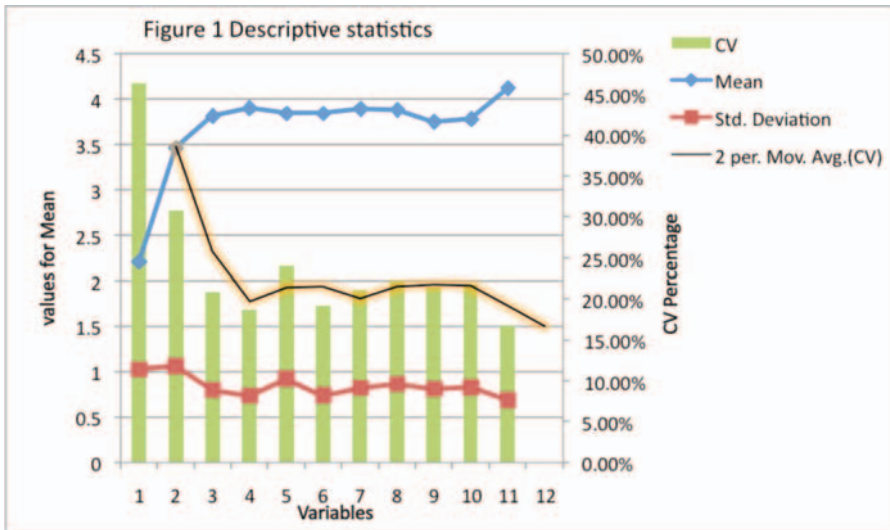
regression model. All the dimensions of quality were assumed as the predictors while overall quality was the dependent variable. In addition, coefficient of variation (CV) had also been taken on board because Sauro (2011) believes that standard deviation is difficult to interpret. Therefore, CV has been applied to measure the variability of data which is shown in percentage, a more understandable measure of variations. The internal reliability has been measured through Cranach's Alpha; the score is 0.985 which seems to be acceptable because "the closer the Cronbach's alpha coefficient is to 1.0, the greater the internal consistency of the items in the scale." (Gliem & Gliem, 2003) George & Mallery (2003) say that more than 0.9 is considered "excellent".

Results & Discussion

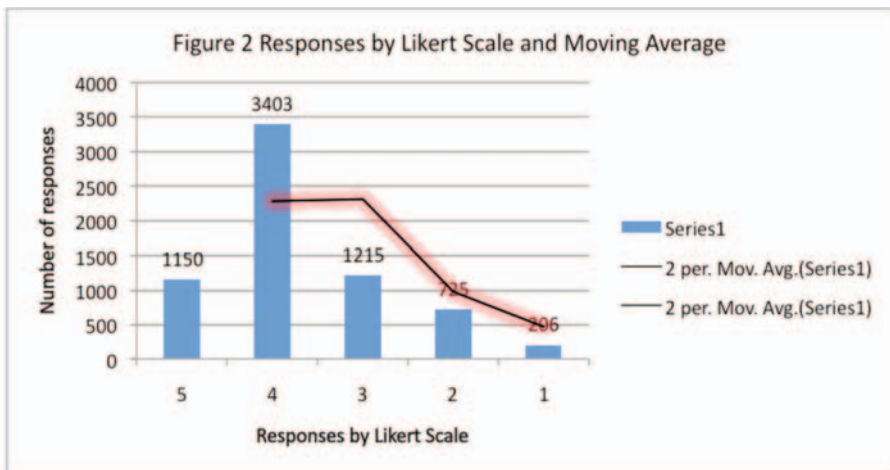
Table 1 depicts the key first level results for each of the questions; the mean values had been calculated to measure their central tendencies. For 'time' the mean is less than half because the maximum value of mean could be 5; it implies that there is an inverse feeling on the part of customer. The satisfaction can be assumed average when the mean > 2.5 (the half of the maximum value). The rest of the means are greater than 3 which imply the customer are happy with the quality mechanism; the average of the means is 3.68. The trend line of means has been depicted in Figure 1. It also shows standard deviation and coefficient of variation (CV). Sauro (2011) argues that it is hard to interpret standard deviation despite its common usage; the alternative is CV; it is the ratio of standard deviation to mean and can be expressed in percentage. It implies how standard deviation varies from the means. Figure 1 is also showing it for each of the questions; the moving average has also been added to demonstrate the trend; it is falling as long as it moves to the right or towards end.

Table 1: Primary Response (n=607)

Dimensions of Quality	SA		A		N		D		S D		Mean
Time	10	2%	76	12%	108	18%	251	41%	164	27%	2.21
Timeliness	95	16%	256	42%	106	17%	141	23%	11	2%	3.46
Completeness	97	16%	346	57%	122	20%	42	7%	2	0%	3.81
Courtesy	106	17%	368	60%	105	17%	30	5%	0	0%	3.90
Consistency	133	22%	318	52%	94	15%	54	9%	10	2%	3.84
Accessibility	91	15%	365	60%	120	20%	33	5%	0	0%	3.84
Convenience	125	21%	337	55%	106	17%	37	6%	4	1%	3.89
Accuracy	137	22%	316	52%	106	17%	47	8%	3	0%	3.88
Responsiveness	91	15%	320	53%	157	26%	37	6%	4	1%	3.75
Value for money	99	16%	329	54%	140	23%	33	5%	8	1%	3.78
Overall Quality	166	27%	372	61%	51	8%	20	3%	0	0%	4.12

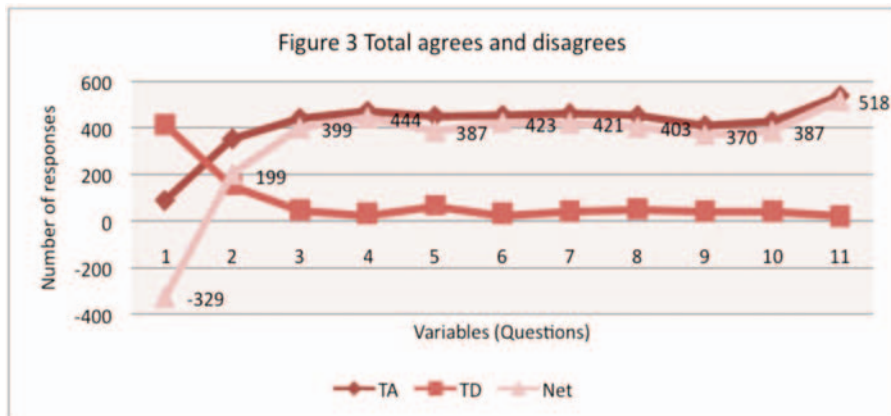


The data can also be examined from the Likert scale; figure 2 shows that the largest responses were recorded for ‘agree’ followed by ‘indifference’. The least outcome came out from ‘strongly disagree’. The pictorial demonstration of responses offers data at a glance.



Iqbal & Shahzad (2013) believes that “The data can be examined from the total agreement (agree + strongly agree) and disagreement (disagree + strongly disagree) excluding the ‘neutral’ responses because they do not play any role in either satisfaction or dissatisfaction of customer. The idea of agrees and disagrees has also been supported by Sauro (2011); he argues that total agrees and disagrees or ‘top two boxes’ are meaningful because they provide clues to the similar responses and is the affirmative part of the whole.” Assuming it, the following analysis has been carried out.

Figure 3 depicts the combined responses (agrees and disagrees): 14% believe that they wait for the service for hours; 58% have received the service when it was promised; 73% have received the full bundle of expected service; 78% believe that employees treated them cheerfully; 74.9% declare that service was uniform to every customer; 75 % feel convenient to obtain the service; 76% view they have received the service right the first time; 74.9% have the opinion that service personnel react quickly; 67% say the employees solved their unexpected problems; 70% view that the service is good value for money; and an overwhelming majority of 88% believe that overall quality is good enough. It may be worthwhile to mention that the percentage of ‘agrees and disagrees’ have been calculated by excluding ‘neutral’ responses from the denominator. The ‘net’ (total agrees minus total disagrees) values have also been shown to make the phenomenon more understandable.



The results have also been tested statistically; the regression has been shown in tables 2-4. Most of the values support basic assumptions outlined above that the overall quality (the dependent variable) seems to be acceptable despite some variation. Beta values suggest that the relationships are both positive and negative; some of them are strong while some are weak but the relationship does exist.

The regression model for Shifa International Hospital is: Y (Overall quality) = 1.546 + 0.139 (time) + 0.372 (courtesy) + 0.500 (consistency) + 0.153 (responsiveness)

Convenience, accuracy and timeliness are not significant; accessibility and completeness do not contribute. It suggests that the model is partially applicable because half of the independent variables support the dependent variable.

However, the R^2 supports the assumption that 82.5% “of the variation in the dependent variable can be explained by variation(s) in the independent variable(s).” (Dayton University, 2012). It suggests that the independent variables contribute with a large quantitative support of 82.5% towards the dependent variable .

Table 2 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.908(a)	.825	.823	.29056

a Predictors: (Constant), Responsiveness, Timeliness, Courtesy, Time, Consistency, Accessibility, Convenience, Completeness, Accuracy

Table 3 ANOVA(b)

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	237.971	9	26.441	313.197	.000(a)
Residual	50.401	597	.084		
Total	288.372	606			

a Predictors: (Constant), Responsiveness, Timeliness, Courtesy, Time, Consistency, Accessibility, Convenience, Completeness, Accuracy

b Dependent Variable: Overall Quality

Table 4 Coefficients (a)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta	B	Std. Error
1 (Constant)	1.546	.091		17.023	.000
Time	.139	.029	.207	4.802	.000
Timeliness	-.072	.025	-.125	-2.848	.005
Completeness	-.315	.071	-.360	-4.463	.000
Courtesy	.372	.057	.391	6.485	.000
Consistency	.500	.069	.663	7.262	.000
Accessibility	-.289	.069	-.307	-4.193	.000
Convenience	.080	.072	.095	1.109	.268
Accuracy	.143	.084	.179	1.704	.089
Responsiveness	.153	.048	.178	3.202	.001

a Dependent Variable: Overall Quality

The findings confirm the previous work of Iqbal & Shahzad (2013), Rehman (2012) & Naseem (2011). Other organizations can apply the quality framework or enhance their level of customer satisfaction; the new organizations can introduce such a system for better results.

The results of this study are in line with the findings of Solayappan, Jayakrishnan & Velmani (2011). They studied the service quality gap using the SERVQUAL model, and found that the gap was lowest for responsiveness as “employees at hospitals are always willing to help the patients”, and then the ‘time’ as the operating hours of the hospital are considered convenient. Similarly, a comparative study of public and private health sector in Pakistan revealed that patients are more satisfied with the service quality in private hospitals. The mean of all dimensions for private hospitals was higher than public sector hospitals, except for assurance (Irfan & Ijaz, 2011).

The time dimension shows that the patients of the Shifa Hospital were not satisfied due to long waiting time. It corresponds with the study of Malaysian health care sector that concludes patients were dissatisfied with hospital management as they did not respond in time. It took them more than thirty minutes to receive the services (Suki et al, 2011). Samreen & Ahmed (2011) recommend that Karachi based hospitals should work for improving the ‘waiting time’. The patients of Shifa Hospital believe that the services are consistent, responsive and are good value for money; the similar results were captured in the previous studies (Ahmed & Samreen, 2011).

Conclusion

The purpose of the paper was to identify the factors that are responsible for satisfaction of customer to receive quality services in Shifa International Hospital. The response of the customer has been divided into three categories: those who are satisfied with the mechanism of quality, those who are not happy with it, and those who did not show either of these; the objective was to measure the responses according to the degree of intensity. Consequently three views emerged: satisfaction, dissatisfaction and indifference. There are variations at the individual level or responses; for example, the ‘time’ or waiting time was negatively perceived which implies that customer had to wait for a reasonable length of time to receive the services. However, they are happy about the other variables and as a whole.

This study has several limitations. Firstly, it was based on a sample of 601 respondents of a single hospital; the external validity of the study could be enhanced by expanding it to different hospitals in different regions of the country.

Secondly the findings for generalization can be improved by using Stratified Random Sampling.

The study has significant managerial implications for the managers of health care industry. The findings reveal that the patients of Shifa hospital are satisfied with the overall service quality however, attention should be paid to improve the waiting time.

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Investigating the Causes of Persistent Trade Deficit: A Study based on Marshal-Lerner Frame Work

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The focus of this paper is to investigate the causes of persistent Deficit in Pakistan's Balance of Trade. The study considers one of the significant factor i.e. Currency. The study investigates the Marshal-Lerner (M-L) conditions to study the cause and effect between Currency and Trade Balance, by applying OLS estimation Technique. The study concludes that Currency Depreciation can benefit only in case of Trade with China because the M-L factor ($\epsilon_x + \epsilon_y$) is greater than 1. The currency Depreciation has positive effect on Balance of Trade. However, Trade with Sri Lanka in case of Currency Depreciation may be made favorable since total of elasticity is close to 1. More efforts than FTA are required to avail gain in Trade with Sri Lanka. The Trade with India and Japan may have adverse effect on the Balance of Trade in case of currency depreciation sine M-L factor is less than 1. The Trading of items with inelastic demand might be probable reason for adverse trade (in case of Currency depreciation) with Japan and disturbed and irregular pattern of Trade with India might be the strong reason for unfavorable Trade outcome with India. It is suggested that best way to improve Trade Balance is adding Trade items such as technological or innovative products and adding more items with more elastic demand. Accompanied with it, the concept of J-Curve theory should be added in Trade Policy by sustaining and increasing domestic production capacity to that describes the favorable outcome in trade after currency depreciation may be obtained in long run only if home country's production is not only sustained but also it is improved. It may be made by resolving the energy crisis and motivating the local Industries for more production with Government support for export across borders.

Keywords. *Marshal-Lerner condition, Co-integrating Vector, Currency Depreciation.*

Introduction

The role of Trade is highly crucial in economic development of an economy. The Agricultural as well as Industrial Development may be channelized on the

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bases of Trade Policy. The Investment and employment may be directed and increased due to Foreign Trade. The efficiency of local producers may be boosted due to competition with foreign producers. Consumers can enjoy more choices especially in terms of availability, variety and price due to cross border Trade. Foreign Policy of Pakistan (since 1950s) has been focusing on growth in Trade. Friendship with an economy is mainly due to Trade relations.. Pakistan is member of WTO. The most recent Trade Policy (2012-2015) focuses on regional trade and it emphasizes on institutional work for export promotion. Pakistan's efforts for Regional Trade include; Free Trade Agreements (FTA) with many countries such as: Pakistan-China FTA (July 1, 2007), Pakistan- Sri Lanka FTA (August 2002), and multilateral agreement with South Asian countries SAFTA (July 1, 2006) and SAARC. Pakistan' Trade promotion efforts may be seen via attainment of Generalized Scheme of Preferences (GSP), whereby most of export of Textile and leather may be made at zero tariff and many other items at preferential rate.

However, despite of significant Trade efforts and Foreign Policy measures, the Balance of Trade has been in deficit since 1950 till to date. Another economic aspect to avail favorable Terms of Trade as proposed by Marshall (1923) was by depreciating currency. Currency depreciation causes export relatively cheaper and hence export may increase both in quantity as well as in amount, on the other side, the import shall become relatively expensive and hence the import shall decrease both in quantity as well as in amount, consequently the Balance of Trade shall get improved Marshal (2003). Practically, this theory did not work for developing countries such as Pakistan. Currency of Pakistan has continuously been depreciating especially after 1970s still the Balance of Trade is in deficit.

Lerner (1944) extended Marshal's work and proposed that, currency depreciation could only benefit if the elasticity of export demanded (E_x) and that of elasticity of import demanded (E_m) is comparatively elastic. As long as the sum of E_x and E_m is greater than One (1), then the currency depreciation will cause favorable improvement in Balance of Trade (Lerner, 1944).

Problem Statement

Pakistan has been suffering Economic Dilemma that Balance of Trade is in Deficit despite of continuous Depreciation in its Currency. Marshal (1923) focused on link of currency on Trade. The Study of Marshal (1923) suggested that depreciation in currency causes favorable improvement in Trade. Apparently, such condition is not working in Pakistan. This paper shall investigate the claim of Lerner (1944) for Pakistan, and shall find out whether the real cause for adverse Balance of Trade is that demand for exported goods and imported goods is inelastic.

Research Hypothesis

H1: Exchange Rate (Pakistan to its Trading Partner) has negative impact on Export to Trading Partner.

H2: Exchange Rate (Pakistan to its Trading Partner) has negative effect on Import from Trading Partner.

The study takes into account Pakistan's four major Asian Trading Partners: China, Japan, Sri Lanka and India. The above both Hypotheses shall be tested individually for each country.

Literature Review

Abundant literature is available on the subject of Trade. This article provides literature and findings of few authors providing relevant concept and technical analysis. Raza, Larik and Tariq (2013) analyzed the effect of currency on the trade balances in South Asia using Marshal- Lerner Model and J- curve that affirmed that depreciation of money is one of the root cause to make exports inexpensive and imports become high- priced commodities. The cross sectional data accessible from South Asian nations was analyzed by multiple regression and the research make forecast on devaluation of money, its causes and its repercussions. Each country was separately made subject to analysis and the results substantiate Marshal- Lerner model focusing that Balance of trade cannot be progressed by Depreciation of money.

Pandey (2013) has practically verified the Marshal Lerner Model in relevance to India's external trade. The results points out that devaluation of the exchange rates bring about advancement in trade balance. Furthermore, multivariate co-integration approach was used to estimate the equilibrium of imports and exports.

Bahmani-Oskooee and Cheema (2009) have used quarterly data of real exchange rates, export-import ratio and relative (US) income for the time period examined the Marshall- Lerner Condition for Kenyan Economy make use of Long- range dependence, fractional integration and co-integration methods, based absolutely on integer degrees of differentiation. The results designate that a definite co-integrating connection lies in between balance of payments, real exchange rate and relative income, and in the long run the conditions of ML satisfies whereas the concurrence point is comparatively steady. This further entails that reasonable devaluation of Kenyan shilling have steady impact on balance of payments with high interest rates through the current account.

Chinn (2004) concluded that receptiveness of trade flows to exchange rates and income changes is refocused with great concentration after chronic expanding of US trade deficit. He estimated import and export equations over a particular period across 1990s when there was a new boom in Economy and depreciation in dollar prices. The results designate a low receptiveness of imports to exchange rate fluctuations and reduction of income elasticity irregularity. The grouping of low price elasticity of imports with current amount of trade deficit means that any fall in trade deficit will essentially go along with large exchange rates and income trend modification.

The strongest and the most frequent work on M-L condition have been made by Bahmani-Oskooee. Oskooee (1998) was first to take up long run method i.e. Co-integration Technique to approximate the trade elasticity in developing nations around the globe. Under the hypothesis of The Marshall-Lerner condition if the aggregate import and export demand become less than or equal to one, in the long run, the trade balance must get better. In the majority cases, the result certainly disclose that trade elasticity are considerable enough to sustain devaluation as successful strategy to prosper Trade Balance. Bahmani-Oskooee and Kara (2005) have employed ARDL co-integration methods that does not require pre- testing for unit route and assess the Income and Price elasticities of 28 countries. He further emphasized that with the preface of new inference methodologies, old theories obtain a transformed concentration and one amongst them is Trade Elasticity. The result suggests that Price Elasticity in most occurrences support the conclusion that Real Depreciation progress trade balance.

Rose (1990) examined the influence of exchange rate on the trade balance in the emergent nations. The Non- Structured procedure points out that depreciation of Real Exchange rate is weakly correlated with noteworthy enhancement in the trade balance.

Bahmani-Oskooee and Wang (2006) concluded that there is a significant difference in effects of currency depreciation in the short run against long run. The J- phenomenon is observed in short run hence the trade balance decline and development comes after a span of time. Previous studies that were conducted in this regard using cumulative trade data in China had diverse results. Undeniably, most of them ended up that real depreciation have no impact on trade balance in the long run. The authors have separated data in categories, used time series modeling and hypothesized the real trade balance model in China and its 13 business and trade partner countries. It showed that real depreciation of currency has positive impact on her trade balance.

Method

The data for Export, import and exchange rate has been taken from “Handbook of Statistics on Pakistan Economy 2010”. The data for 2011 to 2013 has been taken from “Economic Survey of Pakistan”. As already discussed, this research paper investigates the Trade outcome with four major Asian countries which are: China, Japan, Sri Lanka and India.

Research Model Developed

Elasticity of Demand for Export may be given as:

$$E_x = \left(\frac{dX}{dE} \right) \left(\frac{E}{X} \right)$$

Elasticity of Demand for Import may be given as:

$$E_m = \left(\frac{dM}{dE} \right) \left(\frac{E}{M} \right)$$

Therefore, Marshal-Lerner condition may become as:

$$-1 + E_x + \left(\frac{EM}{X} \right) (E_m) > 0$$

Assume that initially BOT is balanced i.e. Export = Import

$$X = M$$

Then Inequality may be reduced as follows:

$$-1 + E_x + E_m > 0 \text{ and finally:}$$

$$\mathcal{E}_x + \mathcal{E}_m > 1$$

The above equation therefore suggests that $\mathcal{E}_x + \mathcal{E}_m > 1$. It means the sum of elasticity of demand for export and import must be greater than 1.

Estimation of Elasticity

In order to estimate the elasticity for demand of export and elasticity for demand of import, a simple Trade Model may be developed as follows:

$$X_i = f(Y_i, PER_i)$$

$$M_i = f(Y_{PK}, PER_i)$$

Here X_i = Export to Trading Partner

Y_i = Income (GDP) of Trading Partner

Y_{PK} = Income (GDP) of Pakistan.

The Linear function (with Ln Transform) for Export would be as follows:

$$\ln X_{i,t} = \beta_0 + \beta_1 Y_{i,t} + \beta_2, PER_{i,t} + v_{i,t} \text{_____} \quad (1)$$

The Linear function (with Ln Transform) for Import would be as follows:

$$\ln M_{i,t} = \beta_0 + \beta_1 Y_{Pk,i} + \beta_2, PER_{i,t} + v_{i,t} \text{_____} \quad (2)$$

Bahmani-Oskooee and Niroomand, F. (1998) and Raza, Larik and Tariq (2013) has estimated similar model via OLS.

The expected sign for elasticity of demand for export (based on equation (1) is Minus (-) and the expected sign for elasticity of demand for import (based on equation (2) is positive (+) (Boyd, Caporale &Smith, 2001).

Results

The OLS provides best estimates only if Gaussian Assumptions are satisfied. Before proceeding to the final estimates for the betas (elasticity), the model developed for export and import for each country was tested for at least 6 Gaussian Assumptions. The Normality was tested via Shapiro-Wilk. The Homoscedasticity was investigated via Breusch-Pagan-Godfrey. The autocorrelation was determined by the test value of Durbin Watson. The presence of multicollinearity was determined by the test value of VIF. The model specification was investigated via Ramsey RESET Test. The detail of test results has been provided in following tables 1 to table 4.

Table1: Results Related to satisfaction of Gaussian Assumptions for Pakistan to China

No.	Assumption	Test	Values	Result
1	The regression model is linear in the parameters	Shapiro-Wilk	Sig: 0.175	Accepted
2	Homoscedasticity	Breusch-Pagan-Godfrey	P: 0.2512	Accepted
3	No autocorrelation	Dubin-Watson	D-W: 1.723	Accepted
4	No perfect multicollinearity	VIF	All values < 5	Accepted
5	The regression model is correctly specified	Ramsey RESET Test	P: 0.142	Accepted
	ANNOVA	ANNOVA	sig 0.00	Significant

Table2: Results Related to satisfaction of Gaussian Assumptions for Pakistan to Sri Lanka

No.	Assumption	Test	Values	Result
1	The regression model is linear in the parameters	Shapiro-Wilk	Sig: 0.085	Accepted
2	Homoscedasticity	Breusch-Pagan-Godfrey	P : 0.075	Accepted
3	No autocorrelation	Dubin-Watson	D-W: 1.821	Accepted
4	No perfect multicollinearity	VIF	All values < 5	Accepted
5	The regression model is correctly specified	Ramsey RESET Test	P: 0.120	Accepted
	ANNOVA	ANNOVA	sig 0.02	Significant

Table3: Results Related to satisfaction of Gaussian Assumptions for Pakistan to India

No.	Assumption	Test	Values	Result
1	The regression model is linear in the parameters	Shapiro-Wilk	Sig: 0.0510	Accepted
2	Homoscedasticity	Breusch-Pagan-Godfrey	P : 0.637	Accepted
3	No autocorrelation	Dubin-Watson	D-W: 1.920	Accepted
4	No perfect multicollinearity	VIF	All values < 10	Accepted
5	The regression model is correctly specified	Ramsey RESET Test	P: 0.631	Accepted
	ANNOVA	ANNOVA	sig 0.00	Significant

Table4: Results Related to satisfaction of Gaussian Assumptions for Pakistan to Japan

No.	Assumption	Test	Values	Result
1	The regression model is linear in the parameters	Shapiro-Wilk	Sig: 0.095	Accepted
2	Homoscedasticity	Breusch-Pagan-Godfrey	P : 0.307	Accepted
3	No autocorrelation	Dubin-Watson	D-W:1.850	Accepted
4	No perfect multicollinearity	VIF	All values < 10	Accepted
5	The regression model is correctly specified	Ramsey RESET Test	P: 0.4979	Accepted
	ANNOVA	ANNOVA	sig 0.00	Significant

The tables (1 to 4) provide that equation (1) and equation (2) which are based on OLS can provide best estimates, because majority of Gaussian Assumptions are satisfied. The equation (1) which has been used to determine the elasticity of

demand for Export and the equation (2) which is used for all four countries is obtained via OLS model; the results are provided in table 5.

Table 5: Elasticity for Export and Import

Country	Elasticity of Demand for Export (Ep)		Elasticity of Demand for Import (Mp)	
	Beta	sig Value	Beta	sig Value
China	-0.818	0	0.321	0.001
Sri Lanka	-0.641	0.001	0.228	0.043
India	0.235	0.034	0.321	0.001
Japan	-0.0982	0.021	0.213	0.043

The sig values as shown in Table 5 for all four betas for export and for all betas for import is less than 0.05, suggesting that Betas are significant. Table 5 suggests that first Hypothesis (H1) is accepted for all China, Sri Lanka and Japan because their Betas are Negative indicating that exchange rate and export has inverse relation i.e. decrease in exchange rate (currency depreciation) shall cause increase in export and vice versa. However, H1 is rejected for India since its Beta is positive showing that Exchange rate and export has positive relation. The second hypothesis (H2) is accepted for all four countries since Betas are positive, showing positive relation of Exchange Rate with Import. It means increase in decrease in exchange rate (currency depreciation) shall cause decrease in Import.

Investigating the Marshal-Lerner Condition

The summation of elasticity of demand for export Ex and Import Mp in absolute terms is provided in Table 5. The elasticity is added if signs are same as expected i.e. negative for Ex and positive for Ep. The elasticity shall be subtracted if signs are opposite to as expected as in case of India in table 5.

Table 6 : M-L Condition

Country	M-L Condition (Ex+Em)	Effect on BoT due to currency depreciation
China	1.139	Favorable
Sri Lanka	0.869	Adverse
India*	0.086	Adverse
Japan	0.3112	Adverse

* subtracted because sign of Ep is (positive) opposite to expected

Conclusion

Currency Depreciation can benefit only in case of Trade with China (since $\epsilon_x + \epsilon_M > 1$). The friendship as well as Trade relation has flourished since the inception till today. The Trade between neighboring countries has been flourished to \$12b and in the upcoming period it is expected to reach at \$15b by the end of 2014. The currency Depreciation has positive effect on Balance of Trade. However, Trade with Sri Lanka in case of Currency Depreciation may be made favorable since total of elasticity is close to 1. The Trade relation between Sri Lanka has improved mainly due to Free Trade Agreement between both countries Abeyratne (2012), however, more efforts are required to improve the Trade. The Trade with India and Japan can adversely affect the Balance of Trade in case of currency depreciation. The Trading of items with inelastic demand might be probable reason for adverse trade (in case of Currency depreciation) with Japan. Pakistan's Major import from Japan consists of automobile, auto spare parts and that of electric equipment (less elastic demand) and Pakistan's Major Export to Japan consists of Thread and some other Textile Products (more elastic), the amount of import is larger than that of Export. Therefore, Pakistan's Trade Account with Japan has been remained in deficit (Chaudhary & Abe, 2000). The major Trade with India is comprised of sugar, gems, fruits, fish and onyx (Taneja, 2006). The nature of demand of Trade item is less elastic and the disturbed and irregular pattern of Trade might be the strong reason for unfavorable Trade outcome for both countries.

Recommendations

It is suggested that best way to improve Trade Balance is adding Trade items such as technological or innovative products and adding more items with more elastic demand. Accompanied with it, the concept of J-Curve theory should be added in Trade Policy that describes that the favorable outcome in trade after currency depreciation may be obtained in long run only if home country's production is not only sustained but also it is improved. It may be made by resolving the energy crisis and motivating the local Industries for more and production with Government support for export across borders.

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Art of Customer Retention in Developing Economy

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This research is conducted to measure the effect of company's after sales services practices for increased customer retention in the telecom sector of developing economy. Subsequently this study is an attempt to measure the importance of the components which can improve the quality of after sales services and their individual impact for competitive advantage. The sample is taken from the customers of the telecom products which are using the services of telecommunication sector in Pakistan. Result show partially significant correlation of after sales services and customer's retention, while the components involved in after sales services has significant impact on customer retention. However the overall relationship between variables is positive. The research suggests that in order to retain more customers, there is a dire need to adopt new and advanced ways of providing a better quality after sales services. Pakistani telecom organizations need to know more about the customer's retention by training sales staff, providing better quality of products and through better after sales practice in the market.

Keywords: *After sales service, Customer Retention, Developing Economy.*

Introduction

Today's competitive business environment enforces organization to feel the significant role of after sales service for sustainable advantage. Companies can usually offer after sales services to their customers in order to retain the customers and to take advantage over business competitors to build reputé at market place for sustainable growth. The developing economy like Pakistan the customers have also become literate through intervention of Multinational companies in the service as well as products which include telecomm, banking and software services sector. Recently, world markets of various multinationals are not that much focusing on just brands development though marketing strategies but they are also focusing towards more customer retention that is why companies are always engaged in some kind of research activities in order to explore innovative and new ways on the procedures that can be useful for the

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companies towards the achievement of customer satisfaction for better retention (Mithas, Krishnan & Fornell, 2005). These innovative customer retention practices can make firms to learn about the customer behavior in dynamic scenarios. One can also say that becoming more efficient, innovative and new ways of learning the ways makes customer happier and ultimately results in customer's retention to achieve competitive and sustainable advantage over business competitors (Verhoef, 2003). These R&Ds can be an integrating point between both the parties because in many situations a customer wants more customization in your product due a large number of competitive activities and it becomes difficult to satisfy the customers and to read the minds or perception of the customer this can lead to a loss of a customer for the company (Webster, 1990). It is said that when a customer leaves a brand it takes 13 more customers with him (Stern & Hammond, 2004). So it becomes very significant for the companies to keep these updates with itself to retain their customer. These studies play an important role due to its impact on customer satisfaction. This customer knowledge works really better to meets the customer needs and affects the satisfaction level of customers. Customer oriented firms are able to get more revenues for them because the utilization of a company's brand by a loyal customer will be more than that of a regular customer (Stern & Hammond, 2004).

Any decline in customer Satisfaction which leads to customer retention is due to poor after sales service would be a matter of concern and it should takes serious. Customers always well aware of the services provided by the other competitors and this developed more expectations by customers from the company. In other words, the quality of the service in different companies matters a lot and it plays a major role in developing a strategy which can be according to the customers' expectations and meet the companies strategies. One cannot say that this kind of service is only applicable in the services industries but it can a part of the product which can enhance the reliability of the product and make the customer more retained towards the company (Levitt, 1983). The product or service of any company can use the impact of after sales services we just cannot confine this approach only to the services or the manufacturing industry it will be beneficial for all the sectors to use this kind of approach (Mithas, Krishnan & Fornell, 2005).

Nowadays there is a huge competitive surrounding and the aspect of service quality is commonly known as the captious determinant required for the good outcome of a company. It is a responsibility to avoid respective degeneracy in consumer serenity as a result of impaired serviceability. Presumptions have been raised by the consumers due to awareness of increasing utilities orthodox and

being amused by other competitors. Serviceability hold substantial place in the matter of organizations. It also applies when it comes to retailing (McColl & Truong, 2013).

The importance of after sale service can be of critical importance for the firm which in turns affects the long run and sort run outcomes of the company these outcomes may be in the form of revenues and the increase or decrease in the number of potential customers (Cespedes, Dougherty & Skinner, 2013; Levitt, 1983). Hence the relationship management with the customer affects the overall offering image of the company (Rigopoulou, Chaniotakis, Lymperopoulos & Siomkos, 2008).

The acquiring ability to retain the customer reflects the successful part of the firm that how well the customer's needs are met. Customer retention can be defined as the ability of a company to keep its existing customers (Levitt, 1983; McColl & Truong, 2013). By using this approach of providing the after sales services we can add a real time benefit to the perceptions of the customers who think to have unique product and service all the time (Rigopoulou et al, 2008).

Customer retention is also necessary for the companies in the cost point of view because the cost for acquiring a new customer would probably be more than having an old customer. Company's success is based on the customer's satisfaction. The term "customer is always right" makes a customer feel that any kind of suggestions given by him to the company will be of greater importance for the company and then the companies will also be more engaged in providing the quality services after sales (Cespedes, Dougherty & Skinner, 2013; Levitt, 1983).

In the earlier days when the markets started to develop there were a lot of companies who were not paying attentions to the customers because they had a monopoly kind of thing in their fields and industries and they knew it that if any competitor will come it cud not be matching their companies, at those times the competitions were not that much severe as they have now become successful (Verhoef, 2003; Webster, 1990). The new comers were not that efficient as the present companies of their times so this impact made the companies not much concerned about the after sales. So the customers were relying on the services which they had. The purpose of customer retention is to sustain the long term relationships in business that has been developed among buyer and seller (Borle et al, 2005; Verhoef, 2003).

Increasing competition and internet usage is making the customer well aware of the services offered by different companies thus making customer more informative regarding services selection, choices and preferences (Kumbhar, 2011). Thus

change in the world emerging markets including developing economies has substantially increased the competition among competitor companies of similar industry. The level of service quality given by company is the area where marketers need help of researchers so that market share of a firm in the relevant industry could improve (Anderson, 1996). No doubt customer satisfaction is a human activity which means trying to satisfy the human needs and wants through human activities. The major focus of the company is always to satisfy the customer through different perspectives and different ways because it is of significant importance as it meet the increasing needs and wants of the customers thus provides a reason to the customer to be the potential customer of your company so companies keep on making different ways to satisfy those needs. Firms develop plans and strategies to meets the demands of the customers efficiently.

According to a study Anderson (1996) satisfying a customer cannot be considered separately considered form other business activities. According to historic studies customer is consider as champion, king, boss because as he/she exercises the authority of being selector of any service/product at market place that is why it is complicated for company to achieve customer's stratification. This needs further research and evidences from developing economies to generalize the research model well tested in modern economies.

Research Objectives

In the light of signification of after sales services in the context of Pakistani Economy, where telecom sector has gained substantial growth, it is needed to identify the factors of customer satisfaction. More specifically this study has following objectives.

1. First objective of the study is to explore the customer's perception regarding company's after sales services in the telecom sector.
2. Second objective of the study is to quantify measure repurchase behavior of the customer though in depth analysis of after sales services pack provided by telecom companies.
3. Thirdly the objective of the study is to examine how customer after sales practices adopted by telecom companies can help to retain the customers.
4. Finally the objective of this research study is to explore the effect of after sales services for better customer retention in telecom based companies.

Telecom Companies of Pakistan

The telecom sector of Pakistan is growing and even at more pace in comparison with it neighboring economy i.e. Indian telecommunication sector.

Pakistan has currently five cellular phone operators including Moblink, Telenor, Ufone, Warid and Zong. Teledensity of the Pakistani telecom has been grown substantially up to 62% better than Indian Teledensity i.e. 37%. This has attracted foreign direct investment for Pakistan from Chinese companies like Zong to take over the Paktel. As Pakistani market of telecommunication has becoming attractive for the foreign investment thus the new companies are interested in customer retention tactics to enjoy more growth.

It is estimated that the mobile subscribers in the Pakistan would grow to a number of 100 million in the next year. The sector is growing rapidly and the growth rates are astonishing. The growth rate in the last year was only 7% the decrease in the last year growth can be for many reasons, the major affect was due to the devaluation of the money and the other one could be the registration process of the Sims by PTA. This decrease was moreover seen in the metropolitan areas of Pakistan whereas we in the other areas of Pakistan many people are having more than one Sims, so we can say the growth in the sector will continue but not as fast as it was it the past years. PTA is working hard to ensure the growth in the future but also taking into consideration the rules and regulation to maintain a healthy competition among the firms. Mobile internet is becoming very popular in the country and the future it would be beneficial service for the companies in terms of revenues (Kumbhar, 2011). However mobile internet can also grow more but the problem it is facing the low literacy; many customers are not really able to understand it. This sector has another advantage hidden in itself for the customer that the monopoly cannot be created because of the number of competitors. PTA is monitoring the sector on regular basis to remove any kind of unlawful competition practices among the competitors to build a healthy competition among them which in turn benefits the customer, because a price war is going among all the firms PTA has ensured to be it fair with their competitors not directly using any kind of unfair promotional campaigns.

Literature Review

Whenever after sale services term comes in one's mind, the customer can think in two contexts. First is service and other is manufacturing (Bundschuh & Dezvane, 2003). Alternatively After sales services (ASS) can be defined as relationship between company and her customer, whereas company providing products have some problem or any fault in the product, the services are required by customer and to be offered by company according to company's policies (Kuo, Hu & Yang, 2013). After sales services is basically linked with the company's internal department which is marketing department and it is the job of the service marketing manager to solve the issues, after sales could be a

competitive edge or differentiator from your competitors because it gave you the long term advantage as it retain the customer (Hauser, Simester & Wernerfelt, 1994; Kuo, Hu & Yang, 2013).

The major advantage of after sales for which companies are struggling is customer retention. Customer retention is the repurchase of the same product by that customer; we can also say it as customer loyalty about your offerings or products (Rigopoulou, Chaniotakis, Lymperopolous & Siomkos, 2008). Some people might have misunderstanding in customer satisfaction and customer retention because if you have the major emphasis on customer satisfaction you might increase the customer satisfaction but at the same tie company can lose the customer's loyalty (Saccani, Johansson & Perona, 2007; Banerjee & Singh, 2013). Most of the times it is difficult and expensive to gain a new customer because you have to spend marketing expenses or different R&D expenses but it are rather easy to retain an existing one (Davis, 1997; Cespedes, Dougherty & Skinner, 2013). Many firms often follow the 80/20 rule according to this rule 80% of the firms revenues are generated by the 20% of the firm's loyal customers.

After Sales Service

Whenever services or goods are provided by a company or a retailer to its customer, the extra service which is given by the company e.g. to recover any damage or any fault by the company this kind of service is called after sale service (Banerjee & Singh, 2013). Usually most of the companies are giving these kinds of services free of cost to the customer in order to build a good perception in the minds of the customer about the product or the company itself (Kuo, Hu & Yang, 2013). It is considered that the idea for providing after sale services was introduced by the company named SONY.

Reliability of the services

The reliability of the company's service is degree of after sales services standard offered by the selling company (Cespedes, Dougherty & Skinner, 2013). This also shows the attributes and characteristics of the company's services that meets or can exceed the customer mind's perceptions even more or better than their business competitors. Services reliability in terms of after sale services (ASS) offered by company is that to which extent the customer trusts firm's a service and after sale requirements to meet or exceed the customer's satisfaction (Hauser, Simester & Wernerfelt, 1994; Kuo, Hu & Yang, 2013; Banerjee & Singh, 2013).

Quality

Degree to which a set of inherent characteristics fulfill requirement (Juran,

1974) describes the Quality of after sales service as “fitness for use”. The improved service delivery procedures adopted by firm in delivering the services by the company can be termed as service quality and these offered after sales procedures and practice are directly or indirectly related with the enhanced customer’s satisfaction (Mithas, Krishnan & Fornell, 2005) which can result in customer retention (Banerjee & Singh, 2013).

Delivery

Service delivery of the firm in terms of after sales services quality delivered can be defined in terms of in time response by company to resolve customer’s issue related to product delivered under warranty. More specifically whether after sales services were delivered in timely fashion as claimed during sales transaction to the customer (Hu, Cheng, Chiu & Hong, 2011).

Personnel

Sales staff or front desk staff defined as personnel of this study in terms of after sale services is the staff of the company or the whole team of the company which is having interaction during transaction of the business (Kumbhar, 2011). According to research, if firm’s staff or employees are trained enough to cooperate with customer towards problems solving of services hired, staff that is willing to take care of customer and to perform their best to resolve the customer facing problems (Tsao & Chen, 2011; Banerjee & Singh, 2013). Thus the staff facing the customer is really important for customer retention.

Customer retention

Customer retention is the dependent variable for current study as recommended by various studies of marketing research (Borle, 2005; Verhoef, 2003). It can be defined as the repurchase behavior by firm’s customer of the same product after good experience which he/ she had purchased and want to buy again just because of better after sales services (Anderson, 1996; Cespedes, Dougherty & Skinner, 2013). This customer’s behavior indicates the customer’s satisfaction about the relevant product or service provided by the company to meet or exceeded the customer perception for better retention (Borle, Boatwright, Kadane, Nunes & Shmueli, 2005; Banerjee & Singh, 2013).

The above given are the variables of our research topic after sale service is the independent variable which is possible by giving superior quality, innovation against your competitors better placement of your product, reliability and on time delivery and if these things are focused then the customer retention will be sure thing which means that customer retention is our dependent variable.

Hypotheses Development

According to historic literature the companies have more chances to retain the customers if the after sales services are better as compared to competitors. The latest study by Cespedes, Dougherty & Skinner (2013) claims that the customer retention has got more significance after globalization and market development by multinationals in the developing economies. The main hypothesis is presented as follows

H1: If the company higher after sale service, higher will be the propensity for the customer retention.

Subsequently following four hypotheses have been developed as recommended by various historic studies (Anderson, 1996; Borle et al, 2005)

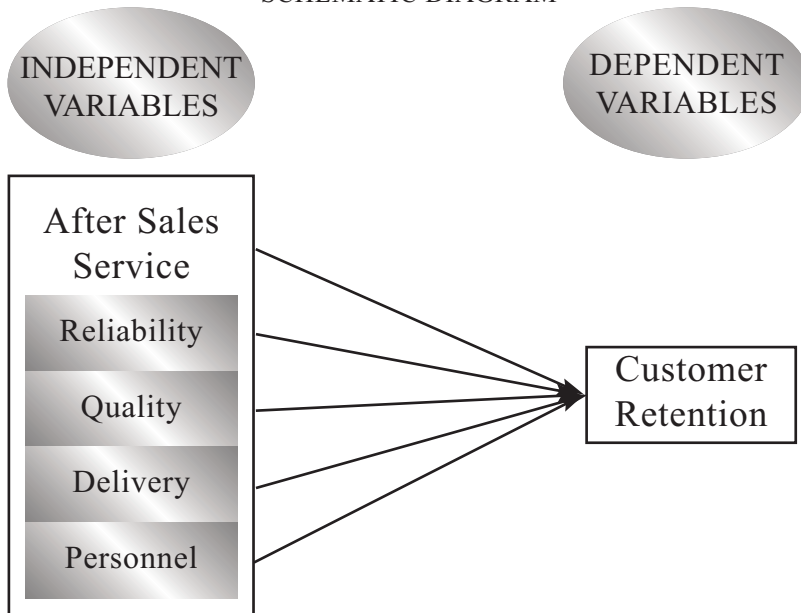
H2: If the company provides higher quality of service, higher will be the propensity for the customer retention

H3: If the company higher service delivery of Personnel, higher will be the propensity for the customer retention

H4: If the company has higher reliability of service provided, higher will be the propensity for the customer retention

H5: If the company has better delivery of service, better will be the propensity for the customer retention

SCHEMATIC DIAGRAM



Method

This section covers the quantification of the variables of interests. Questionnaire has been used as data collection tool to quantify the variables of interest for this study. Targeted population consists for the study of various customers of telecom sectors. 1600 questionnaires were distributed to the users of various telecom operators, from those only 1350 were returned. 1270 Questionnaires were filled properly which were actually used for this research. 79% response rate of questionnaire are received which is good.

Reliability statistics

The reliability of the measures is required to predict better results of the study under discussion. Following table presents the reliability statics

Table 1: Reliability of Study

Variable's Name	Alpha	No. of items used
Customer Retention	0.74	04
After Sales Service	0.72	16

Note: The value above 0.70 of alpha is considered to be more reliable items

The measure is reported to have convergent and discriminate validity of Customer retention, after sales service and sub variables of after sales service. Cronbach's alpha for the measure for this sample was 0.743 for Customer retention and 0.726 for after sales service And in after sale s services we included it's all sub variables. Above 0.7 alpha values shows the higher reliability of Data.

Table 2: Descriptive Statistics

Variables Name	Min	Max	Mean	Std. Deviation
1.0 Gender	1.00	2.00	N/A	N/A
2.0 Education	1.00	5.00	3.55	0.66
3.0 Service Provider	1.00	5.00	3.07	1.08

The unit of analysis was individuals who responded to the survey. Our respondents were the university students and the Average respondent of questionnaire was having bachelor's degree or continuing the master's degree because according to the scale assigned the mean is between 3 and 4 which is 3.5591.

We have chosen telecom industry and in population we are including WARID, U FONE, Mobilink, Telenor and Zong users. Every single representative of population like customer of the UFONE is an element for the current study. A small part of anything, intended as representative of the whole. We are taking 1270 as sample size. The part of sentence or clause that commonly indicates what it is about

or who or what performs the action. A sampling frame is the complete list or the source material from which the sample can be drawn, it is the list of all those within the population who can be sample. For current study the sampling frame was not available as companies denied to give complete data of the customers. However randomly the users were asked and accessed to get the opinion about the services experience. A sampling unit of this study is individual customer, which is defined as one of the units into which an aggregate is divided for the study for the purpose of sampling and better response. For this study each unit being regarded as individual customer and has become indivisible when the selection is made on the random basis from the telecom sector of the Pakistan. The methods used for this study is simple random sample and as per convenience the drawing samples from a population i.e. telecom customer, it is usually in such a manner that the sample will facilitate determination of the study's propositions concerning the population i.e. telecom sector. We are using simple random sampling because the main purpose is to calculate the impact of after sale service and we take after sale as a variable and any kind of change in after sale will affect the whole population the same way.

Results & Discussion

The findings of the data have used correlation and regression techniques to analyze the hypotheses proposed in preceding section.

Correlations analysis

Table 2a: Correlation output of CR and ASS

Variable	Mean	S.D	1	2
1. CR	4.7500	1.264	1.00	
2. ASS	4.7166	1.322		0.376**

Notes CR: Customer Retention; ASS: After Sale Service; n= 1270. ** $p \leq .01$.

The SPSS output of the above table is presented in the Annex II. The correlation matrix provided the answer to the hypothesis. The first hypothesis stated that After Sales Service is positively related to the Customer Retention. The correlation of 0.376 ($p < 0.001$) is between the After Sales Service and Customer Retention.

Table 2b: Correlation Analysis

Variable Name	Mean	S.D	1	2	3	4	5
Customer Retention	4.7500	1.264	1				
Quality	4.7166	1.322	.541**	1			
Personnel	4.9110	1.348	.515**	.491**	1		
Delivery	4.4891	1.035	.450**	.500**	.516**	1	
Reliability	4.4047	1.277	.487**	.461**	.487**	.505**	1

Note: n= 1270. ** $p \leq .01$.

The correlation matrix presented in above table provides the answer to the supposed hypothesis. The second hypothesis states that customer retention is positively related to the quality of service delivered. The correlation value of ($r=0.541$; $p<0.001$) is between customer retention and the quality of the service delivered. The third hypothesis stated that customer retention is positively related to the service delivery by personnel. The correlation of ($r=0.515$; $p<0.000$) is between customer retention and the service delivery by personnel. The fourth hypothesis states that customer retention is positively related to the delivery of the service. The correlation of ($r= 0.450$; $p<0.001$) is between customer retention and the delivery of the service. Fifth hypothesis states that customer retention is positively related to the reliability of services. The correlation of ($r=0.487$; $p<0.001$) is between customer retention and the reliability of services.

Regression Analysis

The regression technique is used to test the cause and effect relationship between the after sales services and customer's retention. R square is 0.412 which shows that variation explained in the dependent variables because of independent variables is substantial and partially variations in the dependent variables can be explained by the analysis using regression technique. 41.2% customer retention varies due to Quality, Personnel, Delivery, Reliability (independent variables). The Total variance which is explained by the independent variables i.e. Quality, Personnel, Delivery, Reliability through Regression is 41.2% with degree of freedom (4) and the variance which is not explained by the independent variables are called Residual that is 58.8%. The further regression equation is resented in the next section as under.

Equation for regression analysis

$$1. Y = a_0 + a_1 (x_1) + e$$

$$2. Y = a_0 + a_2 (x_2) + e$$

$$3. Y = a_0 + a_3 (x_3) + e$$

$$4. Y = a_0 + a_4 (x_4) + e$$

$$Y = a_0 + a_1 * x_1 + a_2 * x_2 + a_3 * x_3 + a_4 * x_4 + e$$

Where:

Y = Dependent variable. (Customer Retention)

x = Independent variables.

Where x_1 = Quality; x_2 = Personnel; x_3 = Delivery; x_4 = Reliability; e = Std. Error

Research suggests that there is a positive and statistically significant relationship between the after sales services components and customer retention the dependent variable, and they are partially significant because after sales

services have some of its components which differentiates it from good to bad in customer's perception. The above research was confined only to the customers targeted and the questionnaire were distributed among the students due to time limitations, but in future this research can be conducted in a city or in a country.

The findings of this study are partially consistent with Borle (2005). The results regarding product orientation predicts that more customer orientation is possible if companies give after sales service through better trained staff dealing with queries of telecom products. The evidence is the less time for waiting once customer called to asked for details of the product. The finding of the study are also consistent with Bundschuh & Dezvane (2003) who said that satisfied customer have more chances of retention if dealt properly through communication. The finding of this study are inconsistent with the findings of Davis (1997) and Saccani, Johansson & Perona (2007). As according to Davis (1997) retention of customer depends upon maintaining the database of customers, while Saccani, Johansson & Perona (2007) focused on supply chain of the products which is quite not possible in telecom sector just providing cellular services and products. This study is not without limitation. The first limitation of the study is the sample size. The second is that the study needs to identify the mediating and moderating variables like customer loyalty, marketing culture in the particular industry, customer knowledge about services and customer satisfaction (Hauser, Simester & Wernerfelt, 1994).

Conclusion

The above research is clearly indicating the impact of after sales services and their positive effects but the main thing which should be given more importance is that only the after sales is not enough but the components involved which enhances the quality of the of the services must be kept in mind. In order to get more and more customer we need to give good impression of the company which needs something different or unique from the competitors and this competitive advantage can be increased by improving the customer care in a healthy manner. Because the world is becoming the global village that's why the competitions are becoming more severe and to get a good market share we must have a good image in the mind of customers about our products and services being provided to the customers. And the companies must understand the problems of customers regarding their offerings.

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Role of Taxation on Service Industry of the Country's Economy

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The purpose of the study is to identify the contribution of the Services Tax (ST), Value Added Tax (VAT) in the GDP of the developed & developing countries, which highlights the economic condition of the countries. For this purpose various countries' indicators related to services tax (ST), VAT and its contribution in the GDP has been discussed. In addition, the contribution of services tax towards Pakistan economy is also analyzed with respect to services sectors in Pakistan. Furthermore, this article also gives analysis of contribution of services tax in the total tax collection of Pakistan. Although every financial year, the progress of Pakistan's tax collection from services sector has been increasing. Since after the 18th Amendment and NFC Award, provinces of Pakistan have been given the rights by the Federal government, to collect the tax on services of their own province. For such purpose Provincial governments of Pakistan (Sindh and Punjab) have established their own department namely Sindh Revenue Board (SRB) & Punjab Revenue Authority (PRA) respectively. Such steps follow the concept of decentralizing the tax collection, so that the local government/provincial authorities can contribute efficiently and perfectly in the overall tax collection of the country.

Keywords: *Service Tax, Goods & Services Tax, Service Sector, Gross Domestic Product, Revenue generation, Taxable Services,*

Introduction

Any activity done by a person for more than one persons is known as "Service" .The concept of "Service" is not new for the mankind. Since civilizations came in to being, services were being provided by the mankind to each other. However, the concept of Tax on the services is new and unavoidable for the governments specially for those who are totally dependent on the taxes. French economist, Maurice Laure in 1954 introduced concept of VAT (Value Added Tax) and since then approximately 130 countries have adopted VAT in their countries. Almost all over the world, services sector contribution has been immensely important and plays significant role in the GDP of the country. For example, in India approximately half of the GDP is contributed by the services

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sector whereas finance services sector of UK contributes approximately 10% towards GDP of the country. As per Roy Morgan survey data end 2010, said Australian financial service sector provides services to approximately 15.5 million customers.

World's four largest economies out of ten, belong to Asia namely China, India, Indonesia & Japan. By 2025 these four economies will lead the world economy. The role of Pakistan among these big four giants will be very vital, due to its regional importance and position which will help Pakistan in establishing and stabilizing its economic condition by providing the services to these four giants. Various multinational companies are moving towards Asia owing to expanding middle-class in the region to fulfill the needs and basic necessities of life like cell phone, insurance, credit card services, online shopping, vehicles, social gathering in restaurants, travelling, using ATM machines and etc. It is being observed that the Indirect taxes and specially Services Tax plays a vital role towards the stability reason being services tax usually collected on real time basis with efficient collection procedures.

Objectives

The objectives of study are as follow:

- Analyze the growth and development of Services sector in Pakistan and developed countries.
- Analyze the contribution of Services tax towards GDP/economy of Pakistan and developed countries.

Method

The study is based on quantitative and qualitative research. The sources of data for this article are WDI, Official websites, Journals and Annual performance reports of Services sectors of different countries. In addition various issues related to secondary data sources have been concerned with the standard publications and official websites of the different countries.

Results & Discussion

Performance of Services Sector in Pakistan

Contribution of Services sector towards GDP and economic growth of Pakistan is gradually increasing significantly recently and since last three years Pakistan tax on services sector is contributing remarkably in the GDP growth and revenue of the country. Below given table shows the contribution of services sector in the revenue of Pakistan.

Table: 1 Share and Growth of Pakistan Services Sector
Source: Different Sources (Figures in Billion)

Revenue Generated by Service Sectors from 2003 till 2012											
Services	Source	2003-4	2004-5	2005-6	2006-7	2007-8	2008-9	2009-10	2010-11	2011-12	2012-13
Telecommunication	Pakistan Telecommunication Authority	116	144	194	235	278	333	344	367	409	439
Whole Sale & Retail Trade	Pakistan Bureau of Statistics	766	858	1523	1612	1703	1652	1682	1718	1746	1790
Transport Storage & Communication	Pakistan Bureau of Statistics	461	477	959	1025	1082	1136	1170	1198	1305	1350
Finance & Insurance	Pakistan Bureau of Statistics	141	185	252	308	328	296	286	274	277	295
Housing Services (OD)	Pakistan Bureau of Statistics	126	131	504	524	545	567	590	614	639	664
General Government Services	Pakistan Bureau of Statistics	-	-	425	436	437	462	499	569	632	667
Other Private Services	Pakistan Bureau of Statistics	-	-	628	657	693	738	781	832	885	920
Tax Collected By FBR(billion)											
	Source	2003-4	2004-5	2005-6	2006-7	2007-8	2008-9	2009-10	2010-11	2011-12	2012-13
Total Revenue Collection	Federal Board of Revenue	520	590	713	846	1008	1161	1329	1558	1882	1939
Indirect Tax Collection	Federal Board of Revenue	355	407	488	513	619	717	801	955	1144	1202
Indirect Tax Contribution in Total Revenue Collection	Federal Board of Revenue	68.27	68.98	68.44	60.64	61.41	61.76	60.27	61.30	60.79	61.99

Analysis of the data given in the above table shows that the services sectors have huge contribution in the Tax collection and & GDP of Pakistan. As from fiscal year 2001 till 2013 the contribution of services tax gradually increases especially in telecommunication sector which currently, is contributing 2% of the GDP of Pakistan. In the fiscal year 2008-09 telecommunication sector contributed Rs 112 billion in the kitty of tax collection of Pakistan.

After the 18th Constitutional Amendment and 7th NFC award provinces of Pakistan were given the rights to collect the services tax from their respective provinces. For such a purpose two provinces of Pakistan i.e Sindh & Punjab have developed Services Tax collection departments namely Sindh Revenue Board (SRB) & Punjab Revenue Authority (PRA). Initially, these authorities/ departments focused on following services:

Hotels, Clubs, Caterers, Advertisements on T.V & Radio (including Cable TV), Customs Agents, Ship Chandlers, Stevedores, Telecommunication, Insurance and Re-insurance, Banking companies, Non-banking financial institutions, Stock brokers, Shipping agents, Courier services, Beauty Parlors & Marriage halls.

Daily “Business Recorder”, Karachi, Pakistan, Wednesday, the 26th February, 2014 states that Sindh Revenue Board (SRB) Collected Rs 18 Billion in 2010-2011, Rs 25 Billion in 2011-2012, and Rs 34 Billion in 2012-13. Whereas according to the daily “The News”, 10th January 2014 “Punjab Revenue Authority (PRA) collected record revenue of Rs 20.5 billion in the first six months of current fiscal year 2013-14. According to PRA spokesman, revenue collection target was set Rs 43 billion for the current fiscal year. The Punjab Revenue Authority PRA, introduced automation system to improve the collection of revenue. Due to this system, the PRA managed to collect Rs 20.5b till December 31”. Such an increase in the revenue collections by the Provincial services tax collection departments indicates the potential of services sector in Pakistan, besides their contribution towards the revenue of Pakistan.

Performance of Services Sector in Developed Countries

In the developed countries Services sectors are showing wonderful performance each fiscal year owing to the infrastructure of tax collection departments being well-equipped and established. On analysis of the data given in tables 2, 3, 4 & 5 below, it is observed that Service sectors in the developed countries are contributing a huge quantum to the GDP of the country, which indicate the stability of the developed countries’ economies. The tables given below shows the contribution of Services Tax towards GDP in developed countries during last decade.

Table 2: Total Tax Revenue in Europe from 2003 to 2012(Source OECD)

Total Tax Revenue in Europe	Millions of Euro									
Country / Years	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Belgium	129,789	137,103	142,719	148,932	155,187	161,447	156,482	164,855	172,915	180,575
Bulgaria	5,700	6,633	7,270	8,133	10,254	11,431	10,134	9,922	10,506	11,070
Czech Republic	29,957	33,016	37,344	41,825	47,352	53,158	47,536	50,399	53,859	53,578
Denmark	92,275	98,444	107,312	110,502	113,240	114,283	108,891	114,390	116,927	120,423
Germany	872,000	871,700	883,670	924,660	971,340	993,790	969,080	981,260	1,040,310	1,077,260
Estonia	2,690	2,968	3,437	4,123	5,066	5,192	4,959	4,908	5,261	5,687
Ireland	42,432	47,264	52,101	59,391	62,289	55,888	48,214	46,714	48,179	49,500
Greece	58,844	61,956	66,387	69,764	76,586	79,724	75,869	75,285	72,699	70,851
Spain	271,907	299,450	333,972	370,082	399,759	367,541	331,248	347,664	343,798	345,435
France	713,348	746,756	783,805	824,772	852,117	870,467	831,238	861,484	914,559	954,167
Croatia	11,344	12,123	13,186	14,748	16,225	17,624	16,327	16,175	15,665	15,684
Italy	554,604	568,469	579,448	626,550	668,508	676,901	657,282	664,755	675,656	694,112
Cyprus	3,757	4,152	4,762	5,245	6,374	6,624	5,955	6,192	6,313	6,250
Latvia	4,077	4,565	5,411	7,006	9,225	9,665	7,114	7,039	7,968	8,909

Role of Taxation on Service Industry of the Country's Economy

Lithuania	4,776	5,326	6,174	7,301	8,778	10,071	8,211	7,991	8,584	9,072
Luxembourg	10,081	10,496	11,644	12,448	13,672	14,340	14,518	15,375	16,349	17,296
Hungary	28,159	31,022	33,320	33,542	40,303	42,678	36,764	36,728	37,020	38,085
Malta	1,474	1,530	1,696	1,795	1,967	2,050	2,075	2,144	2,281	2,394
Netherlands	183,075	189,192	197,945	214,890	225,627	237,238	223,115	232,619	234,931	237,637
Austria	101,665	104,609	107,029	111,486	118,458	125,059	121,704	124,910	131,357	137,435
Poland	61,739	64,265	80,152	91,892	108,290	124,574	98,727	112,615	119,933	123,933
Portugal	49,726	50,461	53,844	57,205	60,737	61,814	58,060	60,088	61,911	57,614
Romania	14,794	16,941	22,722	28,499	37,161	40,251	32,771	34,324	37,488	37,447
Slovenia	9,877	10,451	11,168	11,957	13,110	13,977	13,277	13,490	13,558	13,375
Slovakia	9,743	10,770	12,106	13,099	16,148	18,839	18,137	18,664	19,903	20,251
Finland	64,408	66,416	69,349	72,844	77,497	79,872	74,055	76,222	82,677	85,145
Sweden	134,655	141,520	147,210	155,071	161,564	156,451	137,825	160,667	173,598	182,607
United Kingdom	596,285	650,016	690,453	746,315	777,117	711,251	573,830	636,959	663,580	716,677
Iceland	3,560	4,035	5,324	5,513	6,049	3,771	2,930	3,321	3,622	3,886
Norway	84,271	90,178	105,851	117,978	123,642	131,161	114,657	135,582	150,745	164,289
Switzerland	84,111	84,288	87,549	90,808	90,973	100,012	105,363	116,444	134,858	137,338

Table 3: Total Tax Revenue contribution in GDP of Europe from 2003 to 2012 (Source OECD)

Country / Years	Total Tax Revenue in Percentage of GDP									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Belgium	47	47	47	47	46	47	46	46	47	48
Bulgaria	31	33	31	31	33	32	29	28	27	28
Czech Republic	36	36	36	35	36	35	33	34	35	35
Denmark	49	50	52	51	50	49	49	48	49	49
Germany	41	40	40	40	40	40	41	39	40	40
Estonia	31	31	31	31	32	32	36	34	32	33
Ireland	30	32	32	33	33	31	30	30	30	30
Greece	34	33	34	33	34	34	33	34	35	37
Spain	35	36	37	38	38	34	32	33	33	34
France	45	45	46	46	45	45	44	45	46	47
Croatia	38	37	37	37	37	37	37	36	35	36
Italy	41	41	40	42	43	43	43	43	43	44
Cyprus	32	33	35	36	40	39	35	36	35	35
Latvia	29	29	29	31	31	30	27	27	28	28
Lithuania	29	29	29	30	31	31	31	29	28	28
Luxembourg	39	38	39	37	37	38	41	39	39	40
Hungary	38	38	38	37	41	40	40	38	37	39
Malta	32	33	34	35	35	34	35	34	34	35
Netherlands	38	39	39	40	40	40	39	40	39	40
Austria	45	45	44	43	43	44	44	44	44	45
Poland	32	32	33	34	35	34	32	32	32	33
Portugal	35	34	35	36	36	36	35	35	36	35
Romania	28	28	29	29	30	29	28	28	29	29
Slovenia	38	38	39	39	38	38	38	38	38	38
Slovakia	33	32	32	29	30	29	29	28	29	29
Finland	44	44	44	44	43	43	43	43	44	44
Sweden	48	49	49	49	48	47	47	46	45	45
United Kingdom	36	36	37	38	37	39	36	37	38	37
Iceland	37	38	41	41	41	37	34	35	36	37
Norway	42	43	43	44	43	42	42	43	43	42
Switzerland	28	28	28	28	28	28	29	28	28	28

Table 4: Total VAT Revenue in Europe from 2003 to 2012 (Source OECD)

Total VAT Revenue in Europe								Millions of Euro		
Country / Years	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Belgium	18,730	20,122	21,362	22,569	23,908	24,126	23,600	25,230	26,019	26,896
Bulgaria	1,586	2,011	2,378	2,835	3,190	3,862	3,156	3,299	3,362	3,740
Czech Republic	5,158	6,416	7,223	7,541	8,366	10,437	9,784	10,420	10,994	11,050
Denmark	18,180	19,258	20,863	22,560	23,638	23,636	22,702	23,245	23,870	24,422
Germany	137,190	137,430	139,810	147,140	170,080	175,870	177,680	180,220	189,920	194,040
Estonia	712	744	970	1,215	1,423	1,288	1,224	1,257	1,363	1,508
Ireland	9,808	10,986	12,373	13,746	14,355	13,084	10,325	10,067	9,755	10,219
Greece	12,043	12,573	13,398	14,910	16,611	17,020	14,914	16,308	15,028	13,713
Spain	46,887	51,848	59,231	64,352	62,984	55,506	43,406	58,499	56,838	57,057
France	113,622	120,224	126,625	131,693	136,542	137,736	130,303	135,579	140,558	142,499
Croatia	3,742	3,977	4,363	4,829	5,207	5,674	5,052	5,209	5,072	5,403
Italy	79,099	81,515	85,317	92,992	95,623	93,698	86,544	97,586	98,456	95,473
Cyprus	914	1,054	1,242	1,419	1,628	1,816	1,546	1,597	1,517	1,578
Latvia	1,024	1,109	1,439	1,955	2,466	2,189	1,578	1,696	1,946	2,252
Lithuania	1,111	1,175	1,488	1,826	2,330	2,593	1,961	2,181	2,444	2,521
Luxembourg	1,467	1,662	1,863	1,959	2,156	2,351	2,451	2,531	2,792	3,064
Hungary	6,072	7,278	7,485	6,813	8,010	8,224	7,820	8,442	8,517	9,084
Malta	290	334	397	410	420	458	457	477	520	536
Netherlands	34,754	35,811	36,950	39,888	42,873	43,221	40,086	42,654	41,610	41,699
Austria	17,893	18,590	19,414	19,735	20,970	21,935	22,158	22,735	23,447	24,563
Poland	13,686	14,633	18,837	22,127	25,923	29,103	23,056	27,536	29,843	27,881
Portugal	11,076	11,569	13,001	13,764	14,333	14,424	11,971	13,527	14,265	13,995
Romania	3,781	4,075	6,439	7,741	10,079	11,036	7,852	9,494	11,412	11,212
Slovenia	2,193	2,317	2,473	2,648	2,923	3,165	2,851	2,926	2,996	2,889
Slovakia	2,201	2,640	3,028	3,320	3,699	4,454	4,221	4,182	4,711	4,328
Finland	12,455	12,949	13,658	14,418	15,054	15,511	14,951	15,256	17,020	17,640
Sweden	24,676	25,642	26,786	28,465	30,550	30,941	28,199	33,825	36,631	37,861
United Kingdom	111,769	120,154	122,002	128,728	134,473	115,540	89,681	111,778	128,405	140,457
Iceland	945	1,113	1,456	1,502	1,570	934	696	756	812	889
Norway	16,296	16,803	19,120	21,382	23,540	22,477	21,335	25,135	27,079	29,889
Switzerland	11,247	11,409	11,666	12,064	11,961	12,902	13,116	14,965	17,538	18,273

Table 5: Total VAT Revenue contribution in Total Tax Revenue of Europe from 2003 to 2012 (Source OECD)

Total VAT Revenue contribution in Total Tax Revenue						Percentage				
Country / Years	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Belgium	6.8	6.9	7.0	7.1	7.1	7.0	6.9	7.1	7.0	7.2
Bulgaria	8.6	9.9	10.2	10.7	10.4	10.9	9.0	9.2	8.7	9.4
Czech Republic	6.1	7.0	6.9	6.4	6.3	6.8	6.9	6.9	7.1	7.2
Denmark	9.6	9.8	10.1	10.3	10.4	10.1	10.2	9.8	9.9	10.0
Germany	6.4	6.3	6.3	6.4	7.0	7.1	7.5	7.2	7.3	7.3
Estonia	8.2	7.7	8.7	9.1	8.9	7.9	8.8	8.7	8.4	8.7
Ireland	7.0	7.3	7.6	7.7	7.6	7.3	6.4	6.4	6.0	6.2
Greece	7.0	6.8	6.9	7.1	7.4	7.3	6.5	7.3	7.2	7.1
Spain	6.0	6.2	6.5	6.5	6.0	5.1	4.1	5.6	5.4	5.5
France	7.2	7.3	7.4	7.3	7.2	7.1	6.9	7.0	7.0	7.0
Croatia	12.4	12.0	12.1	12.2	12.0	11.9	11.3	11.7	11.5	12.4
Italy	5.9	5.8	5.9	6.2	6.2	5.9	5.7	6.3	6.2	6.1
Cyprus	7.8	8.4	9.1	9.7	10.2	10.6	9.2	9.2	8.5	8.9
Latvia	7.2	7.0	7.8	8.6	8.2	6.7	6.0	6.6	6.8	7.1
Lithuania	6.7	6.4	7.1	7.6	8.1	8.0	7.4	7.9	7.9	7.7
Luxembourg	5.7	6.1	6.2	5.8	5.7	6.3	6.9	6.4	6.7	7.1
Hungary	8.2	8.9	8.4	7.6	8.1	7.8	8.6	8.8	8.6	9.4
Malta	6.3	7.1	8.0	7.9	7.5	7.7	7.7	7.5	7.8	7.8
Netherlands	7.3	7.3	7.2	7.4	7.5	7.3	7.0	7.3	6.9	7.0
Austria	8.0	7.9	7.9	7.6	7.7	7.8	8.0	8.0	7.8	8.0
Poland	7.1	7.2	7.7	8.1	8.3	8.0	7.4	7.8	8.0	7.3
Portugal	7.7	7.7	8.4	8.6	8.5	8.4	7.1	7.8	8.3	8.5
Romania	7.2	6.7	8.1	7.9	8.1	7.9	6.6	7.6	8.7	8.5
Slovenia	8.5	8.5	8.6	8.5	8.4	8.5	8.0	8.2	8.3	8.2
Slovakia	7.5	7.8	7.9	7.5	6.7	6.9	6.7	6.3	6.8	6.1
Finland	8.6	8.5	8.7	8.7	8.4	8.4	8.7	8.5	9.0	9.2
Sweden	8.8	8.8	9.0	8.9	9.0	9.3	9.6	9.7	9.5	9.3
United Kingdom	6.7	6.7	6.5	6.5	6.4	6.3	5.6	6.5	7.3	7.3
Iceland	9.7	10.4	11.1	11.3	10.5	9.1	8.0	8.0	8.0	8.4
Norway	8.2	8.0	7.8	7.9	8.2	7.2	7.8	7.9	7.7	7.7
Switzerland	3.8	3.8	3.8	3.7	3.6	3.6	3.6	3.6	3.7	3.7

Table 6: Tax revenue as percentage of GDP of Latin America

Tax revenue as percentage of GDP of Latin America											
Country/Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Chile	18.98	18.72	19.06	20.71	22.00	22.78	21.40	17.21	19.53	21.21	20.84
Mexico	16.48	17.37	17.10	18.08	18.20	17.74	20.90	17.42	18.87	19.72	18.92
Argentina	19.90	23.43	26.36	26.86	27.44	29.11	30.75	31.51	33.45	34.63	37.34
Bolivia	14.45	13.28	15.54	19.13	21.84	22.62	20.51	22.74	20.67	26.61	28.13
Brazil	31.67	31.23	32.08	33.12	33.09	33.82	33.96	32.62	33.20	34.87	36.28
Colombia	16.23	16.74	17.48	18.07	19.07	19.09	18.80	18.60	17.99	18.83	19.60
Costa Rica	19.49	19.40	19.26	19.75	20.30	21.68	22.39	20.79	20.46	21.00	20.97
Dominican Republic	13.67	12.02	12.90	14.67	14.95	15.98	14.98	13.13	12.83	12.89	13.47
Ecuador	12.32	11.37	11.45	11.69	12.39	12.83	14.03	14.90	16.80	17.89	20.24
El Salvador	12.93	13.29	13.23	14.12	15.06	15.20	15.12	14.36	14.85	14.77	15.66
Guatemala	13.68	13.52	13.43	13.09	13.77	13.88	12.88	12.20	12.32	12.63	12.31
Honduras	15.64	16.23	16.99	16.94	17.65	18.97	18.92	17.11	17.32	16.86	17.52
Nicaragua	17.30	19.12	19.79	20.86	17.07	17.36	17.32	17.38	18.33	19.06	19.45
Panama	15.14	15.03	14.72	14.59	16.04	16.66	16.89	17.35	18.11	18.09	18.47
Paraguay	13.43	11.59	13.14	13.78	14.18	13.93	14.55	16.08	16.47	13.79	12.71
Peru	13.71	14.48	14.66	15.78	17.21	17.82	18.20	16.27	17.41	17.82	18.13
Uruguay	21.13	21.46	22.66	23.84	25.40	25.03	26.14	27.05	26.97	27.26	26.25
Venezuela	11.22	11.88	13.30	15.88	16.34	16.82	14.14	14.28	11.42	12.49	13.24
Latin America and the Caribbean	16.52	16.68	17.40	18.39	19.00	19.52	19.55	18.95	19.28	20.02	20.53

Table 7 Total Tax Revenue of USA and Contribution of Direct & Indirect Tax Percentage Wise

Source: U.S. Census Bureau, 2012 Census of Governments: Finance - Survey of State Government Tax Collections.

Total Tax Revenue of USA and Contribution of Direct & Indirect Tax Percentage Wise (2012)								
Government	Total Taxes	Property Taxes	Sales and Gross Receipts Taxes	License Taxes	Income Taxes	Other Taxes	Indirect Tax Percentage	Direct Tax Percentage
United States	798,221,675	13,104,336	377,541,729	54,090,961	322,654,162	30,830,487	59.58	40.42
Alabama	9,049,294	321,530	4,626,357	517,676	3,430,690	153,041	62.09	37.91
Alaska	7,049,398	215,407	248,432	135,055	663,144	5,787,360	90.59	9.41
Arizona	12,973,265	754,428	8,066,124	370,222	3,741,713	40,778	71.16	28.84
Arkansas	8,284,500	1,008,707	3,982,832	355,768	2,805,985	131,208	66.13	33.87
California	115,089,654	2,079,878	41,341,188	8,658,041	62,973,435	37,112	45.28	54.72
Colorado	10,250,628	0	4,090,645	616,752	5,367,851	175,380	47.63	52.37
Connecticut	15,401,018	0	6,678,117	416,396	7,996,509	309,996	48.08	51.92
Delaware	3,346,952	0	491,044	1,230,384	1,455,159	170,365	56.52	43.48
Florida	32,997,012	140	27,267,196	2,205,376	2,003,490	1,520,810	93.93	6.07
Georgia	16,576,903	68,951	7,253,554	505,618	8,733,047	15,733	47.32	52.68
Hawaii	5,516,146	0	3,581,652	258,795	1,621,002	54,697	70.61	29.39
Idaho	3,374,304	0	1,664,615	299,443	1,401,924	8,322	58.45	41.55
Illinois	36,257,762	65,106	14,295,688	2,602,296	19,006,849	287,823	47.58	52.42
Indiana	15,704,507	0	9,172,715	629,260	5,724,366	178,166	63.55	36.45
Iowa	7,832,388	0	3,532,811	751,627	3,455,485	92,465	55.88	44.12
Kansas	7,418,341	74,413	3,685,595	315,411	3,209,321	133,601	56.74	43.26
Kentucky	10,505,794	529,567	5,034,577	463,793	4,087,239	390,618	61.10	38.90
Louisiana	8,994,053	50,937	4,888,854	402,212	2,764,995	887,055	69.26	30.74
Maine	3,777,130	38,360	1,748,815	252,404	1,674,044	63,507	55.68	44.32

Role of Taxation on Service Industry of the Country's Economy

Maryland	17,038,494	755,937	7,173,515	730,878	7,996,961	381,203	53.07	46.93
Massachusetts	22,805,644	4,441	7,319,030	899,682	13,935,232	647,259	38.90	61.10
Michigan	23,919,741	1,911,188	12,654,347	1,414,986	7,725,070	213,950	67.70	32.30
Minnesota	20,560,540	807,700	9,139,154	1,186,734	9,054,106	372,846	55.96	44.04
Mississippi	6,953,362	23,982	4,396,669	517,982	1,896,945	117,784	72.72	27.28
Missouri	10,802,052	29,409	4,764,940	563,570	5,433,367	10,766	49.70	50.30
Montana	2,459,324	257,189	544,733	315,571	1,032,541	309,290	58.02	41.98
Nebraska	4,332,757	78	2,059,913	183,035	2,072,640	17,091	52.16	47.84
Nevada	6,775,112	234,522	5,231,962	583,829	0	724,799	100.00	0.00
New Hampshire	2,208,201	380,682	875,037	265,555	602,866	84,061	72.70	27.30
New Jersey	27,456,175	5,650	12,009,552	1,425,441	13,057,551	957,981	52.44	47.56
New Mexico	5,093,142	60,183	2,653,449	180,259	1,431,515	767,736	71.89	28.11
New York	71,545,745	0	22,869,327	1,926,804	43,339,857	3,409,757	39.42	60.58
North Carolina	22,713,357	0	9,539,299	1,475,960	11,603,868	94,230	48.91	51.09
North Dakota	5,620,036	2,398	1,594,529	187,847	648,149	3,187,113	88.47	11.53
Ohio	25,924,024	0	13,119,734	3,580,483	9,147,103	76,704	64.72	35.28
Oklahoma	8,839,299	0	3,724,416	1,032,981	3,220,385	861,517	63.57	36.43
Oregon	8,699,626	15,710	1,398,998	903,132	6,258,923	122,863	28.06	71.94
Pennsylvania	32,949,917	38,452	17,151,633	2,646,493	11,939,487	1,173,852	63.76	36.24
Rhode Island	2,827,503	2,095	1,477,992	107,595	1,203,959	35,862	57.42	42.58
South Carolina	8,036,482	8,811	4,198,261	449,727	3,349,738	29,945	58.32	41.68
South Dakota	1,521,477	0	1,197,116	250,572	59,837	13,952	96.07	3.93
Tennessee	11,982,345	0	8,962,195	1,282,015	1,408,141	329,994	88.25	11.75
Texas	48,596,548	0	37,431,966	7,509,000	0	3,655,582	100.00	0.00
Utah	5,809,953	0	2,722,128	255,677	2,725,073	107,075	53.10	46.90
Vermont	2,757,370	948,749	968,303	101,161	695,029	44,128	74.79	25.21
Virginia	18,137,586	34,297	5,853,266	777,187	11,054,938	417,898	39.05	60.95
Washington	17,624,715	1,897,095	14,171,443	994,819	0	561,358	100.00	0.00
West Virginia	5,285,773	6,039	2,559,586	137,670	1,948,131	634,347	63.14	36.86
Wisconsin	15,995,335	155,571	7,008,022	1,077,742	7,696,502	57,498	51.88	48.12
Wyoming	2,550,991	316,734	1,120,203	140,045	0	974,009	100.00	0.00

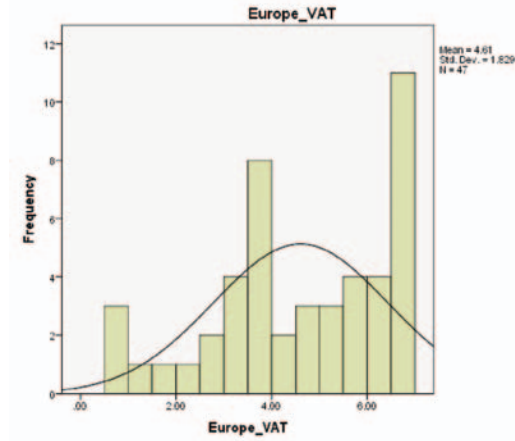
Contribution of Service tax to the total tax of Pakistan

In Pakistan being one of the developing countries, the role and contribution of Services sector towards GDP and economy is increasing day by day as its collection of Services tax is also increasing. Service Sectors Tax collection in Pakistan is contributing significantly in the development of the country, as per Pakistan Bureau of Statistics in fiscal year 2012-13 approximately 57.7% has been contributed to the Gross Domestic Product (GDP) of the country by service sectors.

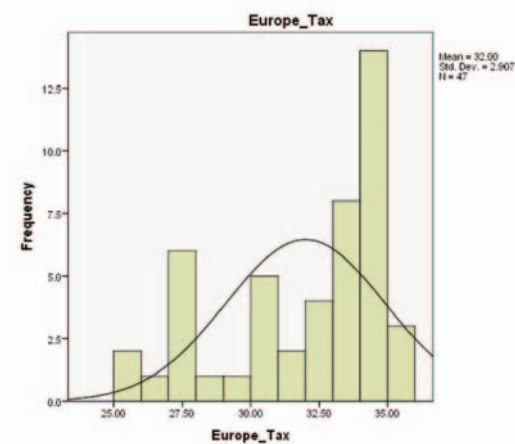
Contribution of Service Tax / VAT to the total tax of Developed Countries

After analyzing the tables 2, 3,4,5,6 & 7 it's observed that advanced economies of Western Europe, North America & Latin America have share of service sectors in their GDP ranging from 50% to 80%. The growth is absolute quantum of GDP and proportion of services sector in GDP holds promise for larger revenue generation without increasing the existing level of taxation.

Model & Analysis



The graph shows the graphical representation of the responses for Europe VAT which is also normally distributed.



The graph shows the graphical representation of the responses for Europe Tax which is also normally distributed.

Correlations

		Europe_VAT	Europe_Tax
Europe_VAT	Pearson Correlation	1	.956**
	Sig. (2-tailed)		.000
	N	47	47
Europe_Tax	Pearson Correlation	.956**	1
	Sig. (2-tailed)	.000	
	N	47	47

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

The correlation between Europe–VAT and Europe–Tax is 0.956 showing a very strong and direct correlation between the two variables. The sig value of 0.000 shows that the correlation is statistically significant at 95% confidence. Keeping this in mind, we significantly reject our null hypothesis.

The purpose of Service tax is to provide the government enough and sufficient revenue by which they can resolve their issues and contribute in the development of the country which will be beneficial for the people of the country. Services tax contributes a lot in the development of the countries it is observed that how the world is collecting the huge amount of tax just from the service sectors. In Pakistan & India approximately 50% of their GDP comes from the services sectors and the rest of the world is also getting immense share from services sectors taxation. It is being observed that aviation industry in 2011 transported approximately 2.8 billion passengers and approximately 47.6 million metric tons of air cargo and such an information highlights the services sector importance & potential in the entire world for, when 2.8 billion of passengers across the globe travel from one destination to another and while travelling they might use unlimited services being provided by the different services sectors like service of restaurants, hotels, taxis, telecommunication, beauty parlors, internet, online shopping, cinemas, night clubs, banking, money changers, credit cards, online transactions, travelling cheque etc.

The best policy of collecting the Service Tax cannot be ultimate solution unless it's being implemented effectively. In many parts of the world, especially in the developing countries agriculture sector is not taxed, due to lack of competent and trained tax machinery and also due to the lack of will of government. As in Pakistan it is approximately more than 70% tax amount is collected from one city namely Karachi, whereas the other parts of Pakistan contribute the rest. Such a figure is disturbing for the future prospects of tax collection in Pakistan. Therefore, tax collection department of Pakistan should reconsider its policies and should develop such an infrastructure by which implementation of these policies can be materialised. Nevertheless, province based services tax collection departments of Pakistan are performing well, as SRB (Sindh Revenue Board) has been achieving its targets for the last two fiscal years 2011-12 & 2012-13 and PRA (Punjab Revenue Authority) is also performing good by achieving Revenue targets. Overall contribution of Services Tax in Pakistan tax revenue is playing a vital role in the development of the country.

Conclusion

The conclusion of the article is that, Service sectors are contributing well in the GDP of the countries all over the world and do generate a large portion of revenue for the development of the country economy and its people.

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An Assessment of Organizational Commitment: A Case Study of BUITEMS, Quetta

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Present research aims to identify the complexity associated with the issues related to the problems associated with employee commitment organizations encountered these days. More specifically, it intends to identify the level of organizational commitment; the sub category of affective commitment towards organization commitment; the category of continuous commitment towards OC; and the sub category of Normative Commitment towards OC. Using stratified random sampling technique, data was collected from academicians as well administrative and supporting staff from all four faculties of Balochistan University of Information Technology, Engineering & Management Sciences, Quetta. Considering proportion to their population in each sample strata from each stratum, further sample was chosen randomly making a sum total of 81 (36 & 45). Data collection was made using well structured, pre-tested Likert Scale typed, Organizational Commitment Questionnaire (Porter & Smith, 1970). The results on these sub scales persistently suggest a trend that the level of organizational commitment is quite high among the entire sample. It also reflects that the entire sample is in coherence on Affective Commitment, Continuous Commitment, and Normative Commitment. Nevertheless, the population did not yield the maximum level of satisfaction. The employees of BUITMS showed a positive and significant trend on the entire three sub components; nevertheless, they suggested a comprehensive opinion to change the organization. It was concluded that the level of Organizational Commitment among BUITMS employees emerged optimistic with a persistent positive trend on three sub scales i.e. Continuous Commitment, Affective Commitment, and Normative Commitment.

Key Words: *Organizational Commitment, Affective Commitment, Continuous Commitment, and Normative Commitment*

Introduction

Organizational commitment is the employee's psychological attachment to

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the organization. It could be compared with other work-related attitudes, such as Job Satisfaction (an employee's feelings about his/her job) and Organizational Continuous Commitment (Meyer & Allen, 1991). This is a key factor in making the organization effective, as there is a direct relationship between the organizational commitment and organizational effectiveness. The higher the employee's commitment the higher will be the organization effective. The extent of this commitment varies from person to person and from organization to organization. HR policies influence the organizational commitment a lot, because this is very concerned with employees. Organizational commitment is important because committed employees are less likely to leave for another job and are more likely to perform at higher levels. Organizational scientists have developed many definitions of organizational commitment, and numerous scales to measure them. Exemplary of this work is Meyer & Allen's (1991) model of commitment, developed to integrate numerous definitions of commitment that had proliferated in the research literature. The commitment of employee is vital for the effective utilization of organization's resources, as the fundamental responsibility of top management is to maintain the organization in a state necessary to carryout its operations. Efficient top management thus shows high concern, a sense of responsibility for and commitment to sustaining the welfare of the organization (Selznick, 1957 & Person, 1972).

For the last 40 years, a lot of research has been conducted to identify, and measure the organizational commitment. Commitment is an attitude of an employee towards his or her organization. It is a desire to maintain membership in the organization. Employees build this attitude due to the socialization process, which occurs in family, society and organization (Ulrich, 2001).

Commitment is also a function of the rewards and costs associated with organizational membership (Becker, 1960; Farrell & Rusbult, 1981; Grusky, 1966). It is a binding of the individuals to behavioral acts that result when individuals attribute an attitude of commitment to themselves after engaging in behaviors that are volitional, precise, irreversible (Kiesler & Sakumura, 1966; O'Reilly & Caldwell, 1980; Salanick, 1977).

Becker (1960) defined commitment as a function of the rewards and costs associated with organizational relationship. He gave the idea of side bets, whereby individuals stake some unrelated aspect of their lives on continued organizational membership. For instance, people may be unwilling to quit an organization for fear they perceived as "job hoppers." In such situations, individuals make side bets by staking their reputation for stability on the decision

to remain with particular organization. Commitment can be characterized by three factors, a strong belief in and acceptance of the organization's goals, values, a willingness to apply significant effort on behalf of the organization and a strong desire to maintain membership in the organization (Porter et al., 1974).

The organizational commitment was initially measured by organizational commitment questionnaire, developed by Porter et al., 1974. Their questionnaire reflects an individual's willingness to work towards and accept organizational goals (Brian et al., 2003). However, Meyer & Allen (1997) defines organizational commitment is the attitude of an employee towards his or her organization. A psychological state categorizes the employee's relationship with the organization, and has implications for the decision to continue membership in organization distinguished three components of commitment: affective, continuance and normative. According to Meyer and Allen's (1991) three-component model of commitment, prior research indicated that there are three "mind sets" which can characterize an employee's commitment to the organization:

Affective Commitment: AC is defined as the employee's emotional attachment to the organization. As a result, he or she strongly identifies with the goals of the organization and desires to remain a part of the organization. This employee commits to the organization because he/she "wants to". In developing this concept, Meyer and Allen drew largely on Mowday, Porter, and Steers (1982) concept of commitment.

Continuance Commitment: The individual commits to the organization because he/she perceives high costs of losing organizational membership (cf. Becker's 1960 "side bet theory"), including economic losses (such as pension accruals) and would have to be given up social costs (friendship ties with co-workers). The employee remains a member of the organization because he/she "has to".

Normative Commitment: The individual commits to and remains with an organization because of feelings of obligation. For instance, the organization may have invested resources in training an employee who then feels an obligation to put forth effort on the job and stay with the organization to 'repay the debt.' It may also reflect an internalized norm, developed before the person joins the organization through family or other socialization processes, that one should be loyal to one's organization. The employee stays with the organization because he/she "ought to".

According to Meyer and Allen, these components of commitment are not mutually exclusive an employee can simultaneously be committed to the organization in an affective, normative, and continuance sense, at varying levels

of intensity. This idea led Meyer and Herscovitch (2001) to argue that at any point in time, an employee has a “commitment profile” that reflects high or low levels of all three of these mind-sets, and that different profiles have different effects on workplace behavior such as job performance, absenteeism, and the chance that they will quit. The factors like pay, benefits, match people with jobs that fit their interests and skills, coworkers, making job fun, the work itself, promotions, supervision, work group, working conditions. The outcomes of these factors are probably the low turnover, low absenteeism, and high performance.

The proposed research aims to identify the complexity of the issue with respect to the problems associated with employee commitment towards the organizations, which they face these days. After having a deliberative discussion towards the idea, the present research will satisfy the questions. a) To identify holistically the level of organizational commitment. b) To quantify the sub category of Affective Commitment towards OC. c) To Know the sub category of Continuous Commitment towards OC. d) To circumference the sub category of Normative Commitment towards OC.

Method

Sample

The research was conducted from all four faculties included professors, associate professors, assistant professors, lecturers. The administrative staff included registrar, deputy registrar, assistant registrars, superintendents, clerks and all service staff (class 4 category). Stratified random sampling technique was used to find sample size. From each stratum, employees were randomly selected in proportion to their population in each sample strata through following formula.(Table 1.1).

$$n_h = n * \frac{N_h}{N}$$

Where

n = Size of sample to be drawn

N = Size of the population

n_h = Size of sub-population drawn from kth stratum

N_h = Size of kth stratum

The distribution of sampled employees (faculty and members of administrative staff) is presented in table 1.1. It shows that majority of employees 55 % were from administrative staff and the remaining 45 % were faculty members.

Table 1: The Distribution of Sampled Employees

S. No	Type of Employees	Number	Percent
1	Faculty members	36	45
2	Administrative staff	45	55
3	Total	81	100

Tool

This study was based on primary data, which was directly obtained from employees of BUITMS through well-structured and pre-tested Organizational Commitment Likert Scale typed Questionnaire, developed by porter and smith (1970).

For measuring the commitment of employees, three important aspects were considered in designing the questionnaire(as described by Porter et al), (a) strong belief in and acceptance of the organization’s goals and values, (b) a willingness to exert considerable effort on behalf of the organization, and (c) a strong desire to maintain membership.

Descriptive statistical analysis carried out to analyze the collected data using SPSS

Results & Discussion

Table 2. Overall Analysis of Affective Commitment

Questions	Strongly Disagree	Disagree	Some What Agree	Agree	Strongly Agree
I am willing to put in a great deal of effort, beyond that normally expected in order to help this organization be successful	3	2	5	33	38
I would accept almost any type of job assignment in order to keep working	12	14	11	26	18
There’s not too much to be gained by sticking with this organization indefinitely	16	25	18	18	4
For me this is the best of all organizations for which to work	10	7	16	26	22
The offer of a bit more money with another employer would not seriously make me think of changing my job	10	9	20	22	20
To know that my work had made a contribution to the good of the organization	5	2	8	29	37
Total	56	59	78	154	139

On the sub scale “Affective Commitment” the trend of the respondents shows that an overall 154% agreed toward the Affective Commitment factor. However, a complete negative trend was noted on strongly disagree part with 56%. This reflects that the overall the trend of the sample shows that the employees carry a positive trend towards the sub scale of Affective Commitment, wherein on question three, of the sub scale, was rated extremely poor. This defines that though the respondents comply with the norms, and values of the organization, nevertheless, they carry a slight trend to change their jobs as well.

Table 3 Overall Analysis of Continuous Commitment

Questions	Strongly Disagree	Disagree	Some What Agree	Agree	Strongly Agree
I am proud to tell others that I am part of this organization	3	4	10	35	29
I really care about the fate of this organization	1		6	38	36
I talk up this organization to my friends as great organization to work for	3	5	15	36	22
I could just as well be working for a different organization as long as the type of work were similar	6	8	35	29	3
I feel my self to be part of the organization	4	3	10	33	31
I would not recommend a close friend to join our organization	20	37	11	4	9
I am extremely glad that I choose this organization to work for, over others I was considering at the time I joined	3	15	12	28	23
Total	40	72	99	203	153

Continuance Commitment, in any of the organization, is one of the key factors in establishing the organizational commitment. In the regard, the respondent has repeatedly showed a positive trend. On seven relevant questions, the respondents showed 203% on Agree part, wherein the employees like to have the same work with some other organization. Nevertheless, on Question 4, they depicted a least percentage age score of 3. This endorses and shows persistence towards almost the same question in the sub scale “Affective Commitment where the respondents preferred to join some different organization. This dictates that though the employees have shown a positive trend on Organizational Commitment, still, they only like to join some other organization with the same capacity and nature of work.

Table 4 Overall Analysis of Normative Commitment

Questions	Strongly Disagree	Disagree	Some What Agree	Agree	Strongly Agree
I find that my values and the organization's values are very similar	8	14	31	17	11
It would take very little change in my present circumstances to cause me to leave this organization	8	19	23	26	5
Often I find it difficult to agree with this organization's policies on important matters relating to its employees	4	19	26	14	18
Deciding to work for this organization was a definite mistake on my part	32	22	12	8	6
I some times feel like leaving this employment for good"	11	26	15	13	15
In my work, I like to feel I am making some effort, not just for myself but for the organization as well	4	3	7	31	36
organization really inspires the very best in me in the way of job performance	7	11	14	33	16
Total	74	114	128	142	107

The above results show a persistent trend to join other organization on sub scale 1, same work with any other organization on sub scale 2 and finally on sub scale Normative Commitment, the respondents showed the similar trend as it was a mistake to join the organization. In this sub scale, the employees again showed a high trend on agree with 142%age.

Table 5 Overall mean results of Affective Commitment, Continuous Commitment, and Normative Commitment factors

Factors	Mean
Affective Commitment Factor	3.5383
Continuous Commitment Factor	3.6257
Normative Commitment Factor	3.1643

The mean results of Affective Commitment, Continuous Commitment, and Normative Commitment factors show moderate commitments among the employees of the BUITMS. The Continuous Commitment and Affective

Commitment also shows more commitment than Normative Commitment. However, the Continuous Commitment factor shows highest commitment.

As discussed and established in introduction and review of literature of the current research, the three sub components which circumference the Organizational Commitment are Affective Commitment, Continuance Commitment and Normative Commitment. The results on these sub scales persistently suggest a trend that the level of organizational commitment is quite high among the entire sample. It reflects that the entire sample is in coherence with Affective Commitment, Continuous Commitment, and Normative Commitment. Nevertheless, the population did not rated the maximum level of satisfaction.

Itemizing categorically on each sub scale, the overall impression reflected on “Continuous Commitment” is quite positive with a cumulative score of 203 on “Agree” part of scale. However, it remained persistent and amazing with other sub categories on the idea that the employees have a positive trend to change the organization with the same job nature. While identifying themselves with the origination, the respondents presented a positive response starting from, caring about the fate of the organization; talking great of the organization; feeling proud being part of the organization; feeling being a team member of the organization; feeling good being team member; feeling glad by choosing the organization. Still, a negative trend on recommending not any other friend to join the same organization and positive response to join some other organization comprehends that though the respondents identify themselves with the organization, yet, they do not feel completely satisfied with the organization.

On the measurement of “Affective Commitment”, the respondents gave maximum scores of 154 on “Agree” against six questions. They establishing an opinion that all the employees like to put a great deal of efforts for the success of organization; acceptance of any type of job assignment; recognition of good organization; faithfulness towards the job and organization; and importance of the individual contribution to the good of organization. Nevertheless, it is important to note that there was an average score on item, which reflects staying with the same organization for quite long time. On the responses, it is argued that majority of the employees at BUITMS showed a positive trend on “Affective Commitment” factor of the organizational commitment which contributes for a relatively more committed employee, however, they think that they keep a mind to change the organization in overall.

Finally, on sub scale “Normative Commitment” comprising of seven items, on

“Agree” the majority of the respondents internalized with the task and responsibilities at, being part of the organization. Majority of the sample showed a high trend on the question that the organization job performance is appreciated by the organization; while putting some efforts at work; having a slight of changing the organization; having compatible values with the organization; difficulties with the organizational values; and leaving job for good, showed a systematic down ward trend. Largely, it shows a medium level of Normative Commitment towards the organization.

According to Kelaman’s (1958, 1961) research to argue that commitment may be based on Affective Commitment, Continuous Commitment, and Normative Commitment. Affective Commitment occurs when attitude and behaviors are adopted in order to obtain certain specific rewards or to obtain certain punishment. Continuous Commitment occurs when attitudes and behaviors are adopted in order to be associated with a satisfying self-defining relationship with another person or group. Finally, Normative Commitment occurs when attitudes and behaviors are adopted because the content of the attitude or behavior is congruent with the individual’s value system. The Affective Commitment, Continuous Commitment and Normative Commitment, as bases of commitment are differentially related to prosocial organizational behaviour, turnover, and intent to stay with the organization (O’Reilly, 1986, Becker et al, 1993)

Conclusion

It is interesting to note that though the employees of BUITMS showed positive and significant trend on the three sub components, nevertheless they have a sound opinion to change the organization. It was concluded that the Organizational Commitment level among BUITMS employees is positive with a persistent positive trend on three sub scales i.e. Continuous Commitment, Affective Commitment, and Normative Commitment.

Recommendations

Following are some of the recommendations based on the results obtained from the analysis of current study.

1. Since all the previous studies have been conducted in advanced countries, the precise definition of organizational commitment has to be redressed to fit in the values and culture of Pakistan, being a third world country.
2. Results of such a small sample cannot be generalized towards the organizational commitment.

3. Another sub factor of Motive for Commitment has to be introduced, keeping in view the culture of Pakistan.
4. Variables like gender, socio-economic status, qualification, may also be addressed to evaluate the level of variance.

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Troika Directions of HRD: A Corporate Case Study of Emirates Airline

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This paper aims to explain corporate tactics in collaborative ways with special reference to the parameters developed as troika directions for multinational corporations. It focuses on human resource development's (HRD) role in achieving these troika directions and explores the parameters adopted by the Emirates Airline. Upcoming consulting businesses that contribute to information overload have proven to be earning agents rather than real corporate solution providers. This study examines the case of Emirates Airline as a guideline for other managers, and reports the HRD functions and directions in the context of the organized parameters mentioned in the troika directions that could help organizations set their directions in an appropriate manner. It suggests a corporate case study as the best method to address this topic. The role of HRD will always be important in managing MNCs. Managers can utilize troika directions to eliminate the cost of unnecessary training and avoid wasting employees' time. The findings have practical implications for modern managers.

Keywords: *Troika Directions, Strategic HRD, Modern Companies, Emirates Airline.*

Introduction

This study employs multiple methods, namely, basic (innovative troika direction model) and applied (application of troika direction). Such studies often employ the case study method. This study aims to develop and evaluate troika directions and apply them to Emirates Airline to guide professionals, students, and faculty. The troika model may be applied to any company to evaluate its position. Business changes have become difficult to predict but cordial collaboration among organizational elements within the operations of business has controlled such difficulty. The proposed model of directions has proved that collaboration tactic is the solution for the problem of setting directions. As the world is moving at a rapid pace, the HR has sensed and planned to tackle this pace through modern and socially enabled processes. Such initiatives have helped organizations build a realistic pool of cooperation in order to achieve organizational goals. The study observed that most of the companies have experienced failure due to lack of effective leadership that did not motivate and understand the sensitivity of the employees. Some companies experienced

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management that did not use innovative techniques to utilize the resources of the company. Others experienced poor commitment levels in the company where everything was left in the lurch, leading to these companies becoming iconic failures in today's competitive environment. This deadly sin was mostly committed by modern service companies that did not instill the importance of commitment in the minds of its people and everything went in vain. The directions in this model form the basis of the new processes proposed in this study that are highly recommended for adoption by the modern companies. Successful companies can ascribe their success to adherence and achievement of their mission and vision statements. The tactic is very sensitive and can be abused if not watched properly. Non-compliance with the company plan can surreptitiously damage everything within no time. This tactic of adherence is the efficiency of any successful organization. Some of today's giants like Google, BP, IBM, and Emirates Airline are the best examples of such adherence.

The word "troika" literally means "a set of three," and it can be used to refer to different things such as a triumvirate of judges/political leaders or three horses harnessed side-by-side. This paper uses "troika" to refer to the combination of three important HRD factors—leadership, management, and commitment. This paper proposes the troika direction model. The word troika has been used to easily identify and remember the strategic directions mentioned in the model. The study of a successful organization is based on the important parameters of foundation, compliance with standards, and corporate family. In order to maintain all these, one must be a visionary with a high exposure to organizational activities. Leaders always set foundations that are easy to follow and act upon. A good strategy is required to make everyone comply with company standards and achieve in limited time. This is achieved through building a cordial atmosphere. Some good bosses were successful in building such a culture of corporate family, as one can witness in Google and Microsoft. Foundation phase identifies the leadership vision. A serious and strong foundation can transfer the vision and character of the leader to all the employees. Leadership vision is the prime requisite to instill ownership among employees. A visionary may bring character that will enhance the emotional stability of employees in the organization. Leadership troika is the basic requirement for any successful company. The foundation is based on the leader's perception, and this perception can transform its employees. If this is done smoothly and smartly, the rest of the steps will follow automatically in the process. Leadership troika is the hub of success for any organization. Top leadership is always clear on its mission; they are also required to tactically transfer the same to other divisional heads within the

company. This tactic allows the company to move all the connected parameters in a single management direction.

Troika Directions (Strategic HRD Tactics)	Organizational Directions (Cooperative Corporate Tactics)
1. <u>Leadership Troika</u> a. Vision b. Character c. Emotional Stability	Foundation
2. <u>Management Troika</u> a. Diplomacy b. Control c. Emotional Intelligence	Compliance
3. <u>Commitment and Service Troika</u> a. Commitment to the Boss b. Commitment to Work c. Commitment to Organization d. Corporate Ownership e. Corporate Accountability f. Corporate Social Responsibility	Contribution

Table 1 - Troika Directions for HRD

Management troika is the contribution of employees. Good companies need to identify this contribution and steer it towards the desired direction of the company. Employees have to comply with all the norms of company policies, rewards, and reputation. This phase is crucial because this contribution could be positive or negative, and leadership has to make sure that company standards are complied with. In the troika direction model, the most important is the leadership troika that builds an accurate foundation. This is followed by management troika that supports the leadership troika with its techniques and compliance to company standards. The last is commitment troika that creates a platform for employee contribution in the company. This is important because it evaluates the commitment level of employees towards their bosses, the founder(s), the organization, where people manage their organizational activities, and their work, which is the actual contribution of the employees. Commitment troika is divided into two main streams – employee based commitment troika, which is a form of organizational behavior and employer based service troika, which is a form of organizational theory. Commitment troika is the behavior of employees towards

an organization while service troika is the behavior of the organization towards its employees. It is very important to handle this in an organization as it covers most of the motivational and service theories of both the employers and the employees. The relevant literature is replete with cases of leadership and management in different directions, but mostly suggests that leadership should be visionary, managerial, or committed. This study presents an organized method of evaluating strategic HRD directions in the form of different troika to identify their compliance with the foundation, standards, and employees in particular.

Literature Review

The concepts of HRM (human resource management) always include corporate strategies. The HR department takes more responsibility and initiative to contribute in the strategic direction. Good companies always follow the concepts of the HR functions mentioned by Pynes, who found that HRM facilitates the effective utilization of employees in terms of knowledge and characteristics. According to Pynes, "HRM is the design of formal systems in an organization to ensure the effective use of employees' knowledge, skills, abilities, and other characteristics (KSAOCs) to accomplish organizational goals" (Pynes, 2009, 3). This broad definition is supplemented with some specific HRM functions such as "recruitment, selection, training and development, compensation and benefits, retention, evaluation and promotion of employees, and labor-management relations within an organization" (Pynes, 2009, 3). Troika directions are truly in line with these concepts mentioned by Pynes, in terms of effective utilization of workforce and HRM functions to direct companies towards success. HRD troika is the most disciplined method to carry out various functions in the company. An organization is successful mostly due to this discipline. As suggested by Klinger, the functions typically carried out by human resources departments are "planning, acquisition, development, and discipline" (Klingner, 2009, 3).

This is the best approach to mold everything in a disciplined manner to achieve HRD troika. Organizations are required to adopt accurate policy processes. These policies are based on the HRD troika parameters and must be carried out in a very systematic manner. It is important to maintain consistency in information identification, as indicated by Peggy & Woolridge. Peggy Jackson (2007) and Blue Woolridge (2004) indicate that strategic plans should include an organizational profile to present relevant information about operations, history, success enjoyed, challenges faced, and applicable statistical data; environmental scan and analysis to identify external factors that must be considered to project what the future holds for these peripheral elements. Such elements need to be utilized for HRD troika.

Organizations are always looking to design good HRD directions to develop intellectual capital and to make the workforce more mature to enhance performance. This can be achieved through proper training. Tan & Kiker have indicated the importance of knowledge workers and quality training. However, since knowledge and skills are becoming scarce, the challenge will mainly be on knowledge workers (Tan, 2008) and intellectual capital, the key to a company's success. Mature knowledge workers are valuable sources of experience and knowledge, so human resource managers need to strive to prolong their tenure (Callahan, Kiker & Cross, 2003). In rapidly changing knowledge environment, there is an absolute need to offer good quality training programs to maintain employees' employability. Further, Mitchell advocates that workers with greater intellectual capacity can help the organization as they help solving problems and build intellectual capital. Knowledge workers are defined as workers who possess great capacity in problem solving as well as production of knowledge, which requires a high level of intellectual capital in the form of specialized tacit knowledge (Mitchell & Meacheam, 2011). Above is the traditional technique that is instilled in troika model to help organizations. The commitment and service troika is possible only through well-organized training and development. Employees need to be trained well to respond to the needs of the organization. Training and learning always help intellectual development. Learning increases human capital (Lazear, 1998), and organizations have to engage their workers in training and development because of a rapidly changing work environment (Wild, Griggs & Downing, 2002; Beaver & Hutchings, 2005)

Troika directions are proposed as one of the important quality management systems for an organization to excel in today's changing environment. Though, this is mostly based on the qualification approach side but designed as quality management approach in the organization. Many companies have designed and adopted different "quality management systems." According to Turkel & Kline, a quality management system ensures that employees behave with a sense of responsibility and perform their actions by themselves without being told about the necessary work to be done (Turkel, 1998:41). A quality management system seems to play a key role in human resource management (Kline, 2002:73). HRD troika is also one of the approaches of a quality management system in modern organizations. HRM's behavior creates a culture in the organization. If the behavior is positive, it spreads positivity and if it is negative, it becomes a parasite and spoils the organizational culture. HRM has always been an active and important role in the organization. It helps through modern changes and collaboration among employees, employers and customers. Further Hansen

believes that HRM is the key to handling a competitive atmosphere. HRM should be able to overcome problems posed by the expansion of the field related to human, work in new competitive atmosphere (Hansen, 2002: 516).

Application of Troika Direction on Emirates Airline

Emirates flew its first route in 1985. It flew with just two aircrafts (a Boeing 737 and an Airbus 300 B4). The management and leadership of Emirates airline made it reach the pinnacle of success. In 2001, Emirates announced the largest purchase order in aviation history, valued at USD 15 billion. In 2005, it announced the largest-ever Boeing order worth Dirham 35.7 billion, and in 2006, a Boeing deal worth USD 3.3 billion was signed. In 2007, Emirates announced a historic Airbus order worth USD 34.9 billion. Further, in 2011, Emirates ordered 70 Boeing aircrafts worth USD 26 billion. Today, Emirates fly to more than 130 destinations in more than 70 countries, and more destinations are constantly added. Under the patronage and His Highness Sheikh Ahmed Bin Saeed Al Maktoum, Chairman and CEO of Emirates Airline and Group, Emirates airline has achieved many milestones very swiftly and effectively. His Highness has shown remarkable leadership in making it the most successful company in the world. Emirates Airline has proved that customer focus is the easiest way to achieve success, as it caters to the needs of all types of customers residing in any part of the continent. Its service, leadership, management, and commitment are known to all regular travelers. This airline is now targeting almost all the important destinations in different continents.

Discussion

The troika model is the best fit for Emirates Airline as discussed below.

1. Leadership Troika

- a. Vision
- b. Character
- c. Emotional Stability

The top cooperative corporate tactic that has been used at Emirates is the focus on the foundation. Initially, the founding members invested in the character of its leaders and created a very cordial atmosphere, while showing utmost emotional stability to solve organizational issues, if any. They planned and created an enormous policy document that is known as the vision document. They invested heavily over the years in pitching the best ideas to build the foundation. Initially, the important things that the founding members did, was to identify high profile intellectual capital and plan the long-term strategies. This helped them build a real foundation for vision, character, and emotional stability parameters. The

foundation of leadership troika was based on the character and interest of visionary leaders. Emirates hired a talented workforce in various units, and trained them for ownership and emotional stability.

2. Management Troika

- a. Diplomacy
- b. Managing Control
- c. Emotional Intelligence

The divisional heads at Emirates started interacting with their employees and appreciated them for their ambassadorship. They were trained to be positive, diplomatic, and good listeners and to offer best solutions even to minor problems. Later, this became the norm for dealing with every issue. The management hierarchy of Emirates had clarified that all issues, big or small, will be addressed with equal importance. This style of working connected all the units and streamlined all the activities within the organization. After managing control, the management group trained employees on emotional intelligence in order to have full understanding of their role for coordination within the organization. The basis of management troika was to be positive and diplomatic in addressing every issue within the organization. Employees were highly trained and in-turn hired a trained workforce that was emotionally intelligent and psychologically stable and had a sense of ownership towards the company. This process made the organization easy to control and opened many avenues of progress. Based on such initiatives, the organization was busy only with innovation as there were not many problems to be dealt with. This troika made all employees comply with the standards of the company.

3. Commitment and Service Troika

- a. Commitment to the Boss
- b. Commitment to Work
- c. Commitment to Organization
- d. Corporate ownership
- e. Corporate Accountability
- f. Corporate Social Responsibility

The commitment and service troika consist of factors that have proved to be sources of success or failure of any company. Good companies, which were accurate with the above commitment, had lesser troubles in climbing success ladders while bad companies became only worse, as they could not understand the importance of instilling such commitment. The commitment troika consists of the policies and vision of the company that are transferred to the employees while

the service troika is the combined effort of employer and employees to maintain the customers properly. Emirates Airline had initiated such unique processes to be among the top airline companies. This built a work driven environment. They demanded that employees must be committed to their work that will ultimately show their commitment to their bosses and the organization. Regarding work commitment, companies train employees about corporate ownership where they could consider Emirates Airline as their second home. Such ownership opened the doors of accountability and social responsibility from the organizational platform. Therefore, the foundation of such a service was formed through the great culture of corporate family that made the company's employees committed to their work and ownership. As a part of Emirates Airline and group, the Emirates Airline Foundation (EAF) provides humanitarian, philanthropic aid and services worldwide. It helps underprivileged children with their basic needs of food, education, medicine, and housing.

Recommendations for Emirates and Other Companies

Emirates Airline needs to maintain the focus towards troika directions. Emirates needs to invest more in managing control as customer preferences may change in times to come. Emirates Airline has already touched many destinations but need to facilitate more as the workforce movement has increased over the years. Emirates have the best in-house culture that it must cash in on for more innovations to provide more advanced facilities.

Some recommendations for other companies would be as follows:

Other Companies should adopt troika directions mentioned in the research.

1. Other Companies should explore the methods Emirates has adopted.
2. Other Companies may add some more points to troika directions that are applicable to them and are compatible with the rest of the parameters. Troika model may be considered as a policy document and added in the handbook of the company as employees may learn the directions of the company.
3. Other Airlines/Companies should refer to the paper and present it to the board and the employees to move towards success. Emirates should be set as the benchmark for the company to be in good position in today's competition.

Conclusion and Case Findings

The analysis of the troika model shows that these factors were completely followed by the Emirates Airline. The research shows that troika factors formed the leadership style at the company. The research found that troika factors could guide many modern companies towards success. The research found that the troika directions are the main strategic directions for Emirates, especially the

leadership troika that connects the foundation to compliance and builds a cordial atmosphere like a corporate family. The success of Emirates Airline is an example for many companies. All other airline companies that are stuck in losses can take a cue from Emirates for its successful adoption of troika directions. The model shows that Emirates penetrated into its stiff competition and proved to be the most successful company. The case study revealed that Emirates Airline needs to reevaluate the existing model and try to beat the competition. The author believes that Emirates will give tough competition to many companies. The research concludes that troika directions are the easiest ways to make companies move in a systematic direction towards success. The troika directions explain the important parameters required for the success of companies. This study has applied troika directions with special reference to the foundation, compliance, and corporate culture at Emirates Airline.

Teaching Guidelines for discussion in Management & HRD classes

Some Discussion Questions for future use.

Case Discussion Questions

1. What is the uniqueness of the company as compared to others?
2. What is the effectiveness of Troika model on the company?
3. What emirates should do to be number 1 or among top five airlines of the world?
4. How employees can stay in the company for longer time, why they stay for longer time?

Case Discussion Guidelines

Students must share and collect information who have experienced the facilities of Emirates airline.

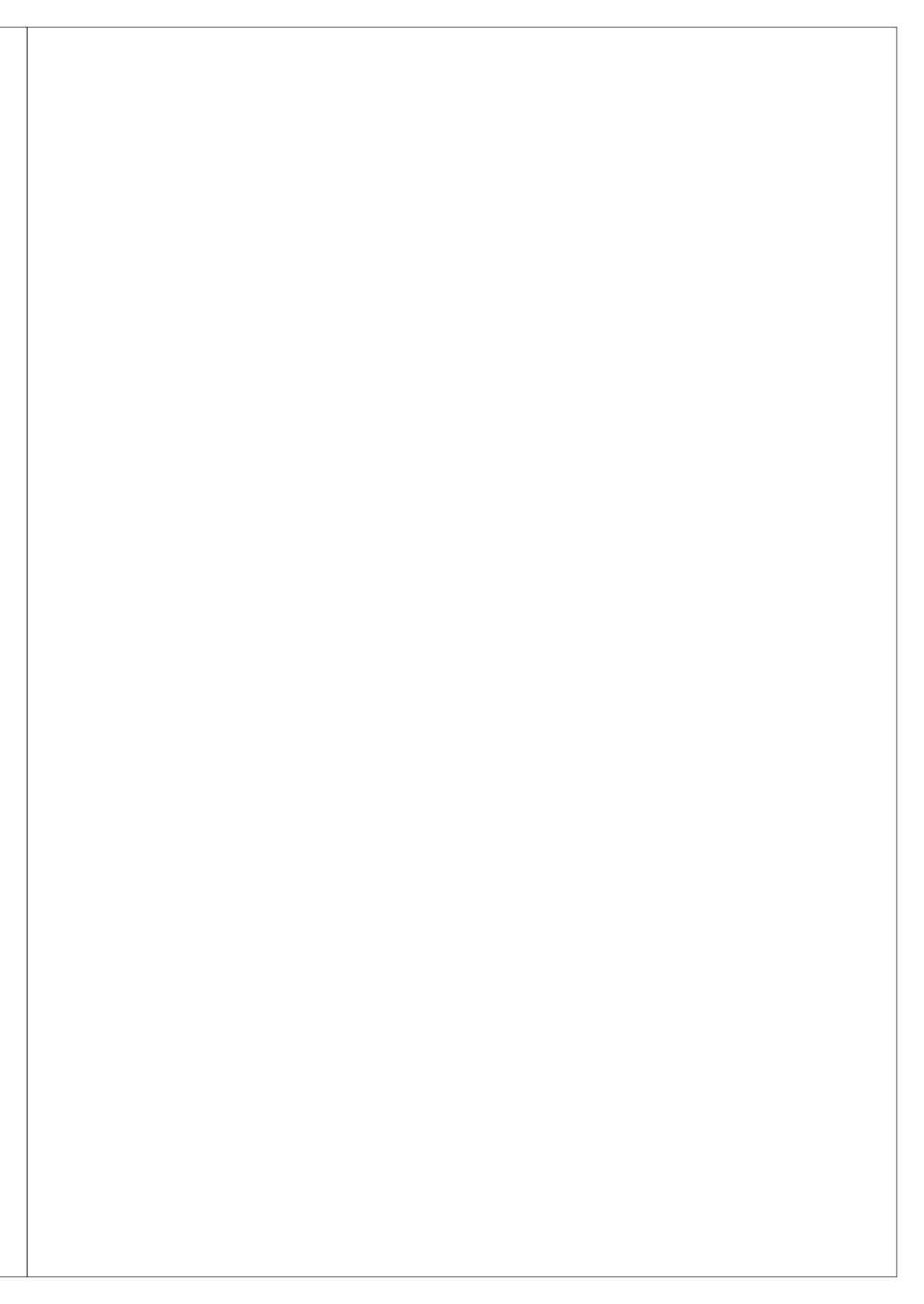
Case Discussion rules

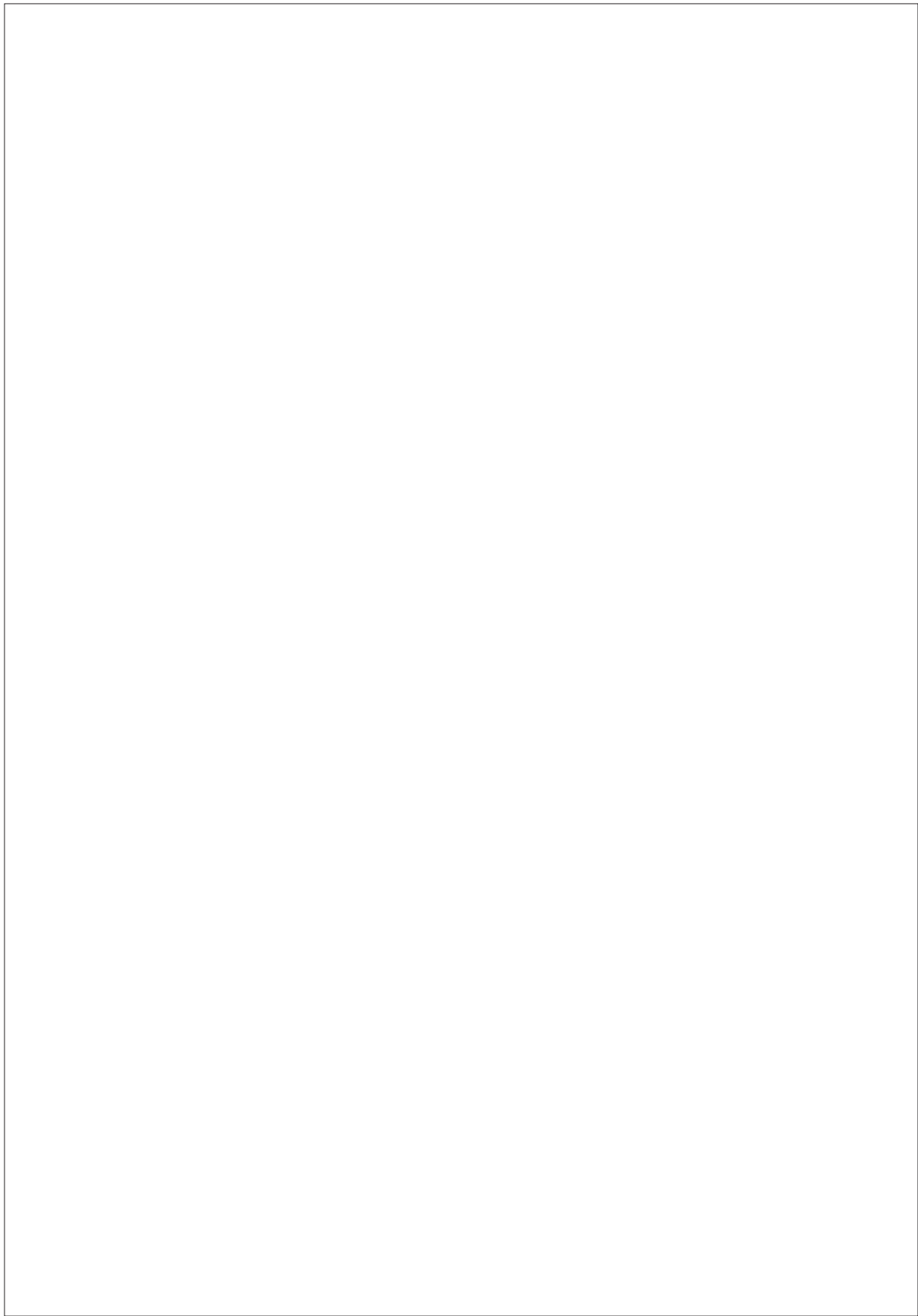
All students maintain strict discipline and cooperate with the moderator, Case must be distributed early and students should prepare some notes in advance. Students can not refer to notes during discussion as they must be extempore during discussion. All students must be very attentive to every individual during discussion. Everyone must have some important points whenever they get the turn to discuss.

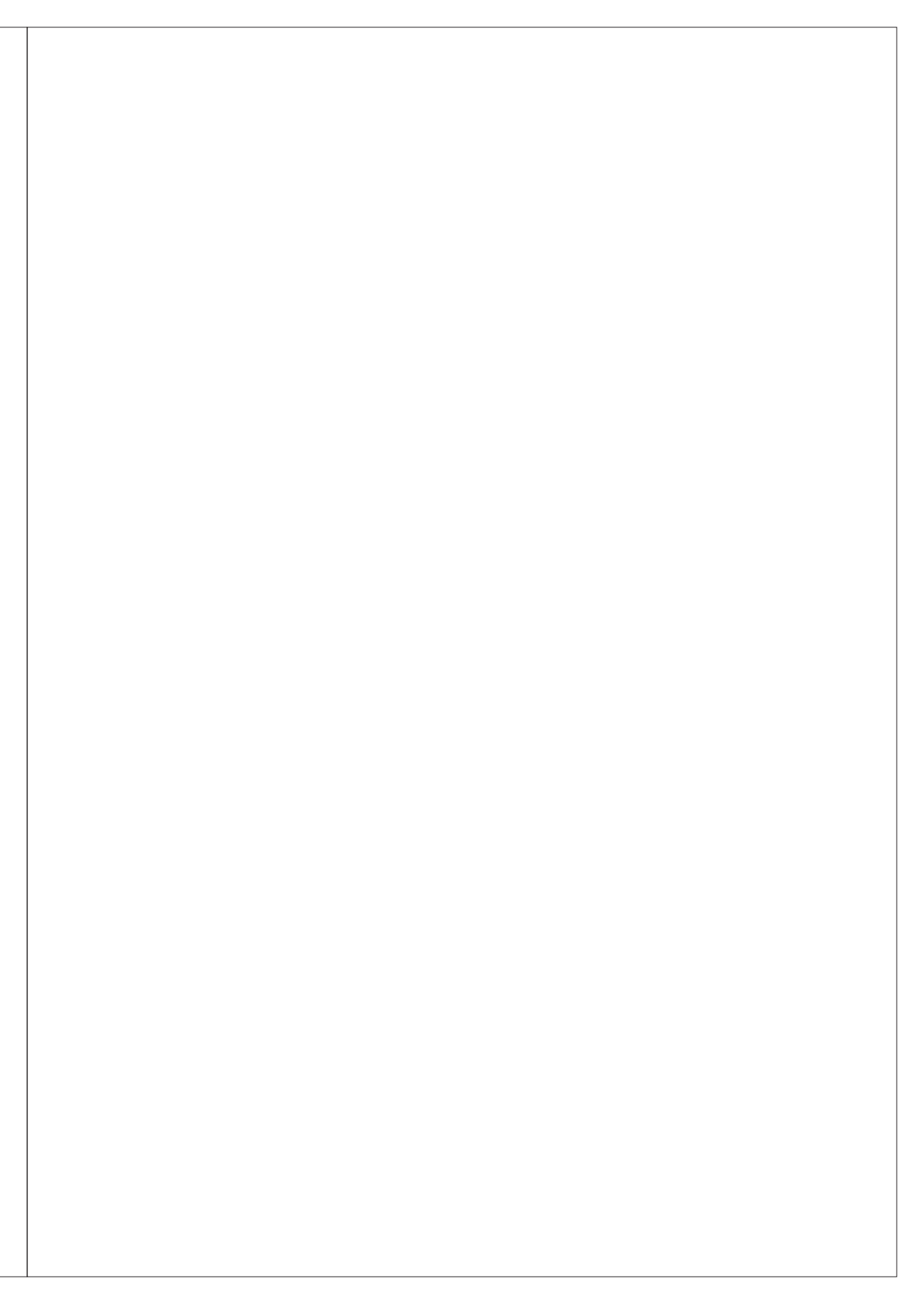
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