INTRODUCTION

Review of Economics and Development Studies (READS) is a double-blind peer-reviewed Multidisciplinary research journal published quarterly by CSRC Publishing, Center for Sustainability Research and Consultancy Pakistan. The journal is independently managed by Editor–in–Chief with the assistance of Advisory Board and associate fellows of CSRC comprising of distinguished faculty at higher education institutions. The journal aims to cover topics and issues in various sub-areas of economics and development studies in general and particularly in the context of emerging and developing economies. The major and significant purpose of this journal is to highlight the theoretical and applied issues faced by economic managers, businesses and society in the economies. The journal especially welcomes submissions which cover the topical areas related to sustainable economic development in emerging and developing economies.

The journal also covers all disciplines of social sciences in the context of development studies. READS disseminates quality research in all disciplines of Economics and Development Studies in Social Sciences. The subscribers are universities, research institutions, government institutions, NGOs and individual researchers.

The views expressed in all research papers published in the READS are only of authors and not of the editor or the publisher. The authors are responsible for their views expressed in their published research papers in READS.

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The journal considers articles written in all areas of economics and development studies in emerging economies including but not limited to micro economics, macroeconomics, financial economics, environmental economics, sustainable economic growth and development, monetary economics, econometrics, agriculture economics, international economics.
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- ESJI (Eurasian Scientific Journal Index)
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Fragility of Nascent Democracies: A Case Study of Pakistan

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ARTICLE DETAILS

ABSTRACT

Democracy has always been targeted by the forces that are against this particular type of system yet it has emerged as an efficient and more delivering system around the world. In this research article, those forces have been identified and an exclusive analysis has been given with regards to the threats faced by the democratic system of Pakistan. A comprehensive study of the root-causes, which contributes to the destabilization process, has been given. Suggestions and recommendations have also been given to treat the malady of destabilization. Finally, it has been deduced that the states like Pakistan that are under threat of destabilization need socialization and awareness to reduce such threats by rationally coping with the situation.

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1. Introduction

With more than 100 countries around the world (out of 193), democracy has taken its roots, and fruits of democracy have been relished by the people of these states. It is a system through which people elect their own representatives who come into the power and legislate for these people according to their wishes. Abraham Lincoln’s definition is well known that “democracy is the government of the People, by the people and for the People”. So in a democratic system, people are the master of their own will. But things do not go as smoothly as appear on the surface. Though people are the master of their own will yet there are many challenges which are being faced by this system for its sustainability. After World War II, many countries got independence from their respective imperialist powers. These independent countries mostly belong to the third world. As they were already facing many difficulties in the region i.e. economic, social, educational, cultural, etc. Liberty proved a mixed blessing for them. They have to confront on many fronts. To solve all these issues they need a strong and stable system of government that has the ability to address these issues along with international recognition so that they might not fall again into the hands of evil mongers. Most of these new states opted democracy as a viable system for their sustainability. They opted for it because it was a system at that time which was functioning smoothly and delivering successfully. Though it was not as favorable for these countries’ condition but no other better alternative was also present. Some states found it better for them whereas others’ experience was not very good. After World War II, the victorious alliance also suffered and the world was divided into bi-polar powers i.e. in USA and USSR. Each indulged into the cold war and tried to show its superiority and hegemony over the other through different means. There started a race of arms and race of capturing as many states as possible to show their strength. USSR was a communist power whereas the
USA was a capitalist power. To increase their influence both used all forms of ways whether legal or illegal through a policy of intervention into other states. The Soviet communists wanted to impose their ideology over as many states as they could gain by hook or by crook and vice versa. The United States and its Western allies decided to check the communist expansion. So through different plans, war-torn Europe was supported by the USA as it considered that USSR was bringing communism into the continent of Europe as well. Apart from the plans like Marshall Plan and formation of NATO by the USA and formation of WARSA PACT to counter the NATO attack by the USSR, another way to enhance the influence was to bring the newly independent states into their ideological whole. So both these powers adopted a policy of intervention and made these newly liberated states a parasite so that they could never stand at their own. To achieve this very end they exploited those conditions which were favorable for them. They gave them aid and debt, used the elite of these countries which include civil and military elite, fanned the religious extremism, supported the so-called nationalist, provided arms and aid to the evil forces working within a state, etc. Apart from this physical intervention they also poisoned these nations through many invisible evil practices which not only corrupted their entire system and made them sluggish, dependent, irresponsible, fanatic and insecure but turned these new entities of the world into such habits that they are even paralyzed to think better for themselves and their future generation to come as well.

Among such nations was the nation of Pakistan who got independence from British imperialists on August 14, 1947. Like many other nations, this nation also adopted democracy as a system of government for it. This nascent democracy was also hijacked by these evil forces that have their evil intentions to destabilize it. Therefore, this article discusses in detail about these hidden forces and explores how they work and exploit the circumstances into their favor.

2. Literature Review
The vulnerability of the democratic system lies in its very existence. Whenever everyone is invited to join the system, there is every likelihood that some opportunist would also penetrate through this open invitation. These are forces who try to monopolize or create influence on the system so that they could achieve their interests. They try to paralyze the system so that it always remains dependent. Khalid Bin Sayeed in his book Politics in Pakistan: The Nature and Direction of Change (Sayeed, 1980) describes the prevailing environment about the future government in Pakistan. Politics of Pakistan took different dimensions soon after the independence. Laziness of the leaders after the demise of Quaid-e-Azam in 1948 put the country on another track. The arguments started for the type of government in the country. In the meantime, the first constitution was formulated. The different leaders tried to influence in accordance with their school of thoughts which made the environment unstable. Hassan Askari Rivi in his book, The Military and Politics in Pakistan (Rizvi, 2000), shares that from the Governor Generalship of Quaid-e-Azam there started a race for keeping the maximum power with one person. After the death of Quaid-e-Azam, the military expanded its network to hijack the politics of the country. With the inclusion of Ayub Khan and Skinder Mirza, the military crept into the affairs of politics. Thereafter, the role of army increased in the politics of Pakistan, and with our sour relations towards India army further affirmed its position and dictators one after the other contaminated the politics of the country. Munir Ahmad in his book, The Civil Servants in Pakistan (Ahmed M. , 1964) elaborates how the civil bureaucracy got its hold in the affairs of government. From day one bureaucrats like CH. Muhammad Ali, Malik Ghulam Muhammad, and Amjad Ali were very close to Jinnah; and after independence, these bureaucrats played a nasty role in the political history of the country. They not only manipulated themselves but also joined hands with the army to be powerful in the country. S.M. Akhtar in his book, Economy of Pakistan (Akhtar, 1951), explains the precarious condition of Pakistan as the economy was a total collapse. The offices of the new country were held under tents, there was no food to eat, and India blocked the rightful share of Pakistan which also made the situation even worst. Economic condition was unexplainable. The expenditures to meet the needs of the country were below the requirements. The migrants were coming but there was nothing to give them. Then due to lack of proper system, for one and a half-decade, no progress could be made to improve the conditions. The economy was run under unstable conditions. Liaquat Ali Khan made a tour to the USA and the economic support was obtained from the countries apart from political support. Ch. Muhammad Ali in his writing Emergence of Pakistan (Ali, 1967), explicitly gives the overview of the situation what factors forced the Muslims of India to claim their self-identity. The struggle for an independent state gained momentum under the leadership of Quaid. He also explains in detail the manipulation of Lord Mountbatten and Jawahir Lal Nehro during the time of partition for the change of boundaries. Further, he describes the misfortunes, which Pakistan inherited from India and what happen to people who came from India. I.H.Qureshi in his book, Islamic Elements in the Political Thoughts of Pakistan (Qureshi I, 1960), elaborated those elements that were active and wanted to bring an Islamic style of government in Pakistan. The people, who were a part of the struggle, were mostly religious in
character. After independence, those who were against the formation of Pakistan also joined hands with the Islamic elements. The role of Maulana Modoodi and his Islamic team tried to implement Islamic laws and jurisprudence in the country. He was a part of heated debate to stop adoption of democracy as a system for Pakistan and gave cogent reasons how Pakistan was created in the name of Islam and that minorities should be treated as Zimis in the Islamic state and no administrative post should be given to them as it may prove dangerous for the interests of an Islamic state. G.W. Chaudhry in his book Constitutional Development in Pakistan (Chaudhry.W.G, 1958) said that the constitution development process was very slow in the country from the very first day said G.W. Chaudhry. From the first basic principles committee report to the form of the future constitution, every process was being impeded by the people of different schools of thoughts. After the promulgation of the 1956 constitution there started debates about its working. After two years it was abrogated and General Ayub Khan got his way into the politics. He gave his constitution of 1962. He legalized his government through the introduction of the Basic Democracies system. Constitution of the country remained a controversy after the independence due to lack of leadership and consensus on its basic form. Due to this reason institutions also could not gain proper ground as well. Mohammad Waseem in his writing, Politics and the state in Pakistan (Waseem, 1994) , depicts the development of Pakistan in political perspective. He also discusses how Zia ul Haq came to power, Zulfiquar Ali Bhutto's arrest and sentenced, Muhammad Khan Junejo’s government, Zia’s Islamization process, his support for Jihad in Afghanistan and his tragic death in August 1977.

3. Democratic Ideals
Briefly speaking the criteria which distinguish a democracy from a non-democratic state are democratic values and practices, institutions, rule of majority, opposition and competing parties, constitutional government, fundamental rights, equal opportunities for all, independent judiciary, free media, rights of minorities, responsible leadership, free and fair elections, absence of any social, economic, cultural or regional distinctions on the basis of caste, creed, sex, religion or nationality. A democracy that does not fulfill such criteria partially or completely may be termed as semi or pseudo-democracy. Following are the ideals of a successful democratic system.

i. Faith in the common man
ii. The state is the means and individual is the end
iii. Freedom of expression.
iv. Liberty and equality for all
v. Participation on the broader scale
vi. Peace and security
vii. The welfare of the people
viii. Guarantee of a stable government
ix. Efficiency and deliverance

4. Stability/Instability of Democracy
As discussed earlier there can be many non-democratic forces working within a system to destabilize it so that they could get their ulterior motives complete. They use each and every method to bring instability in the system. Here question comes into one’s mind that why democracy is a soft target for all evil forces to be attacked easily. The answer is that it is the only system through which everyone is invited to come and participate in the betterment of people. Finding this opportunity favorable these evil forces come into the system through exploiting those conditions which are poor and thus easy to target. Whereas in an authoritarian system no one is allowed to enter without the permission of the despot or the ruler. In a democratic system, such forces could be checked easily as well but it all depends on the proper performance of the system. If the people in government and people in opposition are functioning according to the constitution and laws of the land, institutions are independent and working within their jurisdiction, federal and provincial government (in a federal and parliamentary system) are doing their own job according to their mandate, judiciary is independent and delivering, a vibrant civil society is present, media is free, education is the priority of government, defense is strong and last but not least there is no politicking over the national interests by the political parties then there is no likelihood that any evil force with any ulterior motive could creep into the system. Though there are chances and possibilities of entering these forces in every system how developed it may be yet if the system is strong, stable and independent, it can check these things easily. There are different kinds of forces that contribute to destabilizing a democratic system. These forces utilize different ways and method to penetrate into a system. Looking closely it is observable that there are mainly two
kinds of forces that contribute to the fragility of the democratic system in some way or the other. Some of them are visible while the others are invisible.

i. Military Establishment
ii. Civil Bureaucracy
iii. Ethnic Cleavages
iv. Foreign Assistance/Intervention
v. Political Crisis/Instability
vi. Economic Depression
vii. Poor Law & Order
viii. Institutional Collapse
ix. Weak Writ of Government
x. Discontinuity of System

These forces, in general, may cause destabilization of democracy anywhere in the world. The more these forces shall get stronger more the fragility of democracy be enhanced. An analysis of the role of these forces in Pakistan with relevance to the stability/instability of democracy is given below.

5. Democratic Stability/Instability in Pakistan
Pakistan is a country that got its independence after the Second World War from British imperialism in 1947. Before it was a part of undivided India. After getting independence it faced many problems which even challenged its very existence. The challenges it faced were so serious that Pakistan could not properly organize its internal structure of the governance. Then the death of Quaid-e-Azam in 1948 and unfortunate demise of the Liaquat Ali Khan never allowed it to stand on its feet. Economically weak, ideologically divided, educationally backward, internally distressed, externally vulnerable and ethnically diverse Pakistan fall prey to the forces of destruction. As the geostrategic location of Pakistan was very important so all the regional and international power tried to have their influence on Pakistan. So due to miserable internal conditions in the country and geostrategic position on the map it attracted the evil mongers to conspire against it. In every system, there are many forces and players who work for and against the system at the same time. Pakistan is a nascent democracy in the sense that since its inception it has faced four military interventions, weak economy, illiteracy, racism, religion fanaticism, sectarianism, terrorism, tug of war for power between center and provinces, slow judicial system, ideological differences, political unrest, weak institutions, controlled media, low participation, non-serious attitude of the political parties and many other problems which are normally faced by the nascent democracies around the world. Although the conditions are getting better due to the continuity of elections yet the system is facing a serious threat due to the poor performance of the civil government who never satisfied the masses, which resultanty will again provide a chance to non-democratic forces to intervene.

5.1 Military Intervention
Military intervention has always been a chronic problem for Pakistan since its inception in 1947. After the death of Quaid-e-Azam (1948) and Liaquat Ali Khan (1951), Ayub Khan, the first Pakistani commander in Chief of the Army got his way into politics. In 1954, the new government of Muhammad Ali Bogra gave him the portfolio of defense ministry (while he was army chief) and Maj. Gen. Sikandar Mirza was given the portfolio of the interior ministry. Both these men were not civilians but from military bureaucracy. They manipulated with the civil bureaucracy and during the period of Sikandar Mirza as Governor-General, the monopoly of the military bureaucracy was at its peak. Democracy could not take roots during this period. Then on October 1958 first Martial-Law was imposed by the Sikandar Mirza by abrogating the first Constitution of Pakistan 1956. Ayub Khan took control of the country as Chief Martial Law Administrator (CMLA) and later became the President. He introduced a new constitution in 1962. After ten years he gave control to another dictator Gen. Yahya Khan who abrogated the Constitution of his predecessor and imposed martial law in 1969. During his period East Pakistan became Bangladesh after being dismembered from West Pakistan on Dec 16, 1971. After him, Zulfiqar Ali Bhutto took oath as the President and first Civilian CMLA on Dec 20, 1971. He later became the Prime Minister of Pakistan on Aug 14, 1973, after giving the first consensus-based Constitution of Pakistan 1973. Bhutto government was later on toppled by another dictator Gen. Zia-ul-Haq in 1977 by holding the constitution of 1973 in abeyance and imposing Martial Law again. He imprisoned the Z. A Bhutto who was later on sentenced to death in a fake case backed by the Gen. Zia. After that Gen. Zia reigned for another ten years till his death in a plane crash on Aug 17, 1988. Then the civilian government of Benazir Bhutto came in 1989 which lasted till August 1990 and was
dissolved by the then President Ghulam Ishaq Khan on the corruption charges. Nawaz Sharif then became the Prime Minister in 1992 whose government was also dissolved by the same President on same charges. Then again the government of Benazir Bhutto came in 1993 which was dissolved by his own President Farooq Ahmad Laghari in 1996. (Yousaf, 1999)Nawaz Sharif came again with a heavy mandate in 1997 but due to his unpleasant policies and Kargil Crisis of 1999, his relations with the army got soured and his own hand-picked Gen. Pervez Musharaf toppled his government on October 12, 1999, through a military coup. General Musharaf later became the President of Pakistan and reigned till 2008, a period of almost ten years again in military control. Although for the first time in the history of Pakistan, Parliament has been able to complete its tenure from 2008-2013 and 2013-2018, none of the Prime Minister of Pakistan has yet completed his tenure in office for the 72 years long history after the creation of Pakistan. The role of the military establishment in the functioning of civilian government is increasing day by day and it has now become part of various important decision-making bodies in Pakistan. Therefore, one can conclude that democracy in Pakistan is yet nascent and needs to be strengthened.

5.2  Civil Bureaucracy
Civil bureaucracy is another force which is responsible for weak democratic set-up in Pakistan. Bureaucrats often conspire against the elected representatives. Due to the absence of a constitution in the initial phases, the role of civil bureaucracy was unspecified. So the routine changes in the ministries allowed the civil bureaucrats to do according to their will and in this way, they penetrated into the political scenario of the country. Bureaucracy always joined hand with military bureaucracy to destabilize democracy. As they are chosen for the civil service through a tough competitive examination system, they think that they are superior to the elected representatives. So through different ways, they create hindrances in the working of government as they know that politician is dependent on them because of their low education and incapabilities. Two governments, each of Benazir Butto and Nawaz Sharif were also dismissed by the bureaucrats like Ghulam Ishaq Khan and Farooq Ahmad Khan Leghari. In the same fashion, bureaucrats helped the government of Gen. Musharaf to take ground. In the recent past to fail the PPP governments of Yousaf Raza Gillani and Raja Pervaiz Ashraf led by Asif Ali Zardari, the bureaucracy did play their silent role through creating hurdles following the policy of red-tapism and refusing to follow the government’s instructions. Whenever the military takes on the civil government it is in fact bureaucracy that helps them to sustain long. Role of bureaucracy remains powerful as long as the politicians are depended on them. So finding the powerful and educated politicians above them becomes difficult because they paralyze the entire system through official tactics, which results in the failure of the democratic government to deliver. Pakistan has been a victim of this highly educated force of the country since its initial days. (Ahmed M., 1964)

5.3  Ethnic Cleavages
Ethnic Cleavages have also haunted Pakistan from the very beginning. After the first eight or nine years of independence, Bengalis of East Pakistan started a movement of separation from West Pakistan. Although there were many injustices committed to them by the leaders of West Pakistan yet the movement gained momentum due to the Bengali ethnic slogan. Finally, Pakistan was dismembered and East Pakistan became Bangladesh on Dec16, 1971 due to this ethnic cleavage. Currently, again Pakistan is facing an ethnic insurgency in the province of Balochistan. In Balochistan, the banned organizations like Bloch Liberation Army(BLA) and Bloch Liberation Front(BLF) are challenging the writ of the government. (Ahmed A. S., 1986)

5.4  Foreign Assistance and Intervention
Foreign Assistance and Intervention is another cause. All the anomic elements cited above have allowed the powerful nations to intervene in the country as it is dependent on others to survive. If we look back it is noticeable that Pakistan’s history is replete with foreign assistance. As Pakistan could never stand on its feet so it always needed aid from other countries to sustain. From Liaquat Ali Khan to Imran Khan, all the governments whether military or civilian depended on aid and foreign assistance. From the USA, UK, Germany, France, China, UAE, Saudi Arabia, EU, Japan, Turkey, and Institutions like IMF, World Bank, Asian Development Bank, USAID, UKAID, Pakistan is receiving assistance. The new government of Imran Khan, who came with a slogan of change, is also not an exception. The new government has also taken a loan from the IMF for its government’s business to run. When these countries provide loan or aid to Pakistan they also interfere in the country’s affairs through different ways. USA, UK, EU, China, Saudi Arabia all influence on the policies of the government. Therefore, even the popularly elected governments of Pakistan fail to perform in accordance with the wishes of the masses that consequently creates outrage against democracy, resultant paving the way for non-democratic forces.
5.5 Political Instability
Political Instability is another reason for the fragility of Democracy in Pakistan. Since its creation in 1947, Pakistan is in a state of Political Crisis which has been further aggravated by the economic, social, ethnic, religious and linguistic problems. Two major mainstream political parties i.e. Pakistan People’s Party and Pakistan Muslims League(N) have never been allowed to function properly by the establishment on the one hand, and due to their own weak intra-party structure and personal interests to fulfill on the other. After coming to power they misuse the power, appoint their diehards and loved ones on the lucrative positions, disrespect the law and ignore the merit policy. They stop the benefiting projects started by the previous government and play politics over the national interests e.g. Kala Bag dam, creation of new provinces, naming of the NWFP as KP, owning or disowning the war on terror in the country, etc. There is no democratic culture found in the political parties; harsh treatment is meted out to the opposition parties, no leadership qualities are seen while making a person party leader and also no culture exists to accept the mandate of successful political parties rather always alleging rigging in the elections. Although the civilian governments continue to rule in Pakistan in the wake of elections, the allegations of rigging continue to hinder their performance. Moreover, it has heightened polarization in the society which can provide a justification to the non-democratic forces to legitimize their intervention in the system.

5.6 Struggle for Power between the Centre and Province
Then there is a struggle for power between the Centre and Province. The tug of war for power between the Center and Provinces has hung the whole system because neither the Center nor Provinces are ready to take/share their powers as well as responsibility. After the passing of the 18th amendment, it was hoped that the situation would become better but this struggle yet continues as the statements by the central government often show their apprehensions about the 18th amendment.

5.7 Economic Depression
Economic Depression: Constant economic growth is one of the indicators to be called a stable state. The states, in which the economy is downtrodden become a victim of endemic problems. Though no state can maintain the economic growth at a high level forever yet it does not mean that there could be no way out to bring it back to a higher level again. Pakistan is among those states who are economically depressed. The problem that it faced from its very first day is still faced by it even after a lapse of 72 years. The problems discussed earlier are a natural corollary that causes an economic depression. Pakistan’s permanent dependence on others has made it economically vulnerable. It is well known that political stability and economic stability are interdependent. Economic instability leads to political instability which makes it difficult for the democratically elected governments to survive.

Towards the end, one can say that all the non-democratic forces irrespective of the fact whether they are visible or invisible, take advantage of their role in the system and weaken the democratic governments in Pakistan. Democratic set-up is extremely shattered by such forces which consequently hinder Pakistan to become a prosperous, independent, social, welfare and democratic state. The solution lies only in the continuity of the democratic system. Looking precisely the study has identified the following problematic areas which also accompany a set of recommendation to address the underlying factors. The study suggests the following.

i. Destabilization happens when the internal situation of the country is precarious.
ii. Larger participation with limited checks in the system invites the evil forces of destabilization to come into the system that further aggravates the precarious situation.
iii. Dissatisfaction, despondency, non-deliverance, inherent weaknesses and economic depression fuel the fire of destabilization.
iv. Foreign adventurism, repeated military interventions, terrorism, sectarianism, race and ethnicity, religious extremism, poor law and order, political crises, institutional collapse and weak writ of the government are the elements to be exploited by the mongers of destabilization.
v. Irresponsible civic behavior further disillusion the grim situation within the country which results in destabilization of a democratic process.
vi. Stability could be achieved if practical measures are adopted to improve the present conditions.

Following suggestions can help to achieve this much-desired end.
i. Internal weaknesses of the system should be addressed.

ii. Aggrieved elements should be brought back into the system through dialogue and dispensation.

iii. Economic independence and a responsible political attitude bar these evil forces to penetrate into the system.

iv. System of checks and balance in every sphere of the country should be adopted to avoid breaches of internal and external security.

v. National integration should be promoted to a larger extent.

vi. Law and order situation should be improved.

vii. Individuals must fulfill their civic responsibilities.

viii. Democratic norms should be adopted by politicians and civilians on the whole.

In the nutshell, if one wants to support the democratic process one shall have to behave in a mature political way and will have to stop the interference of the forces cited above in the democratic process.

**Conclusion**

Every system whether it is a monarchy, communism, dictatorship or a democracy suffers one or more than one problems. These weaknesses allow the forces of destabilization to utilize the poor situation by exploiting those elements which are angry or working against the system for one reason or the other. In this way, they create hatred towards the entire system by fanning the fire of deprivation. Increasing despair and despondency radicalize the people who finally refuse to come back in the national-whole. Democracy becomes prey to these forces easily because it is a more vulnerable system than the communism, monarchy or dictatorship. Those systems are controlled by the dictatorial and opportunist clique whereas democracy invites these elements into the system to participate and perform. If the democratic norms do not take roots, institutions are weak, leaders don’t have the ability to deliver, and the country is not independent economically then the situation could be easily exploited. On the other hand, dictators control the weak system by not allowing much participation, despite poor performance and poor situation and reign for decades as it has been witnessed in Pakistan.

**References**


Energy Consumption in Agriculture Sector, Environmental Cleanliness and Economic Growth: An Empirical Evidence of South Asian Countries

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ARTICLE DETAILS

ABSTRACT

This study plays its role in the literature by investigating the impact of energy consumption on agriculture sector, and environmental cleanliness on Gross Domestic Product, in five South Asian countries from the period of 1990 to 2015. Energy is now becoming a challenge for the South Asian countries especially country like Pakistan. Developing countries are in a race to gather more and more resource for the production of energy. The main objective of research is to examine the short-run and long-run relationship between economic growth and energy consumption on agriculture sector of economy in South Asian countries. Granger causality test and Error correction model is employed to get the results. The empirical results showed the presence of co-integration among the variables and it indicates gross domestic product has a positive relationship with energy consumption in agriculture sector and environmental cleanliness. Granger causality results showed that unidirectional causality is present between gross domestic product and agricultural sector while no causality is present among environment cleanliness.

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1. Introduction

Agriculture is the main area of source for creating nations and feeding people. It supplies sustenance and job to the greater part of the populace. An adequate supply of residential nourishment is extremely important for stable economy and political framework in creating nations. It is the primary reason of the strength of the horticulture part. Farming area in South Asian nations is exceptionally vital for the continuous nourishment supply to the local populace. This is additionally vital as horticulture records for almost 30 percent of the GDP. It connects with majority of the populace and for a great many people rural items make up a substantial piece of utilization and have a weight of 57 percent in the purchaser value record. Any strategy which influences the horticulture division in this manner influences everybody in the general public. The quick changes in the agrarian segment essentially influenced the little agriculturists in South Asian nations amid the 1960s. The popular Green Revolution had
profound impacts for profitability by the presentation of high-yielding seed assortments and enhanced composts. The new biotechnologies present new seeds that upgrade the physiological quality, synchronicity and energy. It empowers the foundation of yield in various environments which gave a catalyst to horticultural automation (Bakhsh, Ahmad, Hassan, & Gill, 2007).

Energy is a key wellspring of economic growth in light of the fact that numerous creation and utilization exercises include Energy as fundamental information. Energy is a standout amongst the most critical inputs for economic growth. From a physical perspective, the utilization of Energy drives economic profitability and industrial development and is a key to the operation of any present day economy. (Asghar, 2008a) contend that Energy is in charge of any event and a large portion of the industrial development in an advanced economy.

South Asia is otherwise called Southern Asia; it is the southern area of the Asian landmass. Amid the period of British Empire it was likewise named as "Indian Subcontinent". The present nations incorporated into South Asia are: Afghanistan, Bangladesh, Bhutan, Maldives, Nepal, India, Pakistan and Sri Lanka. In addition, the British Ocean region, Mauritius and Tibet locales are additionally incorporated into South Asia. The region of South Asian is around 5.1 million km2; it is 11.51% of the Asia subcontinent. South Asia covers 3.4 % of the world's property surface region. It is most thickly populated geological locale of the world. It is the natural surroundings of one fifth of the world's populace. South Asian populace is around 1.749 billion. It involves more than 24% of the world's populace. Each of the eight countries involving South Asia is the part of the South Asian Association for Regional Cooperation (SAARC). It is an association for the economic collaboration of every one of the eight nations (Lucas, 1976). As indicated by the report of World Bank which was distributed in 2015, South Asia turns into the quickest developing conservative area on the planet. India is the biggest and quickest developing economy in the locale (US$2.180 trillion). Pakistan has the following biggest economy in South Asia ($250 billion) trailed by Bangladesh and Sri Lanka (Quah, 1996).

South Asia is the country of 24% of the world populace and the GDP development of this area is exceptionally promising, from 5.5% to 6.5% from 2004 to 2010. Yet at the same time South Asia is set apart as one of the locales with least per capita utilization of Energy. Normal appropriation of assets is uneven and it makes unevenness between territorial requests and supply in South Asia, because of a few different variables. A few locales have parcel of Energy assets while different districts have less assets For the most part developed countries have bunches of Energy sources and they are rich, while the developing nations also have Energy deficiency status.

South Asia demonstrates wide differences as far as Energy assets and Electricity which are delivered and utilized as a part of various nations. The rate of utilization of fills and the openness to the Energy assets differ incredibly in rustic and urban territories. South Asian nations are Energy inadequate nations since they have less oil and gas assets (Pereira). They intensely rely on imports to full fill their necessities of oil and gas. The utilization of renewable Energy assets additionally fluctuates extraordinarily in South Asian nations. For the most part South Asian nations hand-off on single Energy sources with the exception of India and Pakistan. Afghanistan, Maldives, Nepal and Sri Lanka expend 78%, 100%, 67% and 79% oil, individually. Bhutan utilizes half of hydroelectricity Energy. 74% Energy consumption of Bangladesh relies on upon common gas. More prominent reliance on sole Energy source creates Energy security worries and in addition it restricts the alternative of differing qualities. A standout amongst the most critical point that numerous south Asian nations have enough coal assets (India and Pakistan) however they are yet importing coal from different nations. Like India had imported 28 million tons of coal in year 2006.

To support the GDP of the locale or to keep up the development of economy, a consistent supply of Energy at sensible costs is the need of great importance. South Asian nations are utilizing distinctive sorts of imported Energy assets which are persistently expanding their import bills. Still the vast majority of the south Asian nations are not ready to full fill their Energy requests. When contrasted with developed countries, South Asian individuals have less extravagance. The Energy bills of South Asian residents are additionally high when contrasted with the subjects of numerous developed countries. It is additionally disturbing that the Energy needs of South Asian nations is expanding step by step and it will build three times in next 15 to 20 years. Key difficulties in the Energy division of South Asian nations are expanding Energy deficiency, predominance of single fuel, expanding import spending plan and the absence of required Energy framework. It is the need of great importance to pay consideration on the Energy approach of the SAARC nations.
To diminish import spending innovations must be created to build the profitability of oil, gas and coal in the area. South Asian nations have wide assortment of renewable Energy assets like hydra, wind, sun oriented and tidal. Bioenergy must be utilized as a part of various zones of life to build the economic growth or to full fill the provincial family unit request. The Energy interest of the area is expanding with a yearly rate of 5% because of family and modern division. Thus, it is the need of an ideal opportunity to step for the un-interfered Energy supply to all divisions of economy. Electricity is one of the central Energy source everywhere throughout the world. It is an optional type of Energy which is created from essential Energy sources like coal, oil and normal gas. Numerous different strategies for Electricity era are practically speaking now days like hydro-electric strategy, atomic innovation, sun oriented, and wind, geothermal and tidal techniques. Generation, transmission and dissemination of Electricity to every single part of the nation is a costly method and it needs parcel of spending plan. Electricity is a vital Energy source so it is ideal to examine it independently (Tang, Shahbaz, & Arouri, 2013).

Use of Electricity in the general public is the fundamental pointer of a dynamic economy. As indicated by UN Human Development Index the utilization of Electricity is straightforwardly related with way of life. Those nations which have per capita utilization of Energy is beneath 1,000 kWh have HDI scores under 0.6. In the event that the utilization level of Energy expanded in the nation the HDI score made strides. Utilization of Electricity in South Asia is most reduced per capita. Notwithstanding the way that South Asia is honored with numerous regular Electricity creating assets. Numerous South Asian nations like Pakistan, India, Nepal and Bangladesh are confronting the gigantic lack of Electricity. They are creating half less Electricity than the accessible potential. They require right around 40000MW more Electricity to full fill their necessities or to run their economy consistently. India had been confronting 9% Electricity lack in 2011. Bhutan is likewise confronting the lack of essential Energy as force supply. In Pakistan the HDI have medium quality which is 500kwh for every capita.

In South Asian nations conventional strategies are utilized for the era of Electricity. For the most part fuel is transported in from the created nations and after that it is utilized for Electricity era as a part of South Asia. Different techniques for Electricity generation are likewise in like manner practice. Like Bhutan, Nepal, Pakistan and Bangladesh are utilizing hydroelectric assets. India is likewise utilizing coal on expansive scale for the creation of Electricity. Coal gasification innovation is likewise presented in Pakistan, as of late (Brisse, Schefold, & Zahid, 2008)Energy is the critical criteria for the improvement of the economy of the nation. The development rate of GDP likewise relies on upon the interest of Energy and Electricity is one of the main components which decide the way of life in created nations. Electricity assumes the most fundamental part in the improvement of the economy. It decides the advancement of the nation. For the transformation of creating country into a created country the prerequisite of Energy increments commonly(Han, Özyilmaz, Zhang, & Kim, 2007)

Energy is considered as the most important factor for the generation of wealth and also an important component in economic progress of the country. This fact makes the energy resources as an essential fact for every country of the world. In an effort to balance energy supply and demand, every country is making policies and strategies. Every country aims to attain the perfect balance between energy supply and demand. Many factors determine the world energy consumption and production some of which are: population growth, economic performance, consumer tests, technological developments, government policies concerning the energy sector and developments on world energy markets. The energy is responsible for at least half the industrial growth in a modern economy (Asghar, 2008b; Foran & Poldy, 2002). Energy is a key source of economic growth because many production and consumption activities involve energy as a basic input. Energy is one of the most important inputs for economic development. From a physical point of view, the use of energy drives economic productivity and industrial growth and is central to the operation of any modern economy.

The specific research questions that this research aimed to answer are:
- What is the impact of energy consumptions of agriculture sector on economic growth of south Asian countries?
- What is the impact of environmental cleanliness (CO2) on economic growth of south Asian countries?

2. Literature Review
To achieve a managed development of farming efficiency, enough interest in the rural area is irreplaceable, particularly in the preparatory phases of monetary advancement. This improves rural generation and accordingly, there is a move in HR in the mechanical and administration division from agribusiness area. The end goal to change from agrarian segment to mechanical division an adequate improvement in the rural part efficiency is necessary (Duranton & Puga, 2004). On the interest side, the development in agrarian creation increments rural wage which
prompts increment in the interest for modern items. In addition on the supply side, the expansion in the profitability in the horticulture part moves HR from the farming to the modern segment (Jorgenson, 1967) Like numerous creating nations, South Asian Countries (SACs) have ensured their horticultural parts to settle their residential sustenance supplies.

This is additionally mandatory as farming part represents about 30 percent of the GDP. It offers vocation to the heft of the populace and for some individuals horticultural items make up a gigantic piece of utilization and have a weight of 57 percent in the buyer value file. Any adjustment in the approach which influences farming segment subsequently straightforwardly impacts everybody in the general public. (Henneberry, Khan, & Piewthongngam, 2000) Agricultural division additionally helps in the quicker development of the modern segment. This may exchange the abundance work from horticultural segment to different areas by producing business. Strategy creators in these nations are going ahead to take after mechanical drove development strategies and they trust that it will upgrade monetary advancement, while the need to support agribusiness division is debilitating.

Hence, any component hindering the capital arrangement in the horticultural division may have unsafe results on highly required profitability development. Keeping in mind the end goal to obey with the usage of financial and basic change strategies and to balance the diminishing agrarian profitability, it is necessary to make substantial capital interest in the agribusiness and agro-subordinate mechanical areas in the locale. It will secure sustenance supply in these nations; particularly it readies these nations to adapt to expanding populace and nourishment request. Moreover, approach producers must need to consider the macroeconomic bearings of arrangement changes in the rural segment and their centrality in the general balance for development, circulation and welfare.

2.1 Environmental Cleanliness & Economic Growth
The normal ascent in populace and the financial advancement that must happen in numerous nations have genuine risk for nature in light of the fact that the vast majority of the Energy creating frameworks (for instance, era of power, warming, cooling, or intention power for transportation vehicles and different uses) are crushing the earth and are unsafe for the biological community (Dincer & Rosen, 1998). The point of the effect of financial development and CO2 outflows has been reported in the writing of economy. Distinctive specialists have focused on various nations, eras and have utilized diverse sorts of intermediary variables for Energy utilization. Creator examined the impact of monetary development, CO2 outflows, capital, money related improvement, and populace on Energy utilization (Hamrita & Mekdam, 2016) utilized disintegration technique for their studies. They broke down the components that influence the move in the level of Energy related CO2 emanations. They portrayed that outflow of CO2 in the mechanical division demonstrated a diminishing pattern because of good Energy proficiency and fuel exchange. In any case, the effect of contamination coefficient and Energy force on CO2 outflows in the horticultural area was verging on ignored. Then again, Energy force changed a more extensive territory and greatly affected Energy actuated CO2 emanations than the contamination coefficient.

The natural effect of Energy utilization is lessened by upgrading the effectiveness of Energy asset usage (by and large alluded to as Energy protection), and by substituting all the more ecologically generous Energy assets for harming ones. Amid late years the ecological impact of human exercises has become drastically because of the increments in the total populace, asset utilization, and modern action.

3. Methodology
The objective of the paper is to make it clear that how much South Asian Countries are investing over energy, how much they are consuming per annum and what is its impact over GDP. In this research, we consider the following; Pakistan, India, Nepal, Bangladesh and Sri Lanka. It was aimed to study the history of these five South Asian countries for a long time, but managed to gather the data for 25 years. We will see in the descriptive data statistics that how other researchers use different testing for the analysis of the data gathered.

3.1 Variables and Data Source
In the above model shows the list of independent variables, which have been utilized to fulfill the objective like; CO2 used as proxy variables which has been used by different researcher. As independent variables used total energy consumption, trade openness, energy consumption in agriculture, services and industrial sector. The present study is based on panel data, for the time period of 1990-2015. In this study, collected from world development indicator and international energy agency to check the impact of energy consumption in different sector of the
economy of south Asian countries. There are different studies around the world, which fused these variables. The general functional form of the model is given as in the following:

\[ GDP = f(ECIA, Env) \]

4. Results and Discussion

Table 1: Panel Unit Root

<table>
<thead>
<tr>
<th>Variables</th>
<th>Methods</th>
<th>Statistics (Level)</th>
<th>P-Value</th>
<th>Statistics (First Difference)</th>
<th>P-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>LCO2</td>
<td>Levin, Lin &amp; Chu t</td>
<td>-3.12677</td>
<td>0.5062</td>
<td>-2.44236</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Im, Pesaran and Shin W-stat</td>
<td>-0.39129</td>
<td>0.3478</td>
<td>-4.60874</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>ADF-Fisher Chi-square</td>
<td>13.6792</td>
<td>0.1881</td>
<td>40.0183</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>PP-Fisher Chi-square</td>
<td>12.0303</td>
<td>0.2830</td>
<td>353.665</td>
<td>0.000</td>
</tr>
<tr>
<td>LECIA</td>
<td>Levin, Lin &amp; Chu t</td>
<td>-1.17367</td>
<td>0.1203</td>
<td>-4.09657</td>
<td>0.000</td>
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<td>Im, Pesaran and Shin W-stat</td>
<td>0.60347</td>
<td>0.7269</td>
<td>-5.35225</td>
<td>0.000</td>
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<td></td>
<td>ADF-Fisher Chi-square</td>
<td>5.67097</td>
<td>0.8421</td>
<td>48.1803</td>
<td>0.000</td>
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<tr>
<td></td>
<td>PP-Fisher Chi-square</td>
<td>11.9863</td>
<td>0.286</td>
<td>99.167</td>
<td>0.000</td>
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<td>LGDP</td>
<td>Levin, Lin &amp; Chu t</td>
<td>0.27767</td>
<td>0.6094</td>
<td>-1.54526</td>
<td>0.0221</td>
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<td></td>
<td>Im, Pesaran and Shin W-stat</td>
<td>0.28871</td>
<td>0.5748</td>
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<td>0.0061</td>
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<td>ADF-Fisher Chi-square</td>
<td>6.06292</td>
<td>0.8099</td>
<td>32.7442</td>
<td>0.0001</td>
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<td></td>
<td>PP-Fisher Chi-square</td>
<td>7.49211</td>
<td>0.6783</td>
<td>117.776</td>
<td>0.0003</td>
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</table>

Table 2: Panel Descriptive Statistics

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<tr>
<th>Variables</th>
<th>LNGDP</th>
<th>LNCO2</th>
<th>LECIA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>1.806817</td>
<td>3.558678</td>
<td>3.341761</td>
</tr>
<tr>
<td>Median</td>
<td>1.625590</td>
<td>3.279030</td>
<td>2.950851</td>
</tr>
<tr>
<td>Maximum</td>
<td>4.968563</td>
<td>7.532955</td>
<td>4.375737</td>
</tr>
<tr>
<td>Minimum</td>
<td>-2.118042</td>
<td>-0.116534</td>
<td>2.424882</td>
</tr>
<tr>
<td>Std. Dev.</td>
<td>0.970870</td>
<td>2.073367</td>
<td>0.682282</td>
</tr>
</tbody>
</table>

Table 3: Panel Correlations

<table>
<thead>
<tr>
<th>Variables</th>
<th>LNGDP</th>
<th>LNCO2</th>
<th>LECIA</th>
</tr>
</thead>
<tbody>
<tr>
<td>LNGDP</td>
<td>1.000000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LNCO2</td>
<td>0.221609</td>
<td>1.000000</td>
<td></td>
</tr>
<tr>
<td>LECIA</td>
<td>0.010413</td>
<td>0.192319</td>
<td>1.000000</td>
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</tbody>
</table>

Table 4: Johanssen Fisher Panel Integration Test

<table>
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<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>None*</td>
<td>180.6</td>
<td>0.0000</td>
<td>180.9</td>
<td>0.0000</td>
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<tr>
<td>At most 1*</td>
<td>103.8</td>
<td>0.0000</td>
<td>62.32</td>
<td>0.0000</td>
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<tr>
<td>At most 2*</td>
<td>71.19</td>
<td>0.0000</td>
<td>48.58</td>
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<tr>
<td>At most 3*</td>
<td>84.71</td>
<td>0.0000</td>
<td>67.96</td>
<td>0.0000</td>
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Table 5: Granger Causality Test

<table>
<thead>
<tr>
<th>Null Hypothesis</th>
<th>Obs</th>
<th>F-Statistic</th>
<th>Prob.</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>LECIA does not Granger Cause LNGDP</td>
<td>112</td>
<td>4.81013</td>
<td>0.0304*</td>
<td>Unidirectional</td>
</tr>
<tr>
<td>LNGDP does not Granger Cause LECIA</td>
<td>0.04162</td>
<td>0.8387</td>
<td>Causality</td>
<td></td>
</tr>
<tr>
<td>LNCO2 does not Granger Cause LNGDP</td>
<td>111</td>
<td>2.27256</td>
<td>0.1346</td>
<td>No Causality</td>
</tr>
<tr>
<td>LNGDP does not Granger Cause LNCO2</td>
<td>0.84301</td>
<td>0.3606</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 6: Error Correction Model
Error Correction: | Standard Error | T-Statistics |
---|---|---|
CointEq1 | (0.31739) | [-3.98441] |
D(LNGDP(-1)) | (0.26558) | [0.60775] |
D(LECIA(-1)) | (2.17190) | [-1.29085] |
D(LNCO2(-1)) | (0.43154) | [-0.16510] |
C | (0.13966) | [0.01061] |
R-squared | 0.518750 |  |
Adj. R-squared | 0.358333 |  |
Sum sq. resid | 27.11139 |  |
S.E. equation | 0.640920 |  |
F-statistic | 3.233767 |  |
Log likelihood | -73.38917 |  |
Akaie AIC | 2.166049 |  |
Schwarz SC | 2.809179 |  |
Mean dependent | 0.004836 |  |
S.D. dependent | 0.800109 |  |

5. Discussion

Energy is a rising and a serious issue of the modern world. It is getting on more and more challenging for the policy makers with time. South Asian countries have limited energy resources. They rely on the exported energy resources for the fulfillment of their demands. In some South Asian countries the exploration of energy resources demand lot of investment but many South Asian countries have natural resources and they have the capacity to full fill their requirements or to control the energy crisis (Stjepanović, 2013). The governments of these countries are not focusing on their goals properly due to different causes. Pakistan is facing the serious issues of energy shortfall. It has enough natural resources for the generation of electricity but the country is not politically well established to solve this issue. Pakistan also lacks government funding and they are not focusing seriously on the issue of energy shortage.

Some of the South Asian countries have many other problems like they are not using the energy resources properly and efficiently. The wastage of energy resources is the serious cause of energy shortfall in these countries. Moreover, this inefficient utilization of energy resources has serious implication of the environment. This behavior caused many environmental problems and it is deteriorating are environment (Felipe, McCombie, & Naqvi, 2010). The pollution level is also increasing day by day due to inefficient use of the energy resources (Saidi & Hammami, 2015). Hygienic and human friendly environment is the necessity of life for all living things. It is the main need of the society because it enhances the life quality of the citizens. Intellectuals and researchers are working day and night to achieve the ever increasing energy goals of the world. On the other hand, the search of efficient, sustainable and environment friendly energy resources is on its peak. They are trying to cross all those hurdles which are creating problems in the achievement of nature friendly and enough energy resources.

6. Conclusion

A balanced panel of five South Asian countries was developed and considering the data of 25 years that also contains annual data of our variables we consider for this study. To satisfy the core purpose and objective of the study and considerable verification of the results originated from the test of the panel data we selected, we tried to incorporate many other countries as possible as we can with a considerable and reasonable time frame of the observations. The central objective of this study is to broadly survey and analyze the current landscape of the South Asia’s service sector so as to assess its potential to serve as an engine for inclusive economic growth. Our study indicates that services are already an important source of output, growth, and jobs in the region. This observation is very calculated and measured for the particular reading of the variables that is required for the result of the study. This research work is done to conclude the importance of the energy and its utilization for the coming eras. The increased rate of energy consumption is a sign of ending resources and it is important to look after the other resources that can fix this issue of increased cost of energy production. The only reliable source of energy is feeding different sector but with the time world is running out of the resources to support energy that is supporting the industries. This research work emphasis over the effects of energy consumptions and costs bore to cope with the energy production (Siddique & Majeed, 2015). There were different studies in consideration that helped in compiling this project. It is studied and observed all the studies related to South Asian countries that energy
consumption is always an issue in such region and it is never taken in consideration. We studies different factors as variables for the countries individually and in a panel data that helped in understanding the real situation regarding energy consumption.

References
Pereira, J. C. A New Global (dis) order? Environmental Issues, International Relations and the Path towards Cooperation.
Effect of People, Process and Physical Evidence on Satisfaction of Sikh Pilgrims Visiting Pakistan: Modifying Role of Personal Perceived Risk of Terrorism

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ARTICLE DETAILS

ABSTRACT

The present study was intended to find out the impact of three important components of marketing mix for tourism i.e. People, Process and Physical Evidence on Satisfaction of Sikh Pilgrims visiting Pakistan and the moderating role of Personal Perceived Risk of Terrorism in the relationship between the aforementioned independent variables and Pilgrims Satisfaction. The present research is based on the philosophy of positivism and is descriptive and deductive in approach. Data was collected from a sample of 357 Sikh Pilgrims. Multiple linear regression analysis was carried out to test the hypothesized effect of People, Process and Physical Evidence on satisfaction of Sikh Pilgrims and the moderating effect of Personal Perceived Risk of Terrorism. Findings of the study showed that Physical Evidence and People have a significant positive effect whereas Process has a significant negative effect on satisfaction of Sikh Pilgrims. Personal Perceived Risk of Terrorism was found to have an insignificant moderating effect on the relationship of Process, People and Physical Evidence with Satisfaction. The study might help uplift the tourism sector of Pakistan and enhance the relationship between people of different religious communities.

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1. Introduction

In the present globalized world Tourism industry has gained the status of an important industry in terms of its contribution to capital investment as well as foreign exchange earnings. Different investments in this sector lead to the remunerations that benefit the economy and society as well. (Megatef, 2015). Moreover, according to Dolnicar and Ender (2000) it is imperative to explore the market segment of cultural tourists due to the fact that these tourists embody the most lucrative market segment, as is elaborated by Dolnicar (2002) that compared to other groups of tourists, cultural tourists show a tendency of high expenditure per day at the destination, and are also less restricted by the main seasons of summer or winter. It is therefore necessary to study this group of tourists to the much possible extent and provide them the most apt product, because attractiveness of the cultural tourism product of
never diminishes. It usually denotes a natural and distinctive selling offer that can hardly be copied by enormous competitors in the worldwide industry of tourism.

Despite the fact that Pakistan is blessed with a variety of scenic and cultural tourist attractions, still tourism makes a minor contribution to it economy (Baloch, 2008). Besides weaknesses in marketing of tourism, one of the foremost reasons for this backwardness is the lack of safety and potential risk of terrorist activities perceived by local and foreign tourists. All these play a negative role in tourism promotion. In a study conducted by Sönmez and Graefe (1998) it was found that perceived risk of terrorism directly affects the tourists’ decision of selecting a destination and that tourism figures have fallen a lot due to the increase in terrorism across the globe. The fact is evidenced by a study conducted by Feridun(2011) that not only confirmed the negative causal relationship between terrorism and tourism in Turkey but also concluded that the two variables have a long-run equilibrium relationship. Neumayer and Pllmper (2018) further conclude from their research findings that terrorism attacks on non-Muslim tourists in any Muslim country result in a decline in the number of tourists’ arrivals not only in that specific country but also in other Muslim countries. A similar effect has been observed in Pakistan after terrorist’s attacks on different cultural events that generated a fright among foreign tourists. Tension and insecure feelings have been emerged among the tourists that repel them from visiting Pakistan. The present study therefore focuses on the moderating effect of personal perceived risk of terrorism on the impact of cultural tourism marketing mix on Sikh Pilgrims’ Satisfaction.

2. Literature Review

2.1. Cultural tourism
Cultural tourism is a travel of individuals, based on the purpose to get knowledge about a country’s culture. For this purpose a cultural tourist may aim to study arts, attend festivals, visit historical sites and offer a pilgrimage etc. Cultural tourism is therefore destined at museums, temples, cultural musical programs, dramas, arts and religious sites etc. (Tighe, 1991; The World Tourism Organization, 1993; Boyd, 2002 ; Leslie & Sigala, 2005).

2.2 Religious Tourism
Religious tourism is a distinctive form of cultural tourism, in which the aim of a tourist is to perform religious activities like praying, venerating, exploring religious places etc. by followers of a religion (Raj & Morpeth, 2007). However, Blackwell (2007) explains that religious tourism may involve visiting religious sights for religious as well as non-religious motives also.

2.3 Religious Tourism in Pakistan
The land of Pakistan has a rich history of different religions that have left their impressions in the form of different historical and religious cultural sites. These sites include the remains of Buddhism, Hinduism, Islam and Sikhism etc. (Pak Tourism, n.d.). It has an opulent and colorful culture including different religious carnivals and customs that depict a reflection of Middle Eastern, Indian and Central Asian cultures. A variety of religious events is held in Pakistan which is an important source of fascination for most people belonging to Buddhism, Islam, Hinduism, Sikhism and others (Hassan, 2016).

2.4 Religious Tourism Destinations of Pakistan: Nankana Sahib, Lahore and Gurdwara Panja Sahib, Hassanabdal
Sikh Yatris (followers of Sikhism) have great religious affection for both of these religious sites due to their association with the founder of Sikhism, Guru Nanak. Sikh Yatris show great respect for Nankana Sahib. Thousands of Sikh pilgrims long for and most of them offer pilgrimage to Gurdwaras in Nankana Sahib and Hassanabdal every year (Roche, 2016). The village of Talwandi, at present famous as Nankana Sahib is the birth place of Guru Nanak where he was born in 1469 AD (Masih, 2000). The religious importance of Nankana Sahib is endorsed by the presence of nine gurdwaras in it. Each gurdwara is associated with specific happenings that came about in Guru Nanak’s life (“5 Most Visited”, 2014).

The site of Hasan Abdal is sacred for Sikhs owing to the presence of a rock that has the hand impression of Guru Nanak which the legend holds to be inscribed when Guru Nanak was trying to stop a tumbling rock with bare hand. Later on, a Gurdwara was built at the exact spot (Hussain, 2013).
2.5 Independent, Dependent and Moderating Variables

2.5.1 People
It comprises of all the staff with whom the tourists might come across and have contact with during their visits. A tourist might get influenced by the behavior of the local people for instance, residents, personnel at various retail outlets, restaurants, hotels, workers and tour guides etc. Among all these places of interactions (points where tourist and employee may interact) needs to be properly organized and managed for the sake of creating a good image in the minds of the customers (Kotler, Bowen & Makens, 2008).

2.5.2 Physical Evidence
It involves ambience and the surrounding environment with amenities that a tourist might experience at a destination. Physical evidence is one of the staple constituents of tourism marketing mix. It comprises of the overall design and outlook of the site (Booms & Bitner, 1981; Kumar, 2010). Now, it’s imperative that the environment should be user friendly and attractive where visitors and tourists are ensured to be safe and secure (Al-Debi & Mustafa, 2014). A well designed surrounding helps in proper positioning of the product in tourists’ mind. A well lit room, well dressed staff, well managed parking areas and neat and tidy rooms communicate a good impression of the site (Kotler, Bowen & Makens, 2008).

2.5.3 Process
In tourism marketing, Process basically refers to the chain of activities that run from producer to the end user. Thus, effective and efficient coordination of these process elements is imperative for effective marketing management. Raybould (2009) opines that a process is directed at creating and delivering value to a consumer. It begins from a consumer searching for product related info. Thus, the above explanation means that the process in marketing for tourism consists of the value chain activities that are directed at delivering value to the visitor. Yilmaz and Bititci (2006) describe the components of tourism value chain as: i) winning of order, ii) pre-delivery, iii) delivery and iv) post-delivery stages. The components of pre-delivery encompass the tour operatives, travel representatives; delivery incorporates inbound and outbound logistics, lodging, amusement services; whereas post-delivery consists of all the services for the purpose of strong customer relationship building.

2.5.4 Personal Perceived Risk of Terrorism
Risk of Terrorism is defined by Willis et.al. (2006) as the possibility or fear that particular forms of damage-causing assaults will occur at particular targets within specified time periods. Therefore, personal perceived risk of terrorism can be defined as an individual’s personal fear that some kind of damage can happen to him or her at a specific place and time. Personal Perceived Risk of Terrorism was measured by an adopted scale of a study conducted by Nellis (2009) and consisted of five items.

Figure: 1. Conceptual Framework
2.6.5 Tourist Satisfaction
According to Lovelock, Patterson and Walker (2001) the level of tourist’s satisfaction of a can be gauged by the difference amid his/her expectations and actual experience obtained post product consumption. Thus, in the present study the satisfaction of Sikh pilgrims was measured by using Oliver (1980) “Theory of Expectation-Confirmation.” According to this theory, all consumers associate some form of expectation about the product/service before purchase. Greater is the level of experience than expectations, higher is the satisfaction and vice versa. Higher satisfaction would result in good word of mouth and repurchase intention of customer.

3. Hypotheses
The hypotheses for the study are stated as following:

H1: The variable People has a significant effect on Religious tourist satisfaction.
H2: The variable Physical Evidence has a significant effect on Religious tourist satisfaction.
H3: The variable Process has a significant effect on Religious tourist satisfaction.
H4: The Personal Perceived Risk of Terrorism has a significant moderating effect on the relationship between People and Religious tourist satisfaction.
H5: The Personal Perceived Risk of Terrorism has a significant moderating effect on the relationship between Physical Evidence and Religious tourist satisfaction.
H6: The Personal Perceived Risk of Terrorism has a significant moderating effect on the relationship between Process and Religious tourist satisfaction.

4. Methodology for the study
The study is based on the philosophy of positivism and it is descriptive and deductive in approach. According to Roche (2016) Government of Pakistan issued 3,316 visas to Sikh pilgrims in the year 2016, to offer annual pilgrimage. Therefore, the total population of Sikh Pilgrims/religious tourists was 3,316 Sikh Pilgrims.

4.1 Sample Size Determination
Sample size was calculated by using Yamani (1967) who has introduced a very easy formula for sample size calculation. By supposing a 95% confidence level, P = 0.05, N = Population size, n = Sample size, and e = level of accuracy. And inserting these values into formula, resulting sample size is:

$$n = \frac{N}{1 + N \times (e)^2}$$

<table>
<thead>
<tr>
<th>Population</th>
<th>Calculation</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Religious Tourists</td>
<td>3316/1+3316*(.05)^2</td>
<td>357</td>
</tr>
</tbody>
</table>

After calculation, the resulting sample size of Religious Tourists/Sikh Pilgrims was 357.

4.2 Discussion on Items
Measurement of the above mentioned factors of tourism marketing mix i.e. Physical evidence, People, Process, Personal Perceived Risk of Terrorism was done through a list of items found after a comprehensive literature review. All items except for demographic characteristics were measured on a five point Likert scale, that ranged from 1 = “Strongly disagree” to 5 = “Strongly agree”.

5. Analysis and Findings
5.1 Reliability of the study
Cronbach’s Alpha or Coefficient Alpha is a widely used consistency index which according to Gaur & Gaur (2009) is the most reliable tool for measuring reliability of the scale. George and Malleery (2003); (Cooper, D. R., & Schindler, P. 2003) and Hair et al. (2006) suggest the value of alpha greater than 0.60 as being acceptable.

Table 2: Results of Reliability Test of Study (Cronbach’s Alpha)
The results of reliability test for the pilot-study of current research confirmed the consistency of items in the instrument (questionnaire). The reliability coefficient alpha values for all of the four variables namely; People, Physical Evidence, Process, Personal Perceived Risk of Terrorism and Satisfaction were higher than (0.6) level of acceptability. Hence, the results suggested that the questionnaire was a reliable instrument for measurement.

5.2 Descriptive Statistics
The table 3. shows the results of the descriptive statistics and shows the total number of responding Pilgrims, the minimum values of responses, the maximum values of responses, the mean values and the standard deviation of the present research study.

<table>
<thead>
<tr>
<th>List of variables</th>
<th>Number of items per variable</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>People</td>
<td>12</td>
<td>0.691</td>
</tr>
<tr>
<td>Physical Evidence</td>
<td>13</td>
<td>0.811</td>
</tr>
<tr>
<td>Process</td>
<td>10</td>
<td>0.725</td>
</tr>
<tr>
<td>Personal Perceived Risk of Terrorism</td>
<td>05</td>
<td>0.891</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>11</td>
<td>0.647</td>
</tr>
</tbody>
</table>

These values describe the features of data collected from the selected sample of Sikh Pilgrims. The results showed that the dependent variable i.e. Satisfaction has a Minimum value of 1.25 and a maximum value of 3.75 with a mean value of 2.6968 and standard deviation 0.69633. Physical Evidence has a minimum value of 1.20 and a maximum value of 2.80, the mean value of the construct Physical Evidence is 2.0728 and SD is 0.38140. The Minimum value of Process is 1.00 with Maximum value of 3.00, Mean is 2.0754 and SD is 0.39491. The independent variable People has the smallest value of 1.00 with Max-value of 3.25, Mean is 2.1912 and SD =0.45491. Personal Perceived risk has Min-value of 1.00, Max-value is 5.00, Mean is 2.1912 and SD= 1.1366.

5.3 Exploratory and Confirmatory Factor Analysis: Assumptions Statistics
Factor analysis that consists of exploratory and confirmatory analysis was measured. Primarily the researcher used exploratory factor analysis by using Kaiser-Meyer-Olkin (KMO) and Bartlet test. Kaiser-Meyer-Olkin Test i.e.KMO is used to measure the appropriateness of data for Factor Analysis. It measures the adequacy of sample for each variable in the model and also for the complete model.

<table>
<thead>
<tr>
<th>Constructs</th>
<th>KMO</th>
<th>BTS</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>People</td>
<td>0.744</td>
<td>2722.679</td>
<td>000*</td>
</tr>
<tr>
<td>Physical Evidence</td>
<td>0.841</td>
<td>10884.4</td>
<td>000*</td>
</tr>
<tr>
<td>Process</td>
<td>0.818</td>
<td>3810.08</td>
<td>000*</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>0.795</td>
<td>658.769</td>
<td>000*</td>
</tr>
</tbody>
</table>

The data is considered to be factorable provided the KMO measure of sampling adequacy is larger than 0.60. If the value of KMO is less than 0.50 it means that the sample size is inadequate. From the above mentioned table it is evident that the values of KMO are above the threshold values which indicate that there is no sample issue.
The purpose of Bartlett’s test of sphericity is to test that there is at least one significant correlation b/w two of items somewhere. In this test it is also checked that its p-value is labeled sig in SPSS which should be below .001. The P-values in the above table are less than .001 which depict that the data set is accurate.

5.4 Confirmatory factor analysis and Structure Equation Modeling

Confirmatory Factor Analysis (CFA) was carried out by using Structural Equation Model (SEM) to measure the construct validity and model fitness. Seven fit indices were used to test the model fitness, that included chi-square/degree of freedom (X²/df), Goodness of Fit Index (GFI), Adjusted Goodness of Fit Index (AGFI), Root Mean Error of Residuals (RMSR), Root Means Square Error of Approximation (RMSEA), Comparative Fit Index (CFI) and Normed Fit Index (NFI).

Table 5: Threshold Values for Model Fitness Measures/Fit Indices

<table>
<thead>
<tr>
<th>Model Fit Measures or Fit Indices</th>
<th>Suggested values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Root Mean Error of Residuals (RMSR)</td>
<td>&lt;0.1</td>
</tr>
<tr>
<td>Root Mean Square Error of Approximation (RMSEA)</td>
<td>&lt;0.08</td>
</tr>
<tr>
<td>Normed Fit Index (NFI)</td>
<td>=0.90</td>
</tr>
<tr>
<td>Goodness-of-Fit Index (GFI)</td>
<td>=0.90</td>
</tr>
<tr>
<td>Adjusted Goodness-of-Fit Index (AGFI)</td>
<td>=0.80</td>
</tr>
<tr>
<td>Comparative Fit Index (CFI)</td>
<td>=0.90</td>
</tr>
<tr>
<td>Chi-square/ degrees of freedom (X²/df)</td>
<td>=3.00</td>
</tr>
</tbody>
</table>

Source: Usluel, Askar, and Bas (2008)

A number of models are used in structural Equation Modeling (SEM) to show a relationship amongst observed variables in order to test a hypothesized theoretical model. (Schumacker & Lomax, 2010). In other words, SEM is used for confirming a theoretical model in which hypotheses are made that the observed variables explain the constructs and define relationship amongst these constructs. In this method, a theoretical model is generated from the sample data and it is then tested whether the observed data of sample supports the hypothesised model or not. In this section each of the construct for confirmatory factor analysis is tested in order to conclude that the data fits the measurement and structural model.

The underlying model represents the confirmatory factor analysis (CFA) and the seven fit indices for the factor model of People.

Figure 2: Factor Model of People

Table 6: Fit Indices Measures for Factor Model “People”
The values of NFI, AGFI, RMSEA, GFI, RMSR, CFI and X2/df in the above table depict that these were all among the desired range which clearly demonstrate that the model is good and fit. Modification indices were also done and covariance drawn where needed. All values show the overall good fit of the model.

**Figure 3: Factor Model of Process**

![Factor Model of Process](image)

**Table 7: Fit Indices Measures for Factor Model “Process”**

<table>
<thead>
<tr>
<th>Models</th>
<th>NFI</th>
<th>AGFI</th>
<th>RMSEA</th>
<th>GFI</th>
<th>RMSR</th>
<th>CFI</th>
<th>X2/df</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model 5</td>
<td>.97</td>
<td>.92</td>
<td>.066</td>
<td>.982</td>
<td>.01</td>
<td>.991</td>
<td>2.57</td>
</tr>
</tbody>
</table>

The values of NFI, AGFI, RMSEA, GFI, RMSR, CFI and X2/df in the above table depict that these were all among the desired range which clearly demonstrate that the model is good and fit. Modification indices were also done and covariance drawn where needed. All values show the overall good fit of the model. Following model represents the CFA and the seven fit indices measures for the factor model of Physical Evidence.

**Figure 4: Factor Model of Physical Evidence**

![Factor Model of Physical Evidence](image)

**Table 8: Fit Indices Measures for Factor Model “Physical Evidence”**

<table>
<thead>
<tr>
<th>Models</th>
<th>NFI</th>
<th>AGFI</th>
<th>RMSEA</th>
<th>GFI</th>
<th>RMR</th>
<th>CFI</th>
<th>X2/df</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model 4</td>
<td>.93</td>
<td>.87</td>
<td>.06</td>
<td>1.0</td>
<td>.03</td>
<td>.96</td>
<td>2.2</td>
</tr>
</tbody>
</table>

The values of NFI, AGFI, RMSEA, GFI, RMR, CFI and X2/df in the above table depict that these were all among the desired range which clearly demonstrate that the model is good and fit. Modification indices were also done and covariance drawn where needed. All values show that the overall model is good and fit.
The underlying model represents the confirmatory factor analysis and the seven Fit Indices for the factor model of Satisfaction.

**Figure 5: Factor Model of Satisfaction**

![Factor Model of Satisfaction](image)

**Table 9: Fit Indices Measures for the Factor Model “Satisfaction”**

<table>
<thead>
<tr>
<th>Models</th>
<th>NFI</th>
<th>AGFI</th>
<th>RMSEA</th>
<th>GFI</th>
<th>RMR</th>
<th>CFI</th>
<th>X²/df</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model 6</td>
<td>.92</td>
<td>.84</td>
<td>.07</td>
<td>.98</td>
<td>.02</td>
<td>.95</td>
<td>2.8</td>
</tr>
</tbody>
</table>

The values of NFI, AGFI, RMSEA, GFI, RMR, CFI and X²/df in the above table depict that these were all among the desired range which clearly demonstrate that the model is good fit. The underlying model represents the CFA and the seven Fit Indices for the overall factor model of four factors Physical Evidence, People, Process and Satisfaction.

**Figure 6: Four Factor Model (People, Physical Evidence, Process and Satisfaction)**

![Four Factor Model](image)

**Table 10: Fit Indices for the Overall Factors Model**

<table>
<thead>
<tr>
<th>Models</th>
<th>NFI</th>
<th>AGFI</th>
<th>RMSEA</th>
<th>GFI</th>
<th>RMR</th>
<th>CFI</th>
<th>X²/df</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model 1</td>
<td>98</td>
<td>.96</td>
<td>.07</td>
<td>1.0</td>
<td>.04</td>
<td>.99</td>
<td>2.4</td>
</tr>
</tbody>
</table>

The values of NFI, AGFI, RMSEA, GFI, RMR, CFI and X²/df in the above table depict that these were all among the desired range which clearly demonstrate that the model is good fit. Following model represents the confirmatory factor analysis and the seven fit indices for the overall factor model of Personal perceived Risk of Terrorism.

**Figure 7: Factor Model of Personal Perceived Risk of Terrorism (Moderating Variable)**
Table 11: Fit Indices Measures for Factor Model “Perceived Risk of Terrorism”.

<table>
<thead>
<tr>
<th>Models</th>
<th>NFI</th>
<th>AGFI</th>
<th>RMSEA</th>
<th>GFI</th>
<th>RMSR</th>
<th>CFI</th>
<th>X²/df</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model 5</td>
<td>1.00</td>
<td>0.92</td>
<td>0.000</td>
<td>0.982</td>
<td>0.01</td>
<td>1.00</td>
<td>0.294</td>
</tr>
</tbody>
</table>

The values of NFI, AGFI, RMSEA, GFI, RMSR, CFI and X²/df in the above table depict that these were all among the desired range which clearly demonstrate that the model is good fit.

5.5 Multiple linear regression analysis

Multiple linear regression analysis was conducted to test the hypothesized relationships among independent (People, Physical Evidence, Process), moderating (Personal Perceived Risk of Terrorism) and dependent (Tourist satisfaction) variable.

Table 12: Regression Weights: Group number 1 - Default model (Sikh Pilgrims)

<table>
<thead>
<tr>
<th>Estimate</th>
<th>S.E.</th>
<th>T</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction &lt;-- People</td>
<td>0.395</td>
<td>0.028</td>
<td>18.959</td>
</tr>
<tr>
<td>Satisfaction &lt;-- Physical Evidence</td>
<td>0.824</td>
<td>0.034</td>
<td>39.520</td>
</tr>
<tr>
<td>Satisfaction &lt;-- Process</td>
<td>-0.096</td>
<td>0.033</td>
<td>-4.599</td>
</tr>
<tr>
<td>Satisfaction &lt;-- People*Per. Perceived Risk</td>
<td>-0.081</td>
<td>0.057</td>
<td>0.021</td>
</tr>
<tr>
<td>Satisfaction &lt;-- PhyEvi*Per. Perceived Risk</td>
<td>-0.104</td>
<td>0.040</td>
<td>-6.89</td>
</tr>
<tr>
<td>Satisfaction &lt;-- Process*Per. Perceived Risk</td>
<td>-0.372</td>
<td>0.080</td>
<td>0.022</td>
</tr>
</tbody>
</table>

Regression coefficient(R)=0.821, Coefficient of determination(R2)=0.674, F Statistics=103.046, Sig (P)< 0.05

The resulting value of coefficient of regression (R) =0.821(82.1%) depicts that a strong relationship exists between dependent and independent variables. The resulting value of coefficient of determination (R2)= 0.674 (67.4%) depicts that 67.4% variation in Sikh Pilgrims satisfaction (dependent variable) is explained by People, Physical Evidence and Process (independent variables). The values of F = 103.406 and the significance value P <0.05 show that over all the regression model is valid, fit and statistically significant.

Based on statistical values, “People” has a significant and positive effect on tourist satisfaction with $\beta = 0.395$, $t = 18.959$, p<.05), “Physical evidence” has a significant and positive effect on tourist satisfaction with $\beta = 0.824$, $t = 39.520$, p>.05) and “Process” has a significant and negative effect on tourist satisfaction with $\beta = -0.096$, $t = -4.599$, p<.05 respectively. Personal Perceived Risk of Terrorism has an insignificant negative effect on the relationship between People and tourist satisfaction with $\beta = -0.081$, $t = -0.021$, p>.05, insignificant negative effect on the relationship between Physical Evidence and tourist satisfaction with $\beta = -1.04$, $t = -6.89$ p>.05, and an insignificant negative effect on the relationship between Process and tourist satisfaction with $\beta = -0.372$, $t = -0.022$, p>.05.

5.6 Findings of Multiple Regression Analysis

The variable “people” has a significant positive effect on Pilgrim’s satisfaction. The finding was consistent with the former study of (Al Muala & Qurneh, 2012; Chung & Petrick, 2012; Aziri & Nedelea, 2013). The “physical evidence” has a significant negative effect on Pilgrim’s satisfaction. The findings was consistent with the earlier study of (Al-Debi and Mustafa, 2014; Iqbal, 2016) and the process has a significant negative effect on Pilgrim’s satisfaction. The finding was consistent with the earlier study of (Yang, 2010; Al Muala & Qurneh, 2012; Iqbal,
review of economics and development studies

2016; Martin, 2015; Yang, 2010) respectively. Personal Perceived Risk of Terrorism has an insignificant negative moderating effect on the relationship between People, Physical Evidence, and Process and tourist satisfaction.

Table 13: Results of Multiple regression analysis of Sikh Pilgrims

<table>
<thead>
<tr>
<th>No</th>
<th>Hypotheses</th>
<th>Accept/Reject</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>People has significant positive effect on tourist satisfaction</td>
<td>Accept</td>
</tr>
<tr>
<td>2</td>
<td>Physical evidence has significant positive effect on tourist satisfaction</td>
<td>Do-</td>
</tr>
<tr>
<td>3</td>
<td>Process has significant negative effect on customer satisfaction</td>
<td>Do-</td>
</tr>
<tr>
<td>4</td>
<td>Personal Perceived Risk of Terrorism has an insignificant negative moderating effect on the relationship between People and tourist satisfaction</td>
<td>Reject</td>
</tr>
<tr>
<td>5</td>
<td>Personal Perceived Risk of Terrorism has an insignificant negative moderating effect on the relationship between Physical Evidence and tourist satisfaction</td>
<td>Reject</td>
</tr>
<tr>
<td>6</td>
<td>Personal Perceived Risk of Terrorism has an insignificant negative moderating effect on the relationship between Process and tourist satisfaction</td>
<td>Reject</td>
</tr>
</tbody>
</table>

6. Discussion and Conclusion

The process of tourism has shown a negative effect on satisfaction of Sikh Pilgrims. Therefore the process should be made easy to help tourists. Information about different cultural sites should be provided at different counter points like travel agencies, airports, and hotels. According to Kang et al. (2003), one of the largest market segment of tourism which is often overlooked is “visiting friends and relatives” (VFR) market. This segment has shown the highest profitability and highest expenditures per person on shopping. Therefore, in order to promote VFR, public and private tourism agencies should provide enough facilities at special events to Sikh pilgrims and other tourists. Given that security is ensured, Sikh pilgrims and other Indians should be given visa relaxations so that they may visit their relatives and friends in different cities of Pakistan and contribute to Pakistan’s economy. Local residents and guides should be provided enough knowledge about different sites so that they may forward it to VFR tourists to increase their interest in different sites.

The results showed that the variable people has a significant positive effect on tourist satisfaction. However, it can be more enhanced by providing special trainings to the tour guides, waiters and managers at hotels and restaurants, salesmen and all the other staff that may come in contact to foreign tourists. According to Kotler, Bowen and Makens (2008) and Jeon and Choi (2012), satisfied employees lead to satisfied customers. It implies that in order to keep the tourists satisfied, all the related staff should be considered as an asset and must be taken care of.

Foreign and private investors should be encouraged for franchises and joint ventures in air services, hotels etc. Investment in air services will make it easy to access the remote areas of Pakistan with more comfort whereas, investment in hotels and theme parks along cultural sites would increase the interest of tourists of every age in cultural sites. Moreover, foreign investors of different religions like Sikhism, Buddhism, Hinduism and Christians should be encouraged for maintenance and beautification of their religious cultural sites.

The insignificant moderating effect of Personal Perceived Risk of Terrorism on the relationship between each of independent variable i.e. People, Physical Evidence and Process with Tourists satisfaction shows that religious tourists i.e. Sikh Pilgrims are not bothered by the terrorism risk due to their strong affection for their religious sites. Therefore, process should be made easier for them to increase tourists inflow into the country.

7. Future Research Directions

This research is cross-sectional in its nature; longitudinal research should also be conducted to detect any positive or negative changes in tourism marketing of Pakistan. A qualitative study that may involve policy makers, government officials and tourists could also be conducted. The present study was confined to one kind of religious tourists i.e. Sikh Pilgrims. Similar studies should be conducted involving other religious tourists like Buddhists, Hindus and others who have their religious sites located in Pakistan. Similar studies can be carried out by considering the role of any other mediator or moderator variable in the model.

8. Theoretical and Contextual Contribution of the Study

An in-depth study of the marketing mix for tourism was carried out and constructs was designed for the three marketing mix factors. Moreover, a conceptual model was developed that involved the role of personal perceived
risk of terrorism as a moderator which was, to the best of knowledge of researcher, was not used earlier in the marketing mix model. Since far, no study was found on marketing mix of tourism and especially religious tourism in the context of Pakistan. Present study was a contextual addition to the existing studies in developing countries like Pakistan.

**References**


Impact of Psychological Empowerment on Job Performance of Teachers: Mediating Role of Psychological Well-being

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Abstract
This study was carried out to investigate the impact of psychological empowerment and psychological well-being on the performance of teachers and to explore the effect of psychological well-being as a mediator between psychological empowerment and performance. Convenience sampling was used to collect data from 261 secondary school teachers through a survey questionnaire in this cross-sectional study. The collected data was statistically analyzed by using SPSS software 23. Coefficient correlation, multiple regression and mediation analyses were carried out in pursuance of study objectives. It was found that psychological empowerment and well-being were significantly and positively related to job performance of teachers. Moreover, results showed that psychological well-being partially mediated the relationship between psychological empowerment and well-being. When teachers perceive higher level of psychological factors (viz. psychological empowerment & well-being), they perform better. Therefore, it is essential for administrators and executives to attend to psychological factors of teachers in order to increase their performance.

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Psychological Empowerment, Psychological Well-being, Job Performance, Correlation, Mediation Analysis

JEL Classification:
M54, P10, P19

1. Introduction
The primary and secondary schools are building blocks of an educational system. These schools provide the foundation to the whole educational journey of the students. The role of teachers at these schools appears as the builders of these foundations, particularly the secondary school teachers along with ensuring a stabilized educational base for the students, lay the stage for their higher learning. Moreover, teachers have a significant influence in shaping the behaviors and attitudes of their students (Asrar-ul-Haq, Anwar & Hassan, 2017). They have a considerable effect on the achievements of students (Talance, 2016). According to Akhtar, Shah, Ghazi and Khalil (2015), teachers have a dominant impact on the students and school.

Therefore, one of the most current discussions in pedagogy is related to the performance of teachers. Many practitioners and researchers have attempted to find the ways in order to enhance the performance of teachers. Mehmood, Qasim and Azam (2013) opined that teachers with high emotional intelligence perform better. Farooq and Kai (2017) suggested that they should be motivated through financial and other social benefits. Likewise a large number of researches have revealed innumerable behavioral factors which could influence the performance of
teachers (e.g. Akhtar et al. 2015; Asrar-ul-Haq, et al. 2017; Grady, 1984; Khan & Ahmed, 2015). The psychological factors such as empowerment and well-being play a crucial role in enhancing the performance of teachers.

Psychological empowerment (PE) has been defined with respect to four components, namely; meaning, competence, autonomy and impact (Spreitzer, 1995; Thomas & Velthouse, 1990). As noticed by Tastan (2013), the empowerment components have received much attention in education sector particularly within school teachers. Empowerment brings not only change but also job satisfaction, commitment and well-being within teachers in schools. Similarly, given the burden of work-related stress in teaching, the role of psychological well being (PW) is very crucial to be considered. According to Ryff (1989), psychological well-being consists of six dimensions which are self-acceptance, environmental mastery, autonomy, life purpose, positive relationship with others and personal growth. Naheed, Rehman and Shah (2000) argued that psychological wellbeing is a key determinant of effective teaching.

Despite of their prominent and professional status in the society, teachers sometimes cannot play their role as desired from them due to heavy work stress (Ozu et al. 2017) and inadequate compensation for their services (Rashid & Mukhtar, 2012). According to Farooq and Kai (2017), in Pakistan, the learning and competency level of both students and teachers remains very poor due to myriad challenges. Although there has been tremendous progress in technology and considerable educational reforms have been undertaken but the educational institutes are still confronting invincible challenges in the form of low academic performance, heavy work stress on teachers, lack of students’ interest in studies and falling quality education (Asrar-ul-Haq, Anwar & Hassan, 2017). Hence, there arises the need to study the psychological factors which can reduce the teachers’ stress and increase their performance and to what extent the psychological well-being mediates the relationship between psychological empowerment and job performance of secondary school teachers.

So far, however, there has been little discussion about the role of psychological empowerment and psychological well-being in determining the performance of teachers in the context of Pakistan. Moreover, there have been inadequate studies highlighting the role of psychological well-being as a mediator in the past. Therefore, the intention of present study is to identify the relationships of psychological empowerment and well-being with the job performance of secondary school teachers in Quetta. More importantly, this paper will try to investigate the effect of psychological well-being as a mediator between psychological empowerment and job performance. In the perspective of contribution, this paper will help the educational experts/administrators in designing strategies for promoting the empowerment and well-being level among the teachers in order to ameliorate their performance.

2. Theories and Hypotheses Development

2.1 Psychological Empowerment

Psychological empowerment has gained a considerable attention from both researchers and administrators (Arsalan & Zaman, 2014; Degago, 2014; Indradevi, 2011; Meyerson & Dewittinck, 2012; ÖLÇER, 2015). This is a strategy used by many organizations to equip their human resource with an effective tool i.e. autonomy at workplace (Imam & Hassan, 2015; & Randolph, 1995). On wielding this power employees become more creative (Nawaz, Hassan, Shaukat, & Assadullah, 2014), effectively adjust to the changes in the environment (Dess & Picken, 2000;) and display higher performance (Degago, 2014) to bring development to both their organization and themselves (Meyerson & Dewettinck, 2012).

According to Ghani, Hussin and Jussof (2009), the concept of psychological empowerment carries different sense in different contexts (Zimmerman, 1990). According to Thomas and Welchouse (1990), psychological empowerment comprises of four cognitions: meaningfulness, competence, choice and impact. In addition, Spreitzer (1995) described psychological empowerment as a set of four cognitions formed by work environment which indicate an employee’s orientation to her/his work role. These dimensions are competence, meanings, self-determination and impact. Hence, psychological empowerment is an employee’s perception of his level of autonomy, self-competence, his ability to have influence in the workplace and find meaning in the work he/she does.

2.2 Psychological Well-Being
In current time psychological well-being has emerged as a hot topic for many research scholars. It is like a stimulus which promotes growth and development in employees. As stated by Avey, luthans, Smith and Palmer (2010), the importance of well-being in behavioral sciences and particularly in health Psychology has been much focused because of its positive effects on different life domains as well as work outcomes. Andrew and Whitney (1976) have defined Psychological well-being as a person’s evaluative response to his or her life either in the form life satisfaction i.e. cognitive evaluation or affective balance i.e. the level of positive affect surpasses the level of negative effect. Ryff (1989) has evaluated the characteristics such as autonomy, relationships, self-acceptance, sense of environmental skill, meaning in life and the individual growth as the important components of psychological well-being. According to Alam and Rizvi (2012), well-being is a sense of contentment, of one’s role in work environment, happiness and satisfaction with day to day matters. It is a perception of achievement, belongings, utility and absence of dissatisfaction, worry and distress.

2.3 Job Performance
Job performance is a vital concept in much of work psychology (Viswesvaran & Ones, 2000). It is impossible for an organization to achieve its objectives without enhancing the performance of its personnel. Alromaihi, Alshomaly and George (2017) opined that it is necessary to understand the performance of each employee because important management decisions are made on the bases of individual performance. Therefore, this construct has become a centre of attention from all practitioners and researchers from different fields (e.g. Alromaihi, et al. 2017; Degago, 2014; Murphy & Kroeker, 1988).

Moorhead and Griffen (1999) have defined the job performance as all the work associated behavior which an organization expects from its employees. According to Dai & Ziao (2016) it means how well an employee does his duty. In addition, Degago (2014) defined it as the achievement of a goal by an employee as expected by the organization. Thus, job performance is the desired behavior displayed by employees at work.

2.4 Relationship between Psychological Empowerment and Job Performance
Many authors have attempted to know the impact of psychological empowerment on job performance (e.g. Arsalan & Zaman, 2014; Degago, 2014; Indradevi, 2011; Meyerson & Dewettinck, 2012; Nawaz et al., 2014; ÖLÇER, 2015; Sun, 2016; Tuuli & Rowlinson, 2009; Yilmaz, 2015). Tuuli and Rowlinson (2009) found that psychological empowerment had both direct performance outcomes and also indirect performance consequences by using motivation, performance ability and opportunity as mediators. Similarly, Indradevi (2011) also found that all the components of psychological empowerment including competence, autonomy, meaningful work and impact were significant determinants of job performance. Hence, the first hypothesis is proposed as:

H1: Psychological empowerment is positively related to job performance.

2.5 Relationship between Psychological Empowerment and Psychological Well-being
There is a considerable amount of literature describing the relationship between psychological empowerment and well-being (McClain, 2001; Tahira, Ruhi, & Jibeen, 2010). According to the findings of Tastan (2013), psychological empowerment was positively correlated with well-being. Moreover, in her study, psychological well-being was 79% affected by psychological empowerment. Based on the existence of relationship between psychological empowerment and psychological well-being the following hypothesis is developed.

H2: Psychological empowerment is positively related to psychological well-being.

2.6 Relationship between Psychological Well-being and Job Performance
A number of study analyses have examined the relationship between psychological well-being and job performance (e.g. Alam & Rizvi, 2012; Daniel & Haris, 2000; Jalali & Heidari, 2016; Wadhawan, 2016; Wright, Cropanzano & Bonnet, 2007). According to Wadhawan (2016) psychological well-being predicts high level of job performance. Therefore, it is hypothesized that psychological well-being will affect the performance of secondary school teachers.

H3: Psychological well-being is positively related to job performance.

2.7 Psychological Well-being as a Mediator
There are only a few studies in literature that deal with the mediating role of psychological well-being. According to the study results by Griffen, Scheier, Botwin and Diaz (2001) psychological wellbeing fully mediated the relationship between early competence and later substance use among the junior high school students. Furthermore, Clausen, Hogh, Carneiro & Borg (2012), conducted a study on care workers in which they attempted to find the role of psychological well-being as a mediator between experiences of acts of offensive behavior and turnover. They found that psychological well-being was a partial mediator between bullying and turnover relationship and full mediator between threats and turnover and unwanted sexual attention and turnover associations. Therefore, the need arises to use psychological well-being as a mediator between psychological empowerment and job performance of secondary school teachers in order to reveal to what extent it explains the relationship between empowerment and teachers’ performance. Thus, the fourth hypothesis of study is established:

H4: Psychological well-being is a mediator between psychological empowerment and job performance.

2.8 Conceptual Framework
In this study it is hypothesized that psychological empowerment predicts job performance of teachers both directly and indirectly via psychological well-being as a mediator. Thus, the model for the study is designed as under:

Figure 1:

3. Research Methodology
3.1 Sample
This cross-sectional study was carried out in Government high schools of district Quetta. Convenience sampling technique was employed to approach 261 out of 1454 secondary school teachers and data was collected from both male and female teachers through a survey questionnairelynt high schools of ols (positively and significantly related to job performancechological empowerment and job performanc.

3.2 Measures
3.2.1 Psychological Empowerment
The psychological empowerment scale used by Spreitzer (1995) was utilized to measure the empowerment level of Secondary School Teachers. This scale was comprised of 12-items which were further divided into 4 dimensions named as; meaning, competence, self-determination and impact. Each dimension had three items, rated from 1 (very strongly disagree) to 7 (very strongly agree). Higher score on the scale showed the higher level of empowerment of SSTs. Sample items were “The work I do is very important to me” and “I am confident about my ability to do my job”.

3.2.2 Psychological Well-being
Psychological well-being scale used by Diener et al. (2009) was employed to measure the level of well-being of SSTs. This scale was consisted of 8 items which highlighted an employee’s purpose, self-esteem, optimism and relationship with coworkers. This was a seven-point likert scale which ranged from 1 (Strongly disagree) to 7 (Strongly agree). An example item was “My social relationships are supportive and rewarding”.

3.2.3 Job Performance
Job performance scale developed by Kuvaas (2007) was employed to evaluate the performance level of SSTs. This scale included 6 items and measured the performance on a 5-point Likert scale, rated from 1 (Strongly disagree) to 5 (Strongly agree). Example items were “I try to work as hard as possible” and “the quality of my performance is top-notch”.

3.4 Data Analysis Techniques
Data collected through survey questionnaire was analyzed by using SPSS version 23. After reviewing descriptive statistics of sample, data reliability analysis was carried out. Moreover, to test the hypotheses, Pearson’s correlation was run to evaluate the relationship between constructs as a preliminary support and regression analysis was conducted to determine the mediation effect.

4. Results
4.1 Descriptive Statistics and Data Reliability and Correlation Analyses
The descriptive results of this study demonstrated that female respondents were 132 and male respondents were 129. 88.7% of the teachers were master in qualification and 46.7% had marked the age group of 31-40 years. Moreover, 113 teachers had teaching experience of <1-10 years, 80 were in service since 11-20 years and the rest had service of more than 20 years. As given in table 1, the mean scores indicated that teachers perceive high levels of psychological empowerment (M = 5.62, SD = .74) and psychological well-being (M = 5.99, SD = .70) and they view themselves able to meet the requirements of job and consistently perform well on their jobs (M = 4.16, SD = .515).

In addition, Cronbach’s alpha was established in order to calculate the reliability of the constructs. The reliability values are shown in the parentheses of the same table. The cronbach’s alpha for all constructs were greater than 0.70 which is considered as acceptable level of reliability (Saleem, Bashir & Sajjad, 2016). Psychological empowerment observations had highest level of reliability with cronbach’s alpha .881. Furthermore, the Pearson correlation results showed that psychological empowerment was significantly correlated with psychological well-being (r = .67, p < 0.01) and job performance (r = .57, p < .01) and the relationship between psychological well-being and job performance was also statistically significant (r = .65, p < 0.01). It provides ample evidence that psychological empowerment and well-being are significant drivers of teacher’s performance.

<table>
<thead>
<tr>
<th>Variables</th>
<th>M</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Psychological Empowerment</td>
<td>5.6178</td>
<td>0.74035</td>
<td>.88</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Psychological Well-Being</td>
<td>5.9952</td>
<td>0.70411</td>
<td>.67**</td>
<td>.84</td>
<td></td>
</tr>
<tr>
<td>3 Job Performance</td>
<td>4.1577</td>
<td>0.51466</td>
<td>.57**</td>
<td>.65**</td>
<td>.78</td>
</tr>
</tbody>
</table>

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

4.2 Effects of PE on PW and JP
As mentioned earlier, this paper intends to explore the role of psychological well-being as a mediator between psychological empowerment and job performance. For this purpose, the preliminary regression assumptions were tested according to the criteria as recommended by Field (2005). First assumption necessitated that dependent and independent variables should be measured on continuous scale. This assumption was fulfilled as the study variables were continuous. Second assumption of non-zero variance was also held as the explanatory variables (i.e. psychological empowerment and well-being) had variance in their values as shown by the standard deviations in the descriptive result (table 1). Third, normality assumption was tested by P-P Plots. According to which all variables showed normal distribution and no data point was found deviated from the normality. Fourth, there was no high multicollinearity predicted in explanatory variables. Fifth, assumption of independent errors was evaluated by the Durbin-Watson statistics which was in the acceptable range (1.5-2.5). Finally, the assumption of homoscedasticity was confirmed by scatter plot of standardized residuals which displayed the dots randomly and consistently dispersed. Thus, after confirming the assumptions, regression analysis was carried out and summarized in table 2. Based on Pearson’s correlation coefficient and regression results it is found that psychological empowerment is positively and significantly correlated to psychological well-being and job performance which makes the acceptance of hypothesis one and two certain. Moreover, results also confirmed the hypothesis three, showing a positive and significant relationship between the mediator (psychological well-being) and dependent variable (job performance). In addition, regression analyses results demonstrated that psychological empowerment
explained 33% variation in job performance and 45% in psychological well-being. Likewise, psychological well-being explained 43% variation in job performance.

Table 2:

<table>
<thead>
<tr>
<th>No.</th>
<th>Dependent variable</th>
<th>Predictor</th>
<th>B</th>
<th>Std. Error</th>
<th>R Square</th>
<th>F Value</th>
<th>P Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>JP</td>
<td>PE</td>
<td>0.402**</td>
<td>0.035</td>
<td>0.334</td>
<td>130.034</td>
<td>0.000</td>
</tr>
<tr>
<td>2</td>
<td>PW</td>
<td>PE</td>
<td>0.641**</td>
<td>0.044</td>
<td>0.454</td>
<td>215.198</td>
<td>0.000</td>
</tr>
<tr>
<td>3</td>
<td>JP</td>
<td>PW</td>
<td>0.482**</td>
<td>0.035</td>
<td>0.435</td>
<td>199.095</td>
<td>0.000</td>
</tr>
</tbody>
</table>

**p < .05

4.3 Mediating Effect of PW in the Relationship between PE and JP

For mediation analysis, the three steps as laid down by Barons and Kenny (1986) were carried out. First, it was found that the independent variable (psychological well-being) significantly predicted the dependent variable (job performance). Second, the independent variable also significantly predicted the psychological well-being (i.e. mediator). Third, the mediator was a significant predictor of dependent variable while reducing the beta and p-values of independent variable. As shown in table 3, the mediating effect of psychological well-being is worked out between psychological empowerment and job performance. The beta value for psychological empowerment drastically decreased as compared to regression result when mediator (psychological well-being) was introduced in the analyses. It decreased from .402 to .171. The indirect effect is summarized by using bootstrap method. The indirect effect of psychological empowerment on job performance is .2313 and Bootstrap standard error is 0.0313. While, the bootstrap 95% LLCI (lower limit confidence interval) is .1775 and ULCI (upper lower limit confident interval) is .2958. It is found that indirect effect is significantly different from zero and the role of psychological well-being as a mediator between psychological empowerment and job performance is confirmed. Thus, it is revealed that psychological well-being partially mediates the relationship between the psychological empowerment and job performance. Thus, high level of psychological well-being perception among secondary school teachers leads to instill high level of empowerment perception in them. When the teachers experience high empowerment level, their performance level will rise as well.

Table 3: Mediating Role of Psychological Well-being

<table>
<thead>
<tr>
<th>Dependent variables</th>
<th>PW</th>
<th>JP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effect of PE on PW</td>
<td>.64**</td>
<td></td>
</tr>
<tr>
<td>Effect of PW on DV</td>
<td></td>
<td>.48**</td>
</tr>
<tr>
<td>Direct Effect of PE</td>
<td></td>
<td>.17**</td>
</tr>
<tr>
<td>Indirect Effect of PE (Through PW)</td>
<td></td>
<td>.23**</td>
</tr>
<tr>
<td>Total effect (Direct + Indirect)</td>
<td></td>
<td>.40**</td>
</tr>
<tr>
<td>95% confidence interval for indirect effect</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lower bound</td>
<td>.1775</td>
<td></td>
</tr>
<tr>
<td>Upper bound</td>
<td>.2958</td>
<td></td>
</tr>
</tbody>
</table>

**p < .01

PW = Psychological Well-being, PE = Psychological Empowerment, JP = Job Performance

4.4 Mediation Reporting Result

Figure 2 illustrates the direct and indirect effects of PE on JP. Path c shows the direct impact of PE on JP (i.e. 0.4019, p < 0.00001) while path C’ displays the indirect impact of PE on JP through the mediating role of PW (i.e. 0.1706, p < 0.0001) and the effect of PW on JP (i.e. 0.3610, p < 0.00001) is also shown in path b.
5. Discussions
The objectives of the present paper were to investigate the relationship of psychological empowerment with psychological well-being and job performance of secondary school teachers in Quetta. In addition, a particular objective was to investigate the mediating effect of psychological well-being between psychological empowerment and job performance. As hypothesized, the results of regression analyses confirmed a significant and positive relationship between psychological empowerment and job performance. Moreover, it was revealed that psychological empowerment explained 33.4% variation in job performance. This finding is consistent with the results of Arsalan and Zaman’s (2014) survey in which they explored the effect of empowerment on the performance of employees in software sector of Pakistan.

The results also showed that psychological empowerment was significantly related to well-being of teachers. The role of teachers’ empowerment is very crucial in boosting the level of psychological well-being in teachers. The results of current paper displayed that psychological empowerment explained 45% variance in teachers’ well-being. Research findings by Tastan (2016) also pointed towards wellbeing as an important outcome of psychological empowerment.

Moreover, well-being is also shown as a predictor of job performance. According to regression results, well-being explained 43% variance in the performance of teachers. As indicated by Alam and Rizvi (2012), well-being is an internal feeling of employees which persuades their external performance. Thus, the performance of teachers is determined by: a) the purpose and meaning in their jobs, b) being optimist, c) their teaching ability, d) having a collaborative work environment at school and, e) getting their belongingness and self-esteem needs fulfilled.

One of the more significant findings to emerge from this study was that psychological well-being positively and significantly mediated the relationship between psychological empowerment and job performance. The findings revealed that well-being improved the explained value of psychological empowerment from 33.4% to 46.7% with a change in R-square value of 13.35%. This result confirmed that teachers who experience impact, self-determination and competence on their job and feel that they have meaningful job, tend to demonstrate higher performance. This performance further increases when they perceive well-being along with empowerment.

6. Conclusion
The following conclusions can be drawn from the present study that there are positive and significant relationships between psychological empowerment and psychological well-being, psychological empowerment and job performance and psychological well-being and job performance. Moreover, there is a partial mediation effect of psychological well-being on the relationship between psychological empowerment and job performance of secondary school teachers. The findings of this study will be supportive for the strategists in formulating and implementing policies in order to enhance the effective performance of teachers. Therefore, this study recommends that psychological empowerment and well-being practices should be promoted as these constructs are effective determinants of teachers’ performance.

7. Limitations and Future Direction
This study focused only secondary school teachers, whereas, expanding the concerned study to all teachers in primary and secondary schools will provide more accurate and solid results. Moreover, this study was a cross-sectional study. A longitudinal study will show the long term effects of psychological empowerment and well-being on the performance of teachers. Further, the data collected, was based on self-reporting method. In addition, the data was collected only from public school secondary teachers, while including the data from private schools teachers will yield more generalizable results.

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Cost Productivity of Healthcare Systems in OIC’s Member Countries: An Application of Cost Malmquist Total Productivity Index

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ABSTRACT

Strengthening healthcare system increases the productivity of healthcare spending. To evaluate changes in cost productivity over a five year period (2011-2015) in 55 OIC’s member states. The cost Malmquist productivity index and bootstrap truncated regression are applied to estimate the dynamics of the cost productivity and its determinants in the healthcare system of OIC’s member states. Life expectancy and under 5 child survival rate are used as outputs while doctors, nurses, midwives and beds per thousand population are used as inputs. Public health expenditure is used as input price for measuring allocative efficiency change. The results of the study indicate that the cost productivity increases by 7.9% and the classical technical productivity grows by 8.9%. The increase in the cost productivity is mainly driven by an increase in allocative efficiency and technological change. All the determinants except population growth rate of cost productivity are found significant. Literacy rate and Per Capita GDP have come up the main driver of cost productivity growth. The study concludes that the impact of population growth on the overall shifts in the health production frontier is not significant.

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1. Introduction

Worldwide comparison of the performance of healthcare system provides the enormous possibility for both within and cross-country learning. The evaluation of relative performance may provide policy-makers a benchmark that identifies in which areas the performance is above or below expectations. Furthermore, it provides them with an impetus to understand driving reported performance, as well as guidance for potential solutions.

Most of the healthcare systems have similar goals and face similar challenges, such as demographic change, limited resources, and rising costs. The developed and developing countries have used diverse strategies to address these challenges and in most the developing countries the existing structures and organizations find them in sufficient to cope with these challenges. Thus, the major advantage of international comparison is to provide information regarding different experiences or even act as an experimental laboratory for others (1). Furthermore, these
comparisons offer the possibility of exploring new and different options; the potential for mutual learning and even policy transfer; and the opportunity to reconsider and reformulate national policy in the light of evidences.

2. Cost Malmquist Productivity Index (Cmpi)
The cost Malmquist productivity index was initially applied by (2) to estimate the cost productivity of 30 Greek hospitals over the period 1992-1993. The major advantage of this approach was to determine the allocative efficiency change and price effect which helped to ascertain the decomposable sources of cost productivity dynamics. Another application of CMPI was done by (3) who estimated the three-stage cost Malmquist Productivity index in the biotech and biopharmaceutical industry in Taiwan for the period 2004-2007. The study concludes that CMPI is a relatively comprehensive productivity measure for firms as it includes both cost and input minimization over time.

Using the combined approaches of (2, 4). The cost productivity change of 200 Lithuanian family farms for the period of 2004-2009 was computed by (5). Another study conducted by (6) estimated the trends of technical and allocative efficiency in Lithuanian family farms. These studies pointed out that higher technical productivity growth could have been a bit misleading to conclude the firm’s overall performance. Therefore, the addition of cost productivity expands the outlook for the firm productivity. Despite the CMPI’s ability to account for all factors of production, there are still other contextual variables or exogenous factors beyond management control that can affect the dynamic cost productivity. Therefore, a second-stage analysis is relevant in exploring their influences. Not many studies have considered the potential second-stage correlates of cost productivity change. The present study is an attempt to handle these issues.

3. Methods
The study uses cost Malmquist productivity index for measuring cost productivity change and efficiency change of the individual countries for the period 2011 - 2015. For this purpose data for 55 OIC’s countries (excluding Palestine) has been collected from World Bank data set and World indicators reports. Bootstrap truncated regression is also used to identify the determinants of cost productivity change over the study period.

The study uses three inputs: (i) a total number of physician per 1000 population (ii) total number of hospital beds per 1000 population (iii) total number of nurses and midwives per 1000 population and two outputs: (i) life expectancy at birth (ii) under 5 survival rate. The total public health expenditure has been used as input prices for estimating cost efficiency change and allocative efficiency change. While Per Capita GDP, out of pocket health expenditure, the prevalence of smoking, literacy rate, and population growth rate are used to identify the determinants of the cost productivity of the healthcare system of 55 OIC’s countries. The details of variables used in this study are presented in Table 1.

<table>
<thead>
<tr>
<th>VARIABLES</th>
<th>EXPLANATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>LE</td>
<td>Average number of years that a person at birth can be expected to live, assuming that age-specific mortality levels remain constant</td>
</tr>
<tr>
<td>USSR</td>
<td>Under 5 survival rate</td>
</tr>
<tr>
<td>Doc /1000</td>
<td>Number of doctors per thousand people</td>
</tr>
<tr>
<td>N&amp;W/1000</td>
<td>Number of nurses and midwives per thousand people</td>
</tr>
<tr>
<td>BEDS /1000</td>
<td>Number of hospital beds per thousand people</td>
</tr>
<tr>
<td>COST</td>
<td>Public Healthcare expenditures</td>
</tr>
<tr>
<td>OOP</td>
<td>Out of pocket health expenditure as a % of total health expenditures</td>
</tr>
<tr>
<td>LR</td>
<td>Adult Literacy Rate</td>
</tr>
<tr>
<td>SP</td>
<td>Prevalence of smoking (% of population)</td>
</tr>
<tr>
<td>POPG</td>
<td>Population Growth rate</td>
</tr>
<tr>
<td>PCGDP</td>
<td>Per Capita GDP ($)</td>
</tr>
</tbody>
</table>

Early estimations of dynamic technical productivity ignored the input prices and hence, allocative efficiency. The allocative efficiency has to do with how a technically efficient firm can further reduce aggregate cost of securing its
output by selecting an optimal mix of inputs given their associated costs. Since allocative efficiency and its change can significantly affect dynamic productivity it should be factored into cost efficiency dynamics \((7,8,9)\) parametric stochastic frontier analysis (SFA) and decomposed total factor productivity change (TFP) into technical efficiency change, allocative efficiency change, technical change, price effect and economies of scale effect. But this technique was criticized by \((10)\) and \((2)\) as demanding and practically unrealistic. As noted, the classical technical Malmquist productivity index of \((4)\) was proposed when inputs and output quantities were available but their prices were not available. \((2)\) Extended the technical Malmquist index to CMPI using nonparametric DEA models and decomposed it into cost (overall) efficiency change and cost technical change. The cost (overall) efficiency change can further be decomposed into technical efficiency change (TEC) and allocative efficiency change (AEC), both capturing cost and the cost technical change can be broken down into the standard technical change (TC) and price effect. The CMPI is better defined in terms of cost rather than inputs distance functions or input efficiency scores and is useful when managers minimize costs given input price data.

In stage one, the method introduced by \((11)\) is used and CMPI is decomposed under the assumption of the variable return to scale. The CMPI measures the change over time in cost efficiency. Parallel to the decomposition of production Malmquist productivity index, the CMPI may be decomposed into the effects due to the improvement in production technology, production efficiency, variation in input prices and production scale. The overall decomposition of the CMPI is as follows.

\[
CMPI = \Delta PTE \times \Delta T \times \Delta AE \times \Delta PE \times \Delta CSE
\]

Where
\[
\Delta PTE = \text{pure technical efficiency change;}
\]
\[
\Delta T = \text{technical change;}
\]
\[
\Delta AE = \text{allocative efficiency change;}
\]
\[
\Delta PE = \text{price effect change; and}
\]
\[
\Delta CSE = \text{cost scale efficiency change.}
\]

Values of the above five components greater than unity suggest deterioration, while values less than 1 indicate an improvement. In the second stage, the computed CMPI scores section is regressed against some environmental factors. A variety of regression techniques have been applied. Following specification has been formed.

\[
CMPI J = \alpha + ZJ \delta + \varepsilon J \ldots J = 1 \ldots n
\]

In the above equation, \(\alpha\) is the intercept and \(\varepsilon J\) is the error term and \(zJ\) is a row vector of country-specific variables with \(J\) supposed to relate to country CMI score. In DEA literature Tobit model has been widely used for estimating the model. However, \((12)\) pointed out that such technique is inappropriate. They suggested another technique that shows satisfactory performance during Monte Carlo experiments as it depends upon truncated regression with bootstrap. The present study uses it to estimate the following model.

\[
CMPI_{i.t.} = \beta_0 + \beta_1 (OOP)_{i.t.} + \beta_2 (LR)_{i.t.} + \beta_3 (SP)_{i.t.} + \beta_4 (POP.G)_{i.t.} + \beta_5 (PCGDP)_{i.t.} + \varepsilon_{i.t.}
\]

4. Empirical Results
Table 2 presents on average the data of inputs, outputs and environmental factors per year for the five financial years considered under study. This indicates that there is growth in the number of hospital beds, doctors, nurses and midwives per thousand population and at the same time input cost is increased during the study period. Overall, between 2011 and 2015, the growth in life expectancy at birth and under 5 child survival rate are observed. A similar trend is observed in the environmental factors during the period under consideration.

<table>
<thead>
<tr>
<th>Output</th>
<th>Inputs</th>
<th>Environmental Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>LE</td>
<td>U5SR</td>
<td>PHY* N&amp;W* BEDS* COST</td>
</tr>
<tr>
<td></td>
<td></td>
<td>OOP LR S P POPG PCGDP</td>
</tr>
</tbody>
</table>
The results of the study show that for 55 countries the same number of vectors containing cost Malmquist indices for each period are obtained. The cost Malmquist indices were aggregated across the countries. In order to maintain the integrity of the Malmquist indices the geometric average has been employed. The aggregated data are presented in Table 3.

Table 3: The Geometric Mean of cost Malmquist indices for 2011–2015

<table>
<thead>
<tr>
<th>YEAR</th>
<th>EFCH</th>
<th>TECHCH</th>
<th>PECH</th>
<th>SECH</th>
<th>ACH</th>
<th>PCH</th>
<th>MPI</th>
<th>CMPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011–2012</td>
<td>1.006</td>
<td>0.972</td>
<td>0.983</td>
<td>1.023</td>
<td>1.012</td>
<td>1.023</td>
<td>0.978</td>
<td>1.013</td>
</tr>
<tr>
<td>2012–2013</td>
<td>0.788</td>
<td>0.804</td>
<td>0.867</td>
<td>0.909</td>
<td>0.980</td>
<td>0.635</td>
<td>0.633</td>
<td>0.394</td>
</tr>
<tr>
<td>2013–2014</td>
<td>1.401</td>
<td>1.086</td>
<td>1.259</td>
<td>1.113</td>
<td>1.014</td>
<td>1.113</td>
<td>1.521</td>
<td>1.716</td>
</tr>
<tr>
<td>2014–2015</td>
<td>0.929</td>
<td>0.734</td>
<td>1.033</td>
<td>0.9</td>
<td>0.945</td>
<td>0.9</td>
<td>0.683</td>
<td>0.581</td>
</tr>
<tr>
<td>GM</td>
<td>1.008</td>
<td>0.888</td>
<td>1.026</td>
<td>0.982</td>
<td>0.987</td>
<td>0.898</td>
<td>0.895</td>
<td>0.794</td>
</tr>
</tbody>
</table>

Table 3 shows that during the study period, 7.94% growth is observed in the cost productivity of the 55 healthcare system of OIC’s member countries which is associated with 9.87% allocative efficiency change, 8.98 price change and 8.95% classical technical productivity. During the period 2012-2013, 3.94% growth is observed in cost productivity while 5.81% growth is observed in 2014-2015.

The Malmquist index followed the same pattern of dynamics, albeit it exhibited an increase in the total factor productivity amounting to 8.95% during the study period. It is associated with 9.82% scale efficiency change and 8.88% technological change. During the whole study period except 2013-2014 classical productivity growth is observed. Higher productivity growth is observed during the period 2011-2012 i.e. 9.78%. Considering the three components of the Malmquist productivity index, it can be observed that the pure technical efficiency change is positive with an exception for the period of 2013–2014 and 2014-2015 , whereas the scale efficiency change and the technology change exhibit some additional features. The scale efficiency change has caused a decrease in
productivity during 2011–2012 and 2013-2014 which may be due to changes in the health system structure. The technology change also indicates that the production frontier moves outwards during the study period except 2013–2014. Finally, the two cost productivity indices, namely, change in allocative efficiency and prices, indicate a decrease in cost productivity during the 2011-2012 and 2013-2014 period. These changes are caused by both managerial decisions and rising input prices.

The scores of Cost Malmquist Index of Individual County are presented in Table 4 in which it can be observed that 44% of all the countries’ healthcare system have shown regression in cost productivity while 56% countries have experienced growth in their cost productivity. While, in case of classical technical productivity 80% countries have shown growth in productivity and only 20% have experienced decline in productivity during the study period.

The healthcare systems of 28 countries (51%) have experienced improvement in allocative efficiency change while 8 countries (15%) have shown constant allocative efficiency change. A decline in price change has been observed in 30 healthcare systems (55%) while 5 countries (9%) have shown no price change during the study period.

5. Regression Analysis Of Efficiency Determinants

In order to find the determinants of cost productivity the present study uses truncated regression technique of (12). In the model CMPI is dependent variable and Per Capita GDP, out of pocket health expenditure as a percentage of total health expenditure, percentage of prevalence of smoking among the population, literacy rate and population growth are independent variables. The level of education, unemployment rate and per capita GDP are factors out of the control of the healthcare systems, and out-of-pocket expenditures is regarded as factor under the control of healthcare systems. The results are obtained after 1000 iterations and are presented in Table 5.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Original</th>
<th>Bias</th>
<th>SE</th>
<th>Bias Corrected</th>
<th>pLL(95%)</th>
<th>pLL(95%)</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>1.4221</td>
<td>0.0631</td>
<td>1.274</td>
<td>1.359</td>
<td>-1.2714</td>
<td>3.1521</td>
<td>***</td>
</tr>
<tr>
<td>PCGDP</td>
<td>0.028</td>
<td>0.0026</td>
<td>0.0427</td>
<td>0.0234</td>
<td>-0.0253</td>
<td>0.207</td>
<td></td>
</tr>
<tr>
<td>OOP</td>
<td>-0.0643</td>
<td>-0.0114</td>
<td>0.0732</td>
<td>-0.0503</td>
<td>-0.2691</td>
<td>-0.0025</td>
<td>**</td>
</tr>
<tr>
<td>SP</td>
<td>-0.0797</td>
<td>-0.0159</td>
<td>0.0261</td>
<td>-0.0638</td>
<td>-0.1605</td>
<td>0.0302</td>
<td>**</td>
</tr>
<tr>
<td>LR</td>
<td>0.0355</td>
<td>0.0014</td>
<td>0.0271</td>
<td>0.0341</td>
<td>0.0015</td>
<td>0.0514</td>
<td>***</td>
</tr>
<tr>
<td>POPG</td>
<td>-0.0392</td>
<td>0.0068</td>
<td>0.1351</td>
<td>-0.046</td>
<td>-0.13076</td>
<td>0.2372</td>
<td></td>
</tr>
</tbody>
</table>

The results show that the coefficient of Per Capita GDP is positive and statistical significant which indicates that an increase in PCGDP leads to an increase in cost productivity. Generally, higher economic growth encourages the government to invest more in healthcare services for improving its quality and cost productivity of healthcare system. Therefore, a higher economic growth improves cost productivity of healthcare system. Out of pocket health expenditure as a percentage of total health expenditure has negative impact on the dynamic cost productivity which indicates that an increase in out-pocket expenditure in total health spending leads to the wastage of resources in public sector which in turn increases the cost of healthcare system which reduces the cost productivity. The prevalence of smoking has negative impact on the cost productivity of healthcare systems of OIC’s countries. Our results are in line with (13). The literacy rate has positive and statistically significant coefficient which indicates that an increase in education level leads to an increase in the cost productivity of the healthcare systems. It may be due to the reason that improvement in education level promotes awareness regarding the diseases and relevant preventive measures. It helps the people to improve their health status which enhances the efficiency of the healthcare system. The results also reveal that the population has an insignificant contribution in improving the cost productivity of healthcare systems.

6. Conclusions

The cost Malmquist index has been decomposed into technical, scale, and allocative efficiency changes which are used for the analysis of productivity dynamics in 55 OIC’s member countries. The analysis indicates that the changes in allocative and scale efficiency with the technological improvement give a momentum to the growth in
cost efficiency. The cost productivity increases by 7.9% associated with 9.87% allocative efficiency change, 8.9% price change, 9.82% scale efficiency change and 8.8% technological change. The increase in the total factor productivity is mainly driven by an increase in scale efficiency and technological change. The education and Per Capita GDP have positive relationship with the CMPI of the healthcare systems while this relationship turns up negative for smoking and out of pocket health expenditure. Keeping in view the above analysis it is suggested that in order to maximize the cost productivity of health care systems in 55 OIC’s countries, the policy makers and health managers should pay proper attention to the factors such as the promotion of public education level, the appropriate use of healthcare providers according to the needs of the population, proper management of the resources of healthcare systems, the allocation of adequate budget to health sector and establishing suitable referral system for providing people easy and better access to health services according to their income and healthcare needs.

References

Appendix

Table 4: Cost Malmquist Index Decomposition

<table>
<thead>
<tr>
<th>OIC</th>
<th>EFFCH</th>
<th>TECHCH</th>
<th>PECH</th>
<th>SECH</th>
<th>AECH</th>
<th>PCH</th>
<th>MPI</th>
<th>CMPI</th>
</tr>
</thead>
</table>

465
<table>
<thead>
<tr>
<th>Country</th>
<th>0.907</th>
<th>0.848</th>
<th>0.918</th>
<th>0.988</th>
<th>1</th>
<th>1</th>
<th>0.769</th>
<th>0.769</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan</td>
<td>1.017</td>
<td>1.119</td>
<td>1.015</td>
<td>1.002</td>
<td>1</td>
<td>1.007</td>
<td>1.138</td>
<td>1.146</td>
</tr>
<tr>
<td>Albania</td>
<td>1.042</td>
<td>0.94</td>
<td>1.046</td>
<td>0.996</td>
<td>1.056</td>
<td>0.993</td>
<td>0.98</td>
<td>1.028</td>
</tr>
<tr>
<td>Algeria</td>
<td>0.978</td>
<td>0.854</td>
<td>0.978</td>
<td>1</td>
<td>1.194</td>
<td>1.005</td>
<td>0.835</td>
<td>1.002</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>0.96</td>
<td>0.814</td>
<td>0.962</td>
<td>0.998</td>
<td>0.983</td>
<td>0.912</td>
<td>0.782</td>
<td>0.701</td>
</tr>
<tr>
<td>Bahrain</td>
<td>1.072</td>
<td>0.854</td>
<td>1.009</td>
<td>1.062</td>
<td>1.002</td>
<td>1.385</td>
<td>0.915</td>
<td>1.269</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>1.009</td>
<td>0.914</td>
<td>1</td>
<td>1.009</td>
<td>1.12</td>
<td>1.066</td>
<td>0.922</td>
<td>1.101</td>
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<td>Benin</td>
<td>1.033</td>
<td>0.953</td>
<td>0.988</td>
<td>1.045</td>
<td>0.817</td>
<td>1.268</td>
<td>0.984</td>
<td>1.019</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>1.039</td>
<td>0.945</td>
<td>1</td>
<td>1.039</td>
<td>0.84</td>
<td>1.103</td>
<td>0.981</td>
<td>0.909</td>
</tr>
<tr>
<td>Cameroon</td>
<td>1</td>
<td>0.884</td>
<td>1</td>
<td>1</td>
<td>0.849</td>
<td>0.957</td>
<td>0.884</td>
<td>0.719</td>
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<tr>
<td>Chad</td>
<td>1.005</td>
<td>0.856</td>
<td>1.153</td>
<td>0.871</td>
<td>1</td>
<td>1.106</td>
<td>0.86</td>
<td>0.951</td>
</tr>
<tr>
<td>Comoros</td>
<td>1.078</td>
<td>0.899</td>
<td>1.173</td>
<td>0.919</td>
<td>1.012</td>
<td>1.272</td>
<td>0.968</td>
<td>1.247</td>
</tr>
<tr>
<td>Cote d'Ivoire</td>
<td>1.071</td>
<td>0.946</td>
<td>1.178</td>
<td>0.91</td>
<td>0.935</td>
<td>1.209</td>
<td>1.013</td>
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</tr>
<tr>
<td>Djibouti</td>
<td>1.025</td>
<td>0.893</td>
<td>1.172</td>
<td>0.875</td>
<td>0.926</td>
<td>1.254</td>
<td>0.916</td>
<td>1.063</td>
</tr>
<tr>
<td>Egypt</td>
<td>1.018</td>
<td>0.87</td>
<td>1.148</td>
<td>0.887</td>
<td>0.892</td>
<td>1.302</td>
<td>0.885</td>
<td>1.028</td>
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<tr>
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<td>0.903</td>
<td>1</td>
<td>1</td>
<td>1.347</td>
<td>0.807</td>
<td>0.903</td>
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<td>1.011</td>
<td>1.003</td>
<td>0.951</td>
<td>0.767</td>
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<td>Guinea</td>
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<td>0.892</td>
<td>1</td>
<td>1.002</td>
<td>1.145</td>
<td>0.759</td>
<td>0.893</td>
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<td>0.778</td>
<td>0.843</td>
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<td>0.963</td>
<td>0.979</td>
<td>0.929</td>
<td>0.955</td>
<td>0.817</td>
<td>0.725</td>
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<td>0.829</td>
<td>1.15</td>
<td>1.062</td>
<td>1.064</td>
<td>1.098</td>
<td>1.012</td>
<td>1.183</td>
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<td>Iran</td>
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<td>1.11</td>
<td>1.045</td>
<td>0.865</td>
<td>1.275</td>
<td>1.08</td>
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<td>1.012</td>
<td>1.265</td>
<td>1.026</td>
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Intellectual Property Rights and Creative Economy; Way Forward for Pakistan

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ABSTRACT

This paper examines the relationship between enforcement of intellectual property rights and growth of the creative economy. Intellectual property based creative industries highly contribute towards national economy through trade, value addition, and tax revenues. Size of the global creative economy has almost doubled during 2015 leading it to the figure of $509 billion that was $205 billion during year 2002. It is worth noting that major player in global volume of creative economy are South Asian countries such as China, Hong Kong, Malaysia, India, and Taiwan. Major creative industries include software, pharmaceutical, music, cinema, fashion, design, art, culture, photography, publishing, and other related creative works. Creative industries need support of effective enforcement from intellectual property rights to pay incentive to a creator for its investment of expertise, labour, and finances. In absence of effective intellectual property enforcement and violation of intellectual property rights, innovation may go slow that affects growth of the creative economy. This research highlights potentials of growth of the creative economies in Pakistan in terms of intellectual property rights.

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1. Introduction
After adoption of TRIPS Agreement in 1994, the dynamics of global creative economy have gone very competitive. It is good omen form Pakistan that South-Asia, especially China and India, have won a major share of creative economy that helps them grow with enormous pace. Pakistan shares almost same cultural and social trends and that is why it is very likable that economy of Pakistan grows at the identical pace by focusing on its creative economy through facilitating its creative industries. Pakistan has been focusing on various creative industries such as software industry that has grown with moderate pace rising its volume to the level of from $2.2 billion during to $5.1 billion in 2002. This shows that Pakistan got potential of growing its creative economy at least as equal pace with the world (Shamsi, Nasir, 2016). As it is stated earlier that global markets effected by creative economy growth went double from 2002 to 2015. The same trends would be demonstrated by using the data of growing software industry in Pakistan.

Post-TRIPS agreement standards of intellectual property rights have raised the standards of protecting intellectual property rights from national to international treatment. Before adoption of TRIPS Agreement, a development
happened during Uruguay Round of Trade Negotiation (1986-94), intellectual property rights were regulated by Paris Agreement in 1863. Moreover, Berne Convention, Rome Convention, Paris Convention, and other international agreements were prominent. TRIPS Agreement has provided the world with a unified comprehensive document that includes ethos of major intellectual property developments in the past (Bagchi, 2007). TRIPS Agreement includes almost all prominent aspects of intellectual property rights such as copyrights, patents, geographical indications, trademarks, and industrial designs (TRIPS Agreement, 1994). Apart from substantive structure of intellectual property rights, World Intellectual Property Rights Organisation (WIPO) globally looks after the trends of these rights. Intellectual property rights are conferred for innovative and creative acts in fields like literature, theatrical work, industrial innovation, music, videos, television programs, software, databases, graphic arts, trademarks, trade secrets, geographical indications, engineering, design, and other innovative aspects.

United Nations Conference on Trade and Development (UNCTD) has published its report in 2018 that shows positive trends of growth in creative industries of Pakistan. Moreover, Pakistan has evolingly obtained better scores regarding the protection of intellectual property rights. Figure 1 demonstrates the profile of Pakistan towards creative economy (UNCTD, 2018):

Aforementioned diagram reveals that performance of Pakistan towards growth of the creative economy and a comparative analysis of its growth with neighbouring countries reveals that this growth, although satisfactory, falls behind average growth in South-Asia. Trends of the creative economy have remained constant and no prominent growth happened between 2005 and 2011. A short boost was witnessed throughout 2011-14 and a steep decline has shown in coming years.

Although, Pakistan has seen an evolutionary growth in macrocosmic and microcosmics activities, this growth is less as compare to other regional players. This may be optimised by facilitating innovation through enforcing intellectual property rights. International Intellectual Property Rights Alliance (IIPA) propounds its concerns for the standards of enforcing intellectual property rights in Pakistan. Moreover, the alliance has filed a petition questioning Pakistan’s status for duty free preferential treatment under Generalised System of Preferences GSP program of World Trade Organisation (WTO) concerning software and book piracy in Pakistan (Ahmed, et al. 2010). Pakistan’s status on global intellectual property compliance list is gradually lowering that may slow down import of innovative ideas and products which will ultimately affect the creative economy of Pakistan. The Business Software Alliance (BSA) reported that control over software piracy could help Pakistan worth $160 million in revenue and an additional $23 million in tax revenue (Samad et, al., 2018)

This paper will analyse various creative industries with respect to intellectual property rights categories. First part will highlight Pakistan performance in copyright related industries. Second part will focus on patents related innovation in industry of Pakistan. Third part will highlight Pakistan’s growth in software industry. Fourth part will highlight, situation of intellectual property rights enforcement and way forwards to help growth of the creative economy in Pakistan.

2. Research Question
Fundamental question in this research is to what extent intellectual property rights relate to growth of creative economy in Pakistan. The question is significant and global as well as regional economy is growing enormously with the support of the creative economy. This question will be analysed through data available via various national and international organisation.

3. Research Method
Based on nature of question and its scope, the approach will be deductive that tests existing theory of relationship between innovation and economic growth. Research design will be qualitative with special focus on doctrinal research methodology. Nature of work is interdisciplinary a doctrinal research methodology will appropriately help us deducing results of relationship between enforcement of intellectual property rights and growth of creative economy in Pakistan. The research used primary legislative and judicial sources along with secondary data collected by United Nations Conference on Trade and Development, National Bureau of Statistics, State Bank of Pakistan, and National Institute of Cultural Studies.

Figure 1
4. Literature Review

4.1 Creativity and its Impact on Economy

Creativity is directly proportional to economic growth of state. For instance, artistic production, inventing new engineering process, starting new business method, inventing a design with financial and economic impact directly leads towards economic activity in a state. United States of America takes of major part of its economic might from creative industries such as software, pharmaceutical, performing arts, music, and other innovative aspects of innovation. According to Shumpeter (Shumpeter, 1934), modern day entrepreneurship is product of forming new business or firm supported by new idea and a process to execute it for social or cultural activity that produces economic benefits. It is estimated that UBER, a transportation facility that does not own a single car, will turn to $100 billion dollar company after its listing to stock exchange. The same aspect of creativity is highlighted as formation of private kingdom that supports joy of creating (Audretsch, Keilbach 2005). Creating a new idea turns in not only facilitating culture and society grow to new levels of ease and comfort but it also helps economy sustain (Carree, Thurik 2008).

Schultz was the first to highlight significance of innovation in growth of creative economy. Moreover, BecKer highlighted the same aspect during 1964 (Glaeser et al. 1992). World industrial investment has been shifted form...
investment of hard input to human capital and it is human intellectual capital that creates a big difference in making companies top earning in the world (Berry and Glaeser 2005). Creative industries, in now a day, are the major source of revenue for world economies. Audretsch has highlighted the same relationship between intellectual innovation and economic growth. Along with intellectual innovation by human capital, technological growth is major factor in economic growth and is based on innovation in various methods.

Saxenian (1994) explains the growth of creative industries and stresses that creative industry may grow with cooperation of universities, industries, and entrepreneurs by uniting human capital to market that will ultimately help growth of not only innovation but also creative economy. Florida (2002) mentions various aspects of creativity in arts, engineering, science, culture, and entertainment that can help creative industry grow effectively in a state. Lucas (2009) highlights identical trends my mentioning that new ideas stain economic growth of a state and role of ideas solve social problems related to business and industries (Howkins 2001). Creating new business and production in current times requires a good deal of innovation of ideas that make it distinct from other existing business ideas (Audretsch et al. 2010). Capital of investment has been divided in two parts; funds and human capital that turns these funds perform maximum towards financial return (Putnam 1995).

Top creative organisation are mainly generating their profits from their innovative ideas and list ranges from Apple, Amazon, Microsoft, Facebook, music and film industry, to many other creative businesses around the world. It is worth mentioning that creativity requires a great deal of expertise, intellectual ability, persistent quest for innovation supported by hard work, and financial capita. In case innovation is not respected and is left prone to piracy, theft, and unauthorised use, it will discourage inventors from investing their time and efforts. In result, the world will lose its sustainable development.

4.2 Role of Copyrights related industries in the creative Economy

Copyrights related industries are diverse. They range from poetry to composing a complex business or software model. To highlight the role of copyrights in various industries, WIPO framework can act as a guidance and various writers have tried to define the domain of copyrights related industries. Copyrights may bear relevance to publishing, writing, data processing, social and cultural heritage, radio and television broadcasts, musical manufacturing and instruments, arts and craft, textile, garments, leather products, jewellery, transport, and other services that use model of copyrights.

Copyrights inspired industries have served Pakistan’s creative economy in a very positive manner by enhancing exports. During 2018, research published by Samad et al highlights a good estimation of contribution of copyrights related industries in enhancing creative economy of Pakistan. The research concludes that copyrights industries got potential to contribute towards adding value, taxes, trade and foreign exchange, attaining balance between import and exports. The study recommends that it is very important that industries grow with the help of enforcement of copyrights and this enforcement will enhance innovation that will lead towards economic activity. Moreover, the study reveals that copyrights related industries are underrated for their contribution in developing economy of Pakistan. For understanding contribution of copyrights related industries, table 1 is significant:

Aforementioned table demonstrates the contribution of various copyrights related industries towards export during 2003-2008. The table demonstrates that various industries have been progressing with a moderate pace. It is pertinent to mention that this pace may be enhanced by including copyrights protection and effective enforcement of innovation in these industries. Copyrights enforcement will help growth of creative industries in two way. First, it will create competition among national industries to invest in research and development and second it will attract international investors to invest in creative industries of Pakistan.

Law of copyrights in Pakistan is know as Copyrights Ordinance 1962. It was latest amended in year 2000 to make it compliant with international standards of copyrights standards provided in TRIPS Agreement 1994. Pakistan is member of Berne Convention as well as Universal Copyrights Convention. Copyright protection in Pakistan is available for literary, artistic, musical, dramatic, cinematographic, architectural work, photographs, books, newspaper writings, lectures, engravings, all forms of records such as tape, disc, wire, or other sound recording. Copyright generally connotes right to author or creator. According to Black’s Law Dictionary, copyrights means (Bashir, Khan, 2015):

Table 1

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“The right of literary property as recognized and sanctioned by positive law. A right granted by statute to the author or originator of certain literary or artistic productions, whereby he is invested, for a limited period, with the sole and exclusive privilege of multiplying copies of the same and publishing and selling them”.

Violation of copyrights may attract various remedies for right holder such as civil, criminal, and administrative (Copyrights Ordinance, 1962). A person involved in violating copyright may face injection, compensation, and forfeiture if pirated products (Copyrights Ordinance, 1962). Under criminal jurisdiction, the violation may attract imprisonment, fine, or both. Moreover, a police officer is authorised to inspect the property under suspension of copyrights violation (Copyrights Ordinance, 1962). Copyrights law provides administrative remedies by authorising customs officers to inspect any suspected baggage that may contain any copyrights violation material and withhold the material (Copyrights Ordinance, 1962). Moreover, this may also lead towards invocation of criminal action against copyright violator. It is worth mentioning that registering copyright in Pakistan is not compulsory under the law but is recommended. Section 39 of Copyrights Ordinance states (Copyrights Ordinance, 1962):

“The author, publisher, owner or other person interested in copyright of any work may make an application in the prescribed fee to the registrar for entering particulars of the work in the register of copyrights, after it registrar may issue certificate of such registration ,unless, he considers that such entry should not be made in respect of any work.”

It is commonly misunderstood that scope of copyrights extends to only published material. This paper try highlighted and connected copyrights aspect to industry and creative innovation that leads towards strengthening economy of Pakistan. As stated earlier, copyrights related industries has performed very well to available capacity and capabilities. This performance can be optimised by enforcement of copyrights laws in effective manner. Incentive and appreciation leads human nature towards creation. While discouraging trends of piracy affects innovation. Impact on innovation ultimately leaves weaker economy. Ignoring copyrights law as less important is not right approach towards economy and strengthen copyrights law will facilitate related industries grow
Moreover, it will attract international investments to develop atmosphere of competition as well as foreign direct investment.

### 4.3 Patents-related creative industries

During year 2000, US patent related industries contributed $19 billion dollars to economy and the rising with every year. Patent related industries include pharmaceutical, engineering, manufacturing, technology, and in some cases software and mobile applications. Patent Ordinance 2000 defines patent as right that provides inventor a monopoly over its invention for 20 years to exclude others from unauthorised use of the invention. Patent rights may be granted to any patentable invention and patentability criteria is defined in section 7 of Patent Ordinance 2000. Patent mainly is innovation that is novel and is product of inventive steps. Moreover, an invention is eligible for grant of patent if it has some industrial application. Patent protection to innovations are granted for two main reasons. First if encouraging innovation to inventor that has invested efforts and money in inventing a new product, process, or solution. Secondly, patent protection enhances competition in society to get reward for contribution towards society. Moreover, patent require inventor to disclose its inventive steps and secret information behind idea that further helps growth in knowledge and industry. Greenhalgh and Longland (2001) found that patent and creative industries have a strong relationship as the patent ignites industrial development that further facilitates growth of economy.

Patent related industries can only grow with sufficient investment in research and development of new ideas. Table 2 demonstrates that investment in research and development has been very marginal (UNCTD, 2018):

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</tr>
<tr>
<td>Audiovisual and related services</td>
<td>2,0</td>
</tr>
<tr>
<td>Telecommunications, computer, and information services</td>
<td>168,0</td>
</tr>
<tr>
<td>Computer services</td>
<td>156,0</td>
</tr>
<tr>
<td>Information services</td>
<td>12,0</td>
</tr>
</tbody>
</table>

Abovementioned table clearly demonstrates that share of research and development in both import and export has been very marginal. It is fact that innovation in industry is hard without equitable investment in research and development.

Patent related industries in Pakistan are pharmaceutical, industrial engineering, car manufacturing, agriculture, software, and other industry related innovations. With special focus on pharmaceutical industry, the statistic show very positive trends in growth of pharmaceutical industry of Pakistan. Estimates from 2017 demonstrate that volume of Pakistan Pharmaceutical industry has gone to $3.1 billion with the growth rate of 12 percent annually. Although this figure is satisfactory but is lower than India whose industry will reach $55 billion in 2020 with annual growth rate of 22.4 percent. One may argue that India is bigger country in comparison with Pakistan but the gap in growth rate reveals that pharmaceutical sector of Pakistan is growing with half pace than India. Moreover, software industry of India has also achieved a figure of $181 billion that is much higher than that of Pakistan.
With reference to performance on patent related industries, Pakistan falls behind regional players such as India, China, and Honk Kong. India has been declared a country who has dealt with challenges of patent issues in very effective manner. Indian patent law balances between international patent grants and growth of its domestic industry to look after public interest. In the field of pharmaceuticals, India has taken position of pharmacy of the developing world. India is one of the major exporter of generic low cost medicines to developing countries. Indian pharmaceutical Industry, with the facilitation of legislative and judicial framework, has been effective on helping developing and least developed countries to solve issue of high cost of essential medicines. By doing so, Indian pharmaceutical industry will flourish to the level as high as $55 billion during 2020. It is the case of Indian software industry where India used both intellectual property laws as well as cost effective skilled labour class to help information technology contribute towards creative economy.

Indian patent law codes a provision known as section 3(d). This section allows administrative authorities as well as court to watch any grant of patent, especially in pharmaceuticals, that can possibly effect Indian interest on the basis of ‘public interest’. TRIPS Agreement 1994 allows protection of public interest by the state (TRIPS Agreement, 1994). Contrary to this provision, patent law in Pakistan is not equally effective to watch public interest and issues of accessibility, availability, and affordability resulting from protection of patents on various innovations.

In order to help patent related creative industries, it is need of the time to invest in research and development of innovative ideas at universities and industries levels. Moreover, industries should start investing in university led research to help them optimise their production and innovate new ideas to grow at global pace. Moreover, protection and enforcement of patent laws should be made in balance way that it appreciates innovation as well as protects public interest in the shape of availability, accessibility, and affordability of products under patent protection.

4.4 Trademarks and creative economy

Trademarks are one of the big source of creative economy. Amazon brand value of its trademark is $150.8 billion during year 2019. Apple stands second as high as $146.3 billion and google wins third place by its value $120.9 billion. Indian total brand value of all trademarks during year 2018 in total was $2159 billion. All this is result of creative economic activity. Trademark is a sign, name, mark, sound or smell that distinguishes services or goods of one business from other. Trademark should be distinctive and owner should be vigilant on any violation as law helps vigilant not indolent (Adeni, 2015). Trademarks are enforces in various manners such as civil, administrative, border management, criminal procedure, and other ways. Trademarks in Pakistan fall under Trademarks Ordinance 2001, Trademarks Rules 2004, Pakistan Penal Code 1860, Intellectual Property Organisation Act 2012, Custom Act 1969, and Specific Relief Act 1877. Moreover, Pakistan is member of TRIPS Agreement 1994 and need to make laws relating to trademarks more effective at par with international standards.

Trademarks laws in Pakistan are evolving. They are not enforced at their full efficiency. Moreover, enforcement of trademarks is affected by various hindrances such as corruption, lack of understanding trademarks, insufficient legal experts, and new enforcement laws (Arain, 2015). Trademarks registration offices are established at only Karachi and Lahore while trademark business is going on all across the world. It makes it hard for trademark holder to register their trademarks and enforce them effectively. As quoted earlier, non-opposition of trademark loses right of trademark holder. Limitation for raising objection against trademark violation is two months that makes it hard for right holder to arrange legal counsel and other necessary arrangements for opposing the violation of trademarks. Moreover, multiple forums for remedying violation of trademarks make it complex for the right holder (Zaheer, 2016).

To improve trademark enforcement in Pakistan, the standards of TRIPS Agreement should not move to next step where their legal realisation is sought in effective manner. Moreover, the process of registration and enforcement should be made convenient to public needs where it is available in various big cities. Pakistan need improving its trademark infrastructure at almost all levels such as legislative, judicial, and administrative. This will not only appreciate innovation in business along with competition but will also attract global business players’ entry in local market (Mukhtar, Jusoh, 2018).

5. Suggestions and Recommendation
Aforementioned discussion, supported by data, demonstrate that creative economy in Pakistan is underestimated. If measures are taken at policy and operation levels to facilitate creative economy to play its part, it may revolutionise economic activity in Pakistan by making it a prominent global player of creative economy. Following suggestions and recommendation are significant:

i. Creative industries may be appreciated by state of Pakistan at legislative, judicial, and administrative levels.
ii. Intellectual property laws related to creative industries must be enforced in their letter and spirit.
iii. The state must patronise creative ideas related to industrial and economic activity in Pakistan.
iv. Private industrial sector may form liaison with universities to boost research and development activity that will ultimately help them find new and effective ways to increase their business and profit.
v. A consolidated intellectual property toolkit must be made available to public that will help awareness and protection of these rights. Moreover, protection of intellectual property rights will create competitive environment for innovation.
vi. For judicial matter, a special court must be established that will help speedy and low cost remedial forum.
vii. At university level, education syllabus should include awareness about violation of intellectual property rights and discouraging their violation as ordinary theft.

6. Conclusion
The creative economy would catalyse the economy by encouraging societies forming more inclusive, collaborative and prosperous landscape. The creative economy, supported by effective enforcement of intellectual property rights, may also help establishing the formation of competitive environment in a state like Pakistan where population is young with potential to work in certain direction to change its economic destiny. It is likely to be misunderstood that creative arts, innovation, research and development, innovation and business fall behind law and order, poverty, and other issues faced by society. Reality check is that these creative ventures may help Pakistan by not only improving its economy but will also help strengthening social fabric of the society. Trade and commerce in creative goods and services are encompassing traditional trends of business. Contribution of creative economic activities such as copyrights, patent, and trademark related industries, which are much higher than exporting oil, minerals, and other tangible products. Intangible ideas are capturing more space in economic activates of developing and developed states. The creative economy of Pakistan has the potential to influence present and future economic activities to help its economy as well as its global status among international community of the states.

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Does Corruption Affect Foreign Direct Investment: Evidence From East Asian Countries

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ABSTRACT

Globalization has resulted in a significant increase in the FDI inflows. The impact of corruption on FDI inflow has been extensively studied in previous research. However, this topic has received scarce attention in Asian economies countries. Asian Economies is different from other Europe, Africa, North America and South America as rapid growth have seen in recent years. To fill the research gap, we collected data for seven South Asians countries. Based on the collected data, we first find out the effect of corruption on FDI. The results showed a positive and significant effect of corruption on FDI and supporting the helping hand theories of corruption which suggesting that South Asian countries should bring political stability and good governance, peace to attract more MNC, make strong law and its implementation to make corruption lessen.

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1. Introduction

Direct Investment (FDI) plays an important role in the growth and development of a country, particularly in developing countries. Developing countries face shortage of capital to invest and they need additional capital to invest in the country to get higher growth and generate employment opportunities. Moreover, FDI caused technological diffusion and augmentation in technical skill of labour by establishing a firm or industry in the host country. Both the technological diffusion and transfer of technical skill raised productivity in production of the developing country. On the other hand developed countries have the opportunities of access to cheap resources of the developing countries. Capital is generally abundant in developed countries and the investors of the developed countries can generate high returns from the resources in developing countries. Hence there exist a mutual opportunity to get from flow of FDI. FDI is an important instrument for the developing countries through which developing countries can get access to the benefits of globalization (Azam &Uddin, 2001). Stern (2002) argued that multinational organization gives importance to the investment climate of the country thus sound climate of a country can attract more FDI inflow. The climate includes political, economic and social cultural aspects of country. Anjum and Nishat (1998) argued that political stability, law and order situation (peace), mineral resources, technical labor force and economic policies of the government has attracted foreign investors. Dunning (2002) stated that FDI depends on government policies, supportive infrastructure and transparent governance of the host country. Asiedu (2002) has focused on policy reforms as the determinants of the developing countries for FDI inflows and found that the degree of openness to FDI and corporate tax rates are the determinants of FDI. Zhang (2001) argued that the FDI has a significant positive impact on those countries where infrastructure has developed.
and trade policies are more liberal. Kinoshita and Campos (2002) found significant positive impact of FDI on growth if there is a transfer of technology to the host the country. Lensink and Hermes (2003) found that FDI has a negative impact on the host country and similar results were found by Sylwester (2005). Zaidi (2004) stated that in Pakistan the level of saving and investment is less than the desired level, so the gap can be filled from the transfer of outside resources in the form of FDI. Further Zaidi (2004) stated that increases in the foreign capital inflow can be improved through the government policies that can give incentives such as tariff reduction and tax concessions to the investors. The World Bank states that it “has identified corruption as among the greatest obstacles to economic and social development. It under mines development by distorting the rule of law and weakening the institutional foundation on which economic growth depends. Foreign direct investment is indispensable for the economic development of the host countries. Every country is trying hard to attract more and more foreign direct investment by providing the exemption and incentive as well as facilities to foreign investors. Especially the developing countries like Pakistan and some Asian countries need more FDI to boost the economy and generate employment for locals. The ongoing process of world economy integration, which has been gaining momentum since the beginning of the 1990s, has led to a significant change in the attitudes of host countries with respect to inward FDI inflow. FDI is no longer regarded with suspicion by developing countries. Controls and restrictions over the entry and operations of foreign firms are now being replaced by policies that aim to encourage FDI inflows. Modernization theorists argue that FDI provides host economies with capital, promotes technology transfer, and modernizes their management skills and corporate governance. These in turn raise labor productivity and accelerate economic growth (Blomstrom and Kokko 1996; Choi 1998 & Markusen and Venables 1999). They also argue that FDI reduces income inequality via the Kuznets effect in which income inequality increases at first as per capita income grows but declines later once acertain level of development has been attained (Jin 2009). Along with this, an extensive network of bilateral and regional investment agreements, which seeks to promote and protect FDI from partner countries, has also emerged. Until recently, various literature strongly agreed that multinational corporations (MNCs) invest in specific locations mainly because of the host countries’ strong economic fundamentals, such as a large market size, stable macroeconomic environment, availability of skilled labor, and infrastructure, that influence the attractiveness of the country to FDI inflows (Dunning 1993; Globerman & Shapiro 1999; Shapiro and Globerman 2001). However, the host country’s economic fundamentalists may not be sufficient for inward FDI. Therefore, studying a new which factors determine FDI inflow has become necessary. In this regard, one of the most damaging risks that MNCs must consider when entering emerging market economies is the threat of corruption, which undermines economic reform and, ultimately, national economic stability. Moreover, corruption raises the costs of business operations, distorts the allocations of resources and prices of goods and services for consumers, and discourages FDI (Zhao, et al. 2003). For instance, surveys of private firms in Latin America found that corruption negatively affects sales, investments, and employment growth, thereby reducing firm competitiveness without producing any positive effects (Gaviria 2002). According to Myint (2000), corruption is defined as the use of public office for private gain, or the use of official position, rank, or status by an office bearer for his/her own personal benefit. From this definition, examples of corrupt behaviour would include: (a) bribery, (b) extortion, (c) fraud, (d) embezzlement, (e) nepotism, (f) cronyism, (g) appropriation of public assets and property for private use, and (h) influence peddling. In this list of corrupt behaviour activities such as fraud and embezzlement can be undertaken by a single official without the involvement of a second party. Other activities, such as bribery, extortion, and influence peddling, involve two parties, namely, the giver and taker in a corrupt deal. Political corruption by public officials can assume many forms, including bribery, embezzlement, extortion, nepotism, and graft in which public officials either directly steal public funds or illegitimately benefit from public funds. Freedom indexes an indicator of the degree to which an economy is free of such forms of corruption. Similarly, the World Bank focuses on the abuse of public power for private benefits in defining corruption (Tanzi 1998).

This study also good for those countries to see their level of corruption and how much it effects These countries. This study will also contribute to the current literature. This study is also helpful for foreign investor to check the level of concern Asian countries for their investment and to choose the best countries for their future investment. This study is also helpful for those scholars and researchers who want to work in the relevant field with regard to corruption and foreign direct investment.

Numerous studies have been done on various countries of the world. In some study, they have taken Group as a sample country but in some they are taken few countries from Asia. This Study is limited to 39 Asian countries due
to lack of time and non-availability of data. Thirty-seven countries are enough for our study because it will accomplish our objective conveniently

2. Review of Literature
Most of the study have been conducted to examine the level of corruption in FDI inflow in the host country and could not reach the commonly expected conclusion that the term corruption deters FDI. There are mixed results of the research studies conducted on the relationship of corruption in FDI. For example, the study of king (2003), Johnsson Dahstrom (2004), Mathur and Singh (2011) and Domokos (2011) find out that there is negative relationship between corruption and FDI. On the other hand, a study highlighted that African corruption encourage Chinese investment in the said place (Classen et all.,2011). The government officials may use their authority for personal gains while formulating and implementing policies. Corruption has been criticized for the failure of certain developing countries to develop and the studies confirm a link between higher perceived corruption in lower growth and investment (Mauro, 1995; Tanzi, 1995 and world bank,1997), corruption is a serious economic, political, social and moral blight especially in the developing countries which is effecting the companies particularly the international commerce, technology transfer and finance.

3. Material and Methiodes
This study has mainly focused on the impact of corruption on the foreign direct investment based inflow on the literature review, corruption has vital role in the determination of FDI inflow. Therefore, this research study will try to answer that whether corruption affect FDI inflow in Asian countries or play their part in the determination of FDI inflow?

Most results are bases on large sample size. Greater the sample size the most will be the accurate results. In This study a sample of comprise on panel data set on annual basis from thirty-nine countries of Asia for a period of 1995 to 2014. There were 48 countries in Asia and we have selected 39 countries for analysis due to missing and lack of data

This study is in nature in quantitative and the data which will be used in this study is secondary as it is readily available on the official site of IMF and World Bank. We will be taken the data from the IMF and World Bank official sites. The data will be arranged in excel through panel data format for analysis purpose

3.1 Conceptual Frame Work

3.2 The Model
In light of the current literature the following regression equation is used as following the studies of (Rehman and Naveed, 2007; Sadig (2009) and Alemu (2012).

$$ FDI_{it} = \alpha + \beta_1 CPI_{it} + \beta_2 INFL_{it} + \beta_3 GDPG_{it} + \beta_4 GDPP_{it} + \beta_5 PRISK_{it} + \beta_6 RIR_{it} + \varepsilon_{it} $$

In the given model, the subscript i represent to the unit of observation, example Countries whereas subscript t is referring to the time and \( \varepsilon \) is the error term.

4. Results and Discussions
To examine the effect of independent variables on dependent variable and to analyze the change because of the independent variable in dependent variable Pooled OLS regression were used and through Chow Test Pooled OLS effect model was selected for analysis. The following table narrated the results of regression analysis.

### Table-1: Pooled OLS Regression

<table>
<thead>
<tr>
<th>Variables</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-ratio</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>140.328</td>
<td>4201.04</td>
<td>0.0334</td>
<td>0.97344</td>
</tr>
<tr>
<td>CPI</td>
<td>2822.24</td>
<td>1418.81</td>
<td>1.9892</td>
<td>0.05019</td>
</tr>
<tr>
<td>INFL</td>
<td>-205.937</td>
<td>141.195</td>
<td>-1.4585</td>
<td>0.14871</td>
</tr>
<tr>
<td>GDPG</td>
<td>-92.061</td>
<td>144.947</td>
<td>-0.6351</td>
<td>0.52720</td>
</tr>
<tr>
<td>PCGDP_</td>
<td>-0.326323</td>
<td>0.178715</td>
<td>-1.8259</td>
<td>0.07169</td>
</tr>
<tr>
<td>PRISK</td>
<td>2.93892</td>
<td>34.1896</td>
<td>0.0860</td>
<td>0.93172</td>
</tr>
<tr>
<td>RIR</td>
<td>-327.813</td>
<td>180.988</td>
<td>-1.8112</td>
<td>0.07395</td>
</tr>
</tbody>
</table>

| Mean dependent var | 5314.807 | S.D. dependent var | 5005.057 |
| Sum squared resid | 1.75     | S.E. of regression | 4740.975 |
| R-squared          | 0.166832 | Adjusted R-squared | 0.102742 |
| F(6, 78)           | 2.603091 | P-value(F)         | 0.023670 |
| Log-likelihood     | -836.3971| Akaike criterion   | 1686.794 |
| Schwarz criterion  | 1703.893 | Hannan-Quinn       | 1693.672 |
| Rho                 | 0.266619 | Durban-watson      | 1.79     |

Table-1 presents the results of the pooled OLS effects regression by using FDI of GDP US as a dependent variable. The first column consists of independent variables for the study. In additions, second Colum consist of coefficient of the variables. Similarly, the standard error, z and p-values are shown in third, fourth and fifth coulomb respectively etc.

The f-Value is 2.603091 with p-value is 0.0236 that shows that overall model fits the data. Moreover, the value of $R^2$ is 0.2938 which represents that there is 0.166832 variations in dependent variable (FDI) are due to the independent variables in the study.

The result of Pooled OLS regression shows that the coefficient of CPI (Corruption Perception Index) is 2822.24 and significant, suggesting that middle east country corruption positively affect amount of inflow of FDI, which is supporting the “helping hand theory of corruption” i.e. there is positive relationship between corruption and inflow of FDI. This shows that the corruption increase by 2822.24 unit’s dollar when there is one unit positive increase in the level of FDI inflow (goes down the CPI score) in Middle east. According to Transparency International Organization (2014) CPI score range is (0 to 10), 0 means the most corrupt economy and 10 means most clean economy. Therefore, when the level of corruption increases the CPI score decreases or moving down toward 0 lead to worst governance of the economy. If the level of corruption decreases the CPI score increases or goes up toward 10 tend to improvement in governance. If the countries in middle east would be able to reduce the perceived uncertainty of corruption to the same level as Japan mean CPI score 7.112 highest score in Asian economies, would attract more FDI and Israel is the second countries which attract more FDI. In opposite, some of the countries like India and China having high level of corruption but at the same time attracting FDI, could even double their FDI inflow, if the existing level of corruption can have decreased(Alemu, 2012). In case a country like Angola with high level of corruption managed to decline its corruption to the level, of the country Bostwana an intermediately corrupt country its inflow of FDI would roughly double (Dahlström and Johnson, 2007). The earlier empirical research studies such as Wei (2000a), Habib and Zurawicki (2002), Voyer and Beamish (2004), Dahlström and Johnson (2007), Rehman and Naveed (2007), Mathur & Singh (2013) and Quazi (2014) confirmed that in fact the host country corruption reduce the inflow of FDI.

The variable inflation (INFL) is negative but significant effect on dependent variables. The coefficient of INFL is -205.937 with p-value is 0.14871 is significant at 10% level meaning that INFL has found effect on dependent variable. It indicates that if there is one unit change or decrease in independent variables that is (INFLA) there will be -205.937 increase in FDI. These finding are alignedwith Busse and Hefeker (2007) and Drabek and Payne (2002) as they examined that inflation has negative but insignificant effect on incoming FDI.
The coefficient of (GDPG) is negative and statistically insignificant. The empirical results explain that one unit increase and improvement in GDP growth (GDPG) brings -92.061 units increase in the inflow of FDI in Middle East but in this case the p-value is insignificant which show no contribution. GDP growth is the significant determinant of the ability of host country, to attract more FDI. The sustainable economic growth of the host country is one of the most important and positive attributing factors and has a vital role to encourage and boost up foreign investors’ confidence, and a symbol of stable government hence promote inward of FDI (Alemu, 2012). The same results also found by the previous research studies i.e. GDPG has positive significant effect on FDI (Al-Sadig, 2009; Alemu, 2012 and Mathur & Singh, 2013).

The political risk (PRISK) has expected positive sign and insignificant contributor in the regression model in the current study. Which means the coefficient i.e. 2.93892 of (PRISK) is different from zero as the p-value is 0.93172 which is greater than 0.05 shows no effect response variable.it indicates that if PRISK is increases by 0.93172, it will decreases the FDI inflow to middle east. The current study results are consistent with the existing literature Quazi (2014) and Al-Sadig (2009) who found that political stability has negative significant effect on FDI which means that the stable political environment of the host country can boost up the foreign investors’ confidence hence attracting more FDI. This study find out that variable PCGDP insignificant contributor in regression model as its coefficient is -0.326323 (where opposite coefficient sign obtained, to the existing literature) with p-value is 0.071meaning that PCGDP is affecting the response variable. It indicates that if one unit decrease in PCGDP there will be -0.326323 decrease in FDI inflow. PCGDP play important role in the economy of the countries and can bring FDI inflow to the countries. GDP inflow is strongly based on PCGDP and its effect is found is positive and these results are support by many literature of various research paper. The real interest rate has negative sign but insignificant which show no contribution in response variables. The coefficient is -327.813 with p-value 0.07395 which indicates that there is one unit increase in real interest rate, there will be -327.813 decreases in FDI Inflow. The real interest rate is most important determines because if the interest rate of the countries decrease investor will take more debt to support their investment and as a result the economy will boost up. If the interest rate of a countries increase the investor shall try to do less investment and take low debt because of more interest charges, as a results the FDI inflow will decrease and countries economy shall go down. In this case the results is insignificant which indicates that real interest rate has no effect on response variables and not a good contributor. These results are not supported by the various literature of different papers such as Quazi (2014) and Al-Sadig (2009) who found that real interest rate has negative significant effect on FDI which means that the low interest rate of the host country can boost up the foreign investors’ confidence hence attracting more FDI. In a conclusion results in the table are support by helping hand theory and encourage corruption.

4.1 Diagnostic Tests
The Chow test is used to describe whether fixed effect model or simple pooled OLS regression is fit for analysis of the data.

Null hypothesis: Pooled OLS regression model is fit (no structural break)

Alternative hypothesis: Fixed effects model is fit (structural break)

\[ F \text{ statistic} = 1.69533 \text{ with } p\text{-value} = 0.1240 \]

As the p-value is greater than 5%, so the Alternative hypothesis rejected in favour of null hypothesis and concluded that there is no structural break in the data and suggesting pooled OLS model is fit for data analysis.

For Heteroscedasticity detection the Brusch-Pagan/Cool-Weisberg test is used in this study and checks the linear form of Heteroscedasticity in the data. In the data the heteroscedasticity is tested are;

Null hypothesis: error variances are all equal

Alternative hypothesis: error variances are a multiplicative function of one or more variables

\[ \text{Chi-square} = 37.697800 \text{ with } p\text{-value} = 0.082761 \text{ which means Heteroscedasticity is not present in the data.} \]
The alternative hypothesis shows that when there is increase or decrease in the error variance as the predicated value of y increase i.e. the bigger the predicted value of ‘y’ having the bigger error variance and the large chi-square value shows that Heteroscedasticity is existing in the data. In the panel data, the Heteroscedasticity is present because of the different units i.e. in the current study has the Asian economies. As the above chow tests describing that pooled OLS model are fit as well as the absence of Heteroscedasticity in data which is detected by Breusch-Pagan / Cool-Weisberg, test leading that the pooled regression model can be used for analysis.

To examine the effect of independent variables on dependent variable and to analyze the change because of the independent variable in dependent variable Pooled OLS regression were used and through Chow Test Pooled OLS effect model was selected for analysis.

The results of the f-Value are 2.603091 with p-value is 0.0236 that shows that overall model fits the data. Moreover, the value of $R^2$ is 0.2938 which represents that there is 0.166832 variation in dependent variable (FDI) is due to the independent variables in the study. The result of Pooled OLS regression suggesting that middle east country corruption positively affect amount of inflow of FDI, which is supporting the “helping hand theory of corruption”. It concluded that east Asian countries is facing of corruption and Corruption considered for FDI inflow. The variable inflation (INFL) is negative but significant effect on dependent variables. It indicates that if there is one unit change or decrease in independent variables that is (INFLA) there will be positive increase in FDI. These finding are aligned with Busse and Hefeker (2007). If east Asian countries controls on INFL will attract more FDI inflow. The coefficient of (GDPG) is negative and statistically insignificant. It contributes no contribution and has no effect on FDI but in reality, GDP play important role to attract FDI inflow. This results may be due to data problem. The political risk (PRISK) has expected positive sign and insignificant contributor in the regression model in the current study. The variable PCGDP insignificant contributor in regression model as its coefficient is -0.326323 (where opposite coefficient sign obtained, to the existing literature) with p-value is 0.071 meaning that PCGDP is affecting the response variable. The real interest rate has negative sign but insignificant which show no contribution in response. The real interest rate is most important determines because if the interest rate of the countries decrease investor will take more debt to support their investment and thus the economy will boost up. If the interest rate of a countries increase the investor shall try to do less investment and take low debt because of more interest charges, as a results the FDI inflow will decrease and countries economy shall go down. In this case the results is insignificant which indicates that real interest rate has no effect on response variables and not a good contributor. In a conclusion results are support by helping hand theory and encourage corruption.

5. Conclusion and Policy Recommendations
This study is to find out the effect of corruption on FDI in six East Asians countries. To analyze this objective, we have taken the 6 countries data based on convenient sampling technique for central Asia for the year 1995 to 2014. We have applied the pooled OLS model techniques to check the relationship of all independent variables with FDI. The Panel data is not having the issue of Heteroscedasticity and multicollinearity which was tested and not found these issues. The result of Pooled OLS regression reveal that east country corruption positively affect amount of inflow of FDI, which is supporting the “helping hand theory of corruption”. It concluded that east Asian countries is facing of corruption and Corruption considered good for FDI inflow. The variable inflation (INFL) is negative but significant effect on dependent variables which reveals that inflation rate is also controls in central Asian countries. The political risk (PRISK) has expected positive sign and insignificant contributor in the regression model in the current study. The variable PCGDP insignificant contributor in regression model is not statistically significant. The real interest rate has negative sign but insignificant which show no contribution in response. In a conclusion, the overall results are mixed and supporting the helping hand theories of corruption states that central Asia countries governance is not good with compare with whole Asia countries. In a conclusion, the overall results are mixed but most of the results is supporting the helping hand theories of corruption and encourage corruption and only Central Asia results support the grabbing hand theories which states that corruption is considered ill for countries economy. The Pakistan is considering most corrupt countries in Asia because out of 39 nine countries, Pakistan is ranked 23 countries which is not good symbol. So, these countries need to improve their governance, political stability and concentrate nepotism and follow merit as well as should attention on peace to attract more FDI inflow.

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Impact of Human Capital on Employment and Economic Growth in Developing Countries

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Human Capital plays a vital role in increasing GDP growth and creating more employment opportunities. The major objective of this research paper is to analyze the impact of Human Capital on GDP Growth and Employment in developing countries using Panel Data for the period of 1996-2018. To measure the Human Capital, we have employed two proxy variables i.e. life expectancy and education expenditure. The variables of Labour force, capital formation, inflation, agriculture and manufacturing value added are used as controlled variables in the study. The fixed effect and random effect models are used in this study. The empirical results show that human capital variables (life expectancy and education expenditures) are found significant and hence contribute as an engine of growth and employment opportunities in developing countries.

Keywords
Human Capital, GDP Growth Rate; Employment, Developing Countries

JEL Classification:
J24, J21, O40, O5

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1. Introduction

Process of development is always based on key variables namely, human capital, physical capital, natural and power resources which determine the pace of economic growth. Almost all classical economists believed in economic growth (Pelinescu, 2015). They attempted to explain theories of growth in different ways and developed various growth models. With the passage of time, the economists realized that diminishing marginal return in factor of production is not necessary. One can manage and increase production with the help of new technology and, of course, skilled training and education of a person (Becker, 1990).

Presently, world can be distributed into categories such as developed, developing and underdeveloped countries. The division is based on the level of economic growth achieved by each country. Factors of production are very important for increased level of economic growth. These are labour, natural resources and capital goods. In most of the developed countries goods are produced with minimum cost and most efficient ways of production (Teixeira et al., 2016). Human capital development means systematic and planned activity for human capital to learn necessary skills to meet current and future job demands. Learning is the cure to all Human Resource Development (HRD) efforts. Therefore, major focus of researchers is on a work force’s learning and performance. Presently, HRD mainly focuses to develop people’s knowledge, expertise, productivity and satisfaction for development of his own personality, community and nation widely for whole humanity (Berg, 2016).
Human capital as an independent/explanatory variable of instant study is essential for self-reliant and self-sustaining growth. According to Theodore Schultz human capital is like other types of capitals. Production can be improved through investment in human capital. The classical economists described human capital as skill and knowledge and not as labour force (Su and Liu, 2016: Dinda, 2016).

2. Literature Review

There is considerable literature available about the relationship between human capital, employment and economic growth. Some significant studies have been reviewed for the purpose to look in the gap of the research.

Laitner (1993) examined an economic growth model vis-a-vis human and physical capital and believed that increments to education of single individual raises minimal productive capacity as a person having limited life span, hence the capital fully depreciates on his retirement.

Caballe and Santos (1993) found that economics with lesser ratios of physical to human capital resulted into increased physical capital by placing human capital as a key factor for growth. Mincer (1995) had explained the sources of human capital growth for economic development. Human capital plays a major role in labor economics. Iqbal and Zahid (1998) examined the impact of primary education on the economic growth of Pakistan and concluded with quantitative evidence during 1959-60 to 1996-97 that if we wanted rapid growth we must improve primary education.

Blundell et al. (1999) viewed Human capital complemented with research & development as an indirect contribution of education to macro-economic growth. Abbas (2000) empirically analysed the comparative study of Pakistan and India and concluded that human capital stock was positively co-related with physical capital having a great impact.

Nasir and Nazli (2000) provided an analysis for “Education and earnings in Pakistan”. It was observed that due to availability of completed school years the authors had estimated the earning functions with continuous school years while assuming uniform rate of returns for all school years.

Abbas (2001) concluded that for these two countries human capital plays a crucial role in the economic growth. Monteils (2002) concluded that possibly the economic growth could contribute towards knowledge development but not otherwise. Hendricks (2002) took into account a data analysis that resulted into a corollary that human and physical capital did not account for the bulk of cross country income differences. Schutt (2003) explained that human capital plays a major role in economic growth. Educated people increase the growth of economy.

Islam (2004) discussed that increase in employment level lead to increase in the economic growth that ultimately reduced poverty. Kumar (2006) had observed no significant and positive effects of human capital which he attributed to certain factors like inappropriate specification of human capital production function, inappropriate estimation methodologies and non-controlling of variables relating to governance and instructions.

Cohen and Soto (2007) observed that human capital was an exponential function of the years of schooling. It was found that gap in human capital of rich and poor countries had remained constant over the last forty year. Siddiqui (2009) concluded that if we wanted to precede human development we should adopt growth oriented policies for capabilities development. Chaudhry et al. (2010) observed both the education and health were found to have great impact on female earnings.

Rena (2010) concluded that quality of education was more important due to international market of human capital. He pointed out that some developing countries got more benefits from the new opportunity. Ranis (2011) concluded that economic growth and human capital development were necessary to each other especially education plays a very important role in economic growth. Blanco and Grier (2012) provided for effects of natural resources on economic development catering for physical and human capital particularly in Latin America and generally across regions.

Siddiqui and Rehman (2017) tested the human capital-growth nexus in selected Asian countries. They applied Empirical Bayesian methodology. The study found that primary and secondary education was more prominent in...
fluctuations of economic growth in East Asia, while vocational and tertiary education had a positive impact on economic growth in South Asia.

Ogundari and Awokuse (2018) analyzed the impact of human capital on economic growth in Sub-Saharan Africa (SSA). They considered human capital and health as a measure of human capital. The results of system GMM indicated positive impact of both health and education on economic growth, and the impact of health was relatively larger than education.

The reviewed literature reflects focus on human capital and economic growth. Besides other factors of higher education, research and technology the relationship between primary education and economic growth is also discussed. The studies have also shown comparison between human capital and physical capital. Contribution of natural resources, education and training also appear to increase the economic growth. Reduction in poverty and increase in employment has a great impact on economic growth. Researchers are also found to have discussed population growth, human capital and economic growth of developed and developing countries.

It is found from reviewed literature that previous literature has not focussed on the developing countries as a group of middle income and low income developing countries while estimating the impact of human capital on employment and economic growth. Therefore, the present study will fill this gap in the empirical literature.

3. Data and Methodology

The major purpose of present research is to analyse the linkage between human capital, employment and economic growth in 48 developing countries whose data were available during the period of 1996-2018. The study is based on panel data analysis to evaluate interaction between human capital, employment rate and economic growth in developing countries. The data is taken from World Development Indicators (WDI) by World Bank. Three categories of countries are made; low income developing countries, middle income developing countries and all developing countries (list is given in the Appendix at the end of paper).

Based on panel data, random effect and fixed effect method is applied for this research. Hausman test is also conducted to decide the appropriate method between fixed and random effect for different groups of developing countries.

Now we specify the model for the present study based upon the above theory. That will be:

**Model 1:**

The functional form of Model 1 is given as follows:

\[ GDPG = f(L, Edu, LE, K_f, A_g, M_v, Inf) \]

The econometric form is given as follows:

\[ GDPG = \alpha_0 + \alpha_1 L + \alpha_2 EDU + \alpha_3 LE + \alpha_4 K_f + \alpha_5 A_g + \alpha_6 M_v + \alpha_7 Inf + \mu \]

Whereas:

GDP= Gross Domestic Product Growth Rate
L= Labour Force growth rate
EDU= Education expenditure as a percentage of GDP
LE= life expectancy
Kf= Gross Capital Formation as a percentage of GDP
Ag = Agriculture value added as a percentage of GDP
Mu = Manufacturing Value added as a percentage of GDP
Inf= inflation rate.

In this study labour force growth rate, life expectancy and health expenditures are used a proxy variable for human capital. Agriculture value added and manufacturing value added are used proxy variables for development and research in production sector and inflation is used as a control variable for policy effectiveness.
Model 2:
The functional form of Model 2 is given as follows:

\[ ER = f(L, Edu, LE, K_f, A_g, M_v, Inf) \]

The econometric form is given as follows:

\[ ER = \alpha + \alpha_1 LFPR + \alpha_2 EDU + \alpha_3 LE + \alpha_4 K_f + \alpha_5 A_g + \alpha_6 M_v + \alpha_6 Inf + \mu \]

Whereas:

ER= Employment Rate
L= Labour Force Participation Rate
EDU= Education expenditure as a percentage of GDP
LE= life expectance
Kf= Capital Formation as a percentage of GDP
Ag = Agriculture value added as a percentage of GDP
Mu = Manufacturing Value added as a percentage of GDP
Inf= inflation rate.

In this study labour force, life expectancy and health expenditure are used a proxy variable for human capital. Agriculture value added and manufacturing value added are used proxy variables for development and research in production sector and inflation is used as a control variable for policy effectiveness. The present study will estimate model 1 and 2 in order to examine the interaction between Human capital, employment rate and economic growth. Model 1 will examine the link between Human capital and GDP growth rate while model 2 will find the link between Human capital and employment level in developing countries.

4. Panel Data Analysis
In order to analyse the impact of human capital on economic growth and employment, for developing countries, we have applied fixed and random effect techniques. The results are displayed in table 1 and table 2. Table 1 shows the impact of human capital on economic growth and table 2 shows the impact of human capital on employment in developing countries.

<table>
<thead>
<tr>
<th>Table 1: Panel Results of Impact of Human Capital on Economic Growth in Developing Countries</th>
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<tbody>
<tr>
<td><strong>Explanatory Variables</strong></td>
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<tr>
<td>Labour force growth rate</td>
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<tr>
<td>Capital formation (% of GDP)</td>
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<tr>
<td>Life Expectancy</td>
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<tr>
<td>Education Expenditure (% of GDP)</td>
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<tr>
<td>Inflation</td>
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<tr>
<td>Agriculture, Value Added (% of GDP)</td>
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<tr>
<td>Manufacturing, Value Added (% of GDP)</td>
</tr>
<tr>
<td>Constant</td>
</tr>
<tr>
<td>F – Statistics (Probability)</td>
</tr>
</tbody>
</table>

Random Effect Model – Dependent Variable: GDP Growth rate
Labour force growth rate 0.0743 [0.0500] 5.4312 [0.8132] 0.9597 [0.7155]  
Capital formation (% of GDP) 0.0769 [0.0000] 0.0740 [0.0101] 0.0956 [0.0000]  
Life Expectancy 0.0623 [0.0115] 0.0717 [0.0347] 0.1215 [0.0012]  
Education Expenditure (% of GDP) 0.0057 [0.0543] 0.0897 [0.1206] 0.1317 [0.0858]  
Inflation -0.0121 [0.5739] -0.0497 [0.1476] -0.0076 [0.7854]  
Agriculture, Value Added (% of GDP) 0.1532 [0.0000] 0.1744 [0.0006] 0.1358 [0.0000]  
Manufacturing, Value Added (% of GDP) 0.1178 [0.0000] 0.4793 [0.0000] 0.0580 [0.0488]  
Constant 8.0416 [0.0002] 16.8626 [0.0008] 8.2188 [0.0026]  
F – Statistics (Probability) [0.0000] [0.0000] [0.0000]  
Hausman Test (Probability)* [0.0201] [0.2472] [0.0366]  

Note: Probability values are given in square brackets [ ]. *Hausman test (H0: Random effect model is preferred to fixed effect model).

To decide which model is appropriate (Fixed Effect or Random Effect), Hausman Test is employed. The null hypothesis states that random effect is appropriate. We accept null hypothesis if probability value of Hausman comes greater than 5%). So based on the above table, we can accept null hypothesis that random effect model is appropriate in case of low income developing countries, while fixed effect model is appropriate for overall developing countries and middle income developing countries.

In the Table 1 we have shown relationship between human capital and economic growth with respect to developing countries. There are four columns in the table. First column shows the explanatory variables and other three columns exhibits segregation of developing countries into low income and middle income countries. The dependent variable is GDP growth rate.

The first explanatory variable is labour force growth rate. The Value of parameter is positive suggesting that labour force is growth promoting in overall developing countries. In fact labour is primary factor of production that contributes to economic growth. Various studies have confirmed the view that labour is growth promoting see for example (Islam (2004), Rosenzweig (1987), Daly and Regev (2007). The labour force growth rate is positive and insignificant in low and middle developing countries.

The second variable capital formation as a percentage of GDP, the parameter is positive and highly significant in all countries specification. The results are in accordance with investment multiplier theory which explains that there is positive relationship between investment and economic growth. The result confirms that capital along with labour force play an important role in the growth process of developing countries. Our results are in line with the studies of Hamid and Pichler (2009); Siddiqui (2009); Khan (2005) and Abramowitz (1955).

The parameter of life expectancy is positive and insignificant except low income developing countries where parameter is significant. The life expectancy or longevity enhances the economic growth in low income developing countries. Many studies also supported this view (Behrman and Schneider (1993); Chaudhary et al. (2010); Akram et al. (2006).

Educational expenditures also contribute in human capital formation and economic growth. Coefficient of educational expenditure is positive and significant in overall developing countries except the low income developing countries where it is insignificant. So, educational expenditure increases the human capital formation that will further increase economic growth. Our results are compatible with the studies of Abbas 2001; Schutt (2003); Nasir and Nazli (2000) and Tsai et al. (2010).

The last two regressors i.e. agriculture value added and manufacturing value added are related with the commodity producing sector (CPS). In fact, commodity producing sector is the mainstay of the economy comprising two vital
sectors: agriculture and industry. Almost both the variables show the positive relationship with the GDP growth except the low income developing countries. The result reveals that both agricultural and manufacturing output are enhancing that economic growth in these countries due to powerful backward and forward linkage with other sectors of the economy. Our results are in accordance with the studies (Wennekers and Thurik (1999); Soneta et al. (2006); Hussin and Ching (2013).

Table 2: Panel Results of Impact of Human Capital on Employment in Developing Countries

<table>
<thead>
<tr>
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<tbody>
<tr>
<td></td>
<td>All Developing Countries</td>
<td>Low Income Developing Countries</td>
</tr>
<tr>
<td>Labour force participation rate</td>
<td>0.3077 [0.0000]</td>
<td>1.2936 [0.0000]</td>
</tr>
<tr>
<td>Capital formation (% of GDP)</td>
<td>0.0116 [0.3277]</td>
<td>-0.0220 [0.1150]</td>
</tr>
<tr>
<td>Life Expectancy</td>
<td>0.0680 [0.0109]</td>
<td>0.2199 [0.0000]</td>
</tr>
<tr>
<td>Education Expenditures (% of GDP)</td>
<td>0.1649 [0.0597]</td>
<td>0.2287 [0.0030]</td>
</tr>
<tr>
<td>Inflation</td>
<td>-0.0093 [0.4643]</td>
<td>-0.0290 [0.0492]</td>
</tr>
<tr>
<td>Agriculture, Value Added (% of GDP)</td>
<td>0.0570 [0.0016]</td>
<td>0.0507 [0.0490]</td>
</tr>
<tr>
<td>Manufacturing, Value Added (% of GDP)</td>
<td>0.0882 [0.0179]</td>
<td>0.0427 [0.4259]</td>
</tr>
<tr>
<td>Constant</td>
<td>65.037 [0.0000]</td>
<td>33.0212 [0.0000]</td>
</tr>
</tbody>
</table>

F – Statistics (Probability) | 0.000000 | 0.0000 | 0.0000 |

Note: Probability values are given in square brackets [ ]. *Hausman test (H0: Random effect model is preferred to fixed effect model)

To decide which model is appropriate (Fixed Effect or Random Effect), Hausman Test is considered. The null hypothesis states that random effect is appropriate. We accept null hypothesis if probability value of hausman comes greater than 5%). So based on the above table, we can accept null hypothesis that random effect model is appropriate in case of low and middle income developing countries, while fixed effect model is appropriate for overall developing countries.

Now we discuss the results of impact of human capital on employment in developing countries. The results have been displayed in table 2. We have discovered the positive correlation between labour, capital and employment...
rate. The results of our study are consistent with the studies of Faridi et al., 2012; Daly and Regev (2007) and Ali et al. (2012).

Turning towards the variables in which we are more interested i.e. life expectancy and education expenditure that we are using as a proxy of human capital. Again both the variables appear with positive sign in all the specification. The results proposed that due to an increase in human capital employment rate of the developing countries accelerate. Our results are compatible with the studies of Mushtaq et al. (2013); Idrees and Siddiqi(2013) and Sabir (2002).

The parameter of inflation is found to be negative with the employment rate in fixed effect model. The possible interpretation of this negative relationship may be that when the price level increases, aggregate demand falls leading to reduction in demand for labour and results in low employment. Our results are matched with the study of Rangarajan (2011). In random effect model, the inflation has positive impact on employment in middle income developing countries.

The final two regressors are agriculture value added and manufacture value added which are the bases of the economies of developing countries. Thus our results show that agricultural and manufacturing output augments the employment opportunities in these countries. Our results are similar to the studies of Baer and Herve (1966); Khan and Iqbal (2008) and Diao et al.(2007).

5. Policy Implications
Based on our findings we can suggest some policies in favour of human capital to enhance the employment and economic growth in developing countries.

Governments of developing countries should enhance the education expenditures to increase the human capital in these countries. For this purpose, governments should improve education by developing and constructing schools in rural areas of the country. Education system in primary schools should be strengthening. A policy of “no child out of school” should be ensured. Infrastructure of schools should be improved. There should be a check and balance on punctuality and regularity of teachers. Technical and vocational education should be promoted.

Government should start different training programs. E-libraries should be established for higher and technical education. Universities should give facilities to faculty and students to access the international journals by providing internet access to them. Advanced computer labs and modern technology should be provided in education institutes. Promotion of teaching staff should be linked with the performance of a teacher. Access to education should also be improved by reducing the cost of education which can be achieved through providing free books, providing scholarships to talented students and by providing special quota in higher education for remote areas.

To enhance the life expectancy (another variable to measure the human capital) the government should focus on the health sector because a healthy person can contribute more efficiently in economic activities. Basic health centres should be provided and free medicines should be provided to poor people. Government should also provide child-mother health care centres, clean water and better sanitation facilities. Governments of developing countries should also focus on the agriculture growth and development. Key industries should be promoted to provide job opportunities for technical and poor people and different youth employment schemes should be started. The recommendations made hereinabove are in consonance with the results of the research carried out in view of the hypothesis thereby made. The results are practicable and worth implementation as a policy matter.

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International Management.


A Sociolinguistic Investigation of the Code Switching Practices of Students Outside Classroom in Khyber Pakhtunkhwa, Pakistan

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ARTICLE DETAILS

ABSTRACT

Code switching is a common phenomenon, generally observed in multilingual communities across the globe. A critical look at codeswitching literature reveals that mostly code switching has been studied in classroom in learning and teaching context while code switching outside classroom in settings such as café, hostel and so on have been the least explored areas. In view of the above the current research investigated the reasons for code switching in the interactive practices of students and their perceptions regarding the same in outside classroom settings. Data were collected by means of audio recording 90 minutes student’s interactions in café and hostel and serving an open-ended questionnaire to the participants. The findings showed that the student’s code switched on account of socio-cultural, socio-psychological and communicative reasons. The study is important in the sense that it will further students understanding about CS in outside classroom settings.

1. Introduction

During the last decade code-switching (CS) has gained impetus, which can be gauged from the fact that since 2005, The Linguistics and Language Behavioral Abstracts (LLBA) electronic databases identified nearly 1800 matches to CS (Nilep, 2006). Most of the studies on CS fall into main two categories: grammatical and sociolinguistics. Researchers who approached CS from grammatical perspective focused different structural/grammatical issues such as morphological, syntactic and morpho-syntactic constrains, nature of grammar governing CS. (MacSwan, 1999; Chomsky, 1995; Joshi, 1985; poplack, 1980). On the other hand, the sociolinguistic approach focuses on the functions and meanings of CS. 1. macro-sociolinguistic studies of CS, 2. micro-sociolinguistic studies of CS. The macro approach takes CS as collective bilingual phenomenon governed by the norms and regulations of the community concerned. Studies in this category view CS as orderly and stable phenomenon (Heller, 1988; Blom & Gumperz, 1972; Fisherman, 1972). Fishman (1972) elaborated that in bilingual/multilingual communities mostly each variety has a specific domain of use. The uses of these varieties are predetermined. Therefore, the speakers have very little choice of their own. Their choices are determined by the social and cultural norms of their communities. He added that the topic of interaction is of great importance. Different varieties are associated with different topics. Some topics are handled better in one variety than the others. For examples, most of the formal
topics are tackled by the formal/standard varieties, while non-formal situations demand for non-formal varieties. In this sense, the use of a language/variety can be predicted if one knows the situation/topic ahead of its actual use.

So far the domain of sociolinguistic investigations of CS is concerned; research studies have mainly explored CS in classroom settings but CS in other context such as CS outside the classroom, café, hostel, and other co-relevant settings appears to be neglected. Further, mostly CS studies have looked at either the perceptions of students or teachers or their practices but very limited numbers of them have examined the perceptions of teachers or students with their practices in one and the same study. Besides, CS is explored mostly in the context of English and some other main languages of a particular state or country but CS in the context of English and other local and regional languages have been the least investigated area. In view of the above, the current research have socio-linguistically examined the students code switching practices and their perceptions in outside classroom settings in the context of English and a local language, Pashto. The study is important in the sense that it helps in reviving interest in conducting research in local languages such as Pashto. In addition, the study will create awareness among the students regarding the prevalence of CS and its utility for communication in general.

Keeping in view the aim of the research, to create awareness among the students about the emergence, reasons and utility of multilingual practices particularly CS for communication in general, the following questions were designed:

1. Why do the students get engaged in CS outside classroom?
2. What are the common perceptions of students about CS outside classroom?

2. Literature Review

CS has a vast domain. It could not be restricted to classrooms only. It can be observed in different spheres of life. However, it is to be noted that in most of the cases whenever CS is discussed in informal settings, along with micro aspect, the macro- social dimension of the functions/reasons for CS has also been touched. For instance, Zakaria and Kalong (2010) explored the reasons and types of CS in an informal interaction among a group of TESL students in Malaysia. Data were gathered by means of recording the informal conversation of the students in their rooms. The results showed that students code switch for solidarity, elaboration of certain points, emphasis, specification of addressee and for local identification. Similarly, Nishimura (1995) examined the functions of CS in the context of Japanese-English languages in Canada. The interaction of three individual were recorded and transcribed. The study showed that CS has been used for interactional purposes, organization of discourse, stylistics effect and functional motivation. Finally, CS has also served as ethnic identity markers. In both these studies, it has been observed that the focus is made on the social and communicative functions of CS. In addition, the macro dimension— the broader social and cultural aspect have also been touched and elaborated upon. Again, these studies have a limited range, restricted to the investigation of CS in the interactions outside the classroom, which can partly inform the analysis and discussion of the current research study in its exploration of the functions and reasons for CS outside the classroom.

Moreover, there are also some studies, which have made focus on CS as communicative strategy. In other words, CS has been used as tool for achieving certain objectives. Chung (2006) explored the purposes and reasons for CS in the conversation of Korean-English bilinguals and showed that here CS functions as communicative strategy by facilitating family communication, reducing language barriers and consolidating cultural identity of the interactants. In addition, the study also showed that CS could be brought about and shaped by the dynamics of the relationship of the speaker-addressee. Therefore, while exploring CS one has also to keep in mind the relationships of the interactants with each other. The most noteworthy point about the study is that here again, the social and linguistic aspects of CS have been highlighted. In other words, the study will help in exploring the reasons for CS outside the classroom from social and linguistic perspectives. Likewise, Ariffin (2009) explored CS as communicative strategy in the context of Bhasa Milayu-English bilingual conversation. Data for the study was collected during organizational training session. The findings revealed that the speakers employed CS to enhance, organise, add and increase their communicative potential. The study emphasise on the communicative aspect of CS. He further added that CS in most of the cases is a conscious process used by the speakers for achieving various communicative goals. Das (2012) again investigated CS as communicative strategy and showed that CS reduces language barriers and manifest cultural identity. The study further highlighted that CS can be used to signal social relationship, language preferences, resolve communicative difficulties, framing discourse, conveying cultural expressive message, giving special effects, lowering language barriers, reiterating messages, etc. Both, Ariffin (2009) and Das (2012) mainly
emphasis on the fact that mostly CS is used for communicative purposes. Lowi (2005) turned to the analysis and examination of the functions of CS in naturally occurring conversation between Spanish-English bilinguals. The study showed that CS is used as features of discourse for emphasis and change of topic, which will help in exploring CS outside the classroom from discourse-oriented perspective. Alam (2011) while exploring the functions of CS in Punjabi, Urdu and English languages among the multilingual community of Pakistani staying in UK, has taken a different direction and approached CS from micro and macro perspectives. Data for the study was gathered by recording the interaction in a natural environment in kitchen and dining table through an ethnographic case study approach, which were then qualitatively analysed from both micro and macro perspectives. The study showed that CS is used for a variety of purposes including attaining conversational goals, discourse strategies, highlighting speakers' identities and bringing forth their cultural and social background.

Then there are some studies which have focused on the attitudes of the speaker towards CS. Some of these studies considered CS as something negative and recommended that it should be avoided (Chaudron, 1988; Ellis, 1984). There did exist studies which recommended the use of multilingual resources in the classroom in particular and outside classroom in general. Most of the studies, favouring codeswitching are in line with flexible bilingualism and the language ecology approaches. They consider that codeswitching is a positive practice and it facilitates the teachers, learners and the overall teaching process (Creese & Blackledge, 2010; Garcia, 2007).

Most of the above mentioned studies are guided by Gumperz (1980). Gumperz (1982) being one of the pionner studies in interactional sociolinguistic, is considered to be one among the most influential sociocultural linguistic theoretical framework which has contributed a great deal to the development of CS from sociolinguistic perspective. The current research study is guided by Gumperz (1982) for categorisation and analysis of data. Before Gumperz (1982), Blom and Gumperz (1972) tried to approach the functions of CS by combining both: the micro and macro sociolinguistics perspectives. They introduced the concepts of Situational and Metaphorical CS. In situational CS, the change of situation causes change in code. For example in Pakistan, the teachers and students stay very formal in their interaction and mostly use a specific variety inside the classroom but when they move out of classroom, their formality changes into informality. Metaphorical CS relies on the use of two language varieties within a single social setting. For example, most of the greeting in classroom between teachers and students take place in the native language of the students and teachers but when the teachers start delivering lectures, the native language changes into the official medium of instruction, which in most of the cases remain English language. However, this classification is criticised on the ground that definition of the terms (e.g. situational, metaphorical etc.) are not clear. Besides, the model is not based on real data but rather driven by idealised categorisation. Realising the shortcomings in the previous study, Gumperz (1982) came up with conversational CS. He elaborated that it is difficult for the analysts to identify particular choices of language as metaphorical or situational. Therefore, it is deemed appropriate to conduct a close analysis of the interaction and then describes its functions. In simple words, he preferred the micro perspective to macro perspective for analysis of interaction. On the basis of his close analysis of several speech communities, he suggested a list of six functions of CS which have been observed in different situations. These functions are quotation, addressee specification, interjection, reiteration, message qualification and personalisation versus objectivization. Quotation is used when the speaker while speaking in one language quotes something from another language. The function of using quotation is to emphasise the authenticity of the argument and enhance the communicative effect of the statement. Secondly, CS can be used to specify addressee by directing his/her message to a specific person. It means that by specifying addressee the speaker is accommodating the person concerned. On the other hand, it can be used as a strategy for excluding other speakers from interaction. Thirdly, CS can be used to mark an interjection (serving as sentence fillers). Fourthly, CS can be used as reiteration for reinforcing one's statement/message. This occurs when a message is repeated in another language to emphasise a particular point. Fifthly, CS can be used for message qualification. The speaker can say something in one language, which is then explained by CS to another language. Finally, CS can be used for personalization and objectivization purposes. This shows the speaker's involvement or distancing from a message. In other words, it indicates that whether the statement is a personal opinion or knowledge or a general statement or known fact. Thus keeping in view the potential of the theoretical framework the current research is informed by Gumperz (1982).

3. Methodology
The research study aimed to explore the perceptions of students and their interactive practices outside the classroom for determining its functions and reasons in Khyber Pakhtunhwa, Pakistan. In view of the nature of the nature of current study and its research questions a qualitative research design was opted. Data were collected by means of recording students’ interactive practices outside the classroom and serving an open ended questionnaire to all the 25 participants of the study. Data were transcribed and an observational analysis of the data informed by Gumperz (1982) was conducted.

3.1 Background and Location
The study was conducted in Abdul Wali Khan University Mardan, a public sector university in Pakistan. The University is located in Khyber Pakhtunkhwa, a province situated in the North West of Pakistan. There are more than 26 languages spoken in Khyber Pakhtunkhwa Pashto language is the dominant and native language of majority of the people in the province. Broadly speaking Pashto is mostly in the domestic and social settings while English is mainly used as the medium of instruction in higher educational institutes. In addition, Urdu being national language of the country is also used at times. In such multilingual environment the emergence of CS is a natural phenomenon.

3.2 Participants
A total of 25 graduate students were purposively selected. The students were selected from 5 different departments, Abdul Wali Khan University Mardan. In order to anonymize the identity of the participants, they were named as 'S1', 'S2', 'S3', 'S4', 'S5' and S6. The age range of the students was from 19-21 year. Before proceeding with data collection, all the ethical procedures/formalities were fulfilled.

3.3 Data Collection
Data were collected by audio taping the interactions of the students for a period of 90 minutes; 40 and 50 minutes in café and hostel respectively. Then in order to document the perceptions of the students, a questionnaire with open ended questions were designed and distributed among the students. Afterwards, the interactions were transcribed informed by Seedhouse's (2004). Consequently, an observation analysis of the data guided by Gumperz (1980) were conducted. As some of the questions in the questionnaire were overlapping at certain points, therefore, the participants left it either blank or repeated the same responses on the same questions. Moreover, for the sake of convenience, responses on the following questions (as given below) were combined and analysed together.

1. Why do students do CS outside the classroom? 2. Why do you use CS outside the classroom? 3. What are the reasons of students CS outside the classroom?

4. Analysis and Findings
Students' perceptions and their interactions outside the classroom

Q: (1) In yssour opinion, why do students OUTSIDE the classroom change languages or use more than one language?

4.1 CS For Social Status
Regarding questions (1, 2& 3), the students give similar responses. 20 out of 25 students believe that the students code switch outside the classroom for social status.

S7: To show that they are educated and belong to higher class.
S8: To give an impression that he /she is educated.
S9: They think that by speaking English language the people will take him to be modern

The analysis of students' interactive data outside the room reveals that at certain point the students, as suggested by their tone and manner, deliberately code switch to English for social status. For instance, in the following lines it can be noted that S1 code switches from Pashto to English in a deliberate manner for social status. This is indicated by the way and manner that S1 inserts English words such as colour, purple and white combination in a Pashto matrix.

S1: bus sa okum da ma hagha wruz aghashty wo nu S2 aow sta da colour (I can’t say anything? I purchased it (colour) the other day, thought to wear it today) S1: S2 dir khukaly lagi staso da purple and white combination (S2
your purple and white colour shirt is very attractive) staso chioce aow selection zama dir khwakh shu (I like your choice and selection)

The reason for using CS for social status may be found in the socio-psychological and sociocultural background of the speakers. In Pakistan English is considered to be a language of elite and upper class.

### 4.2 CS Unconsciously

15 out of 25 students consider that the students code switch outside the classroom habitually and unconsciously.

S1. The students being bilingual cannot help it and thus do CS naturally and habitually. It is an unconscious process and the students are not aware of.

S2. They code switch unconsciously.

S4. Well this is natural and may be due to our association with English.

The analysis of students' interaction outside the classroom also shows that the students quite frequently in a very effortless and fluent manner, employ CS in their interaction. It seems like that the CS in their interactions emerge naturally and unconsciously. For example, in line 5, 'S3', in response to 'S1' appreciation of her dressing, thanks her and then inquires about her dressing that if there is something special that she is dressed so well. The line begins with thank you so much then followed by code switching to Pashto using words nun sa (today) and again falling back on English, by using words special occasion, and then moves to Pashto chi taso dasy (that you) and then yet again to use an English word dressing. Here 'S1' utters the entire sentence in a fluent manner with no gap and hesitation, which is indicative of the fact that she code switches unconsciously with no deliberate efforts on her part. Again, the same unconscious code switching has been observed in line 9, where 'S3' in a very fluent manner accommodates the English words deceive and farewell in a Pashto matrix.

S3: thank you so much S1 nun sa special occasion wo chi taso dasy (Thank you so much. S1 is there anything special today that you dressed and prepared very well)

S3: S1 taso mong deceive kralu mong va parun farewell di nu ma aow (S1 you deceived us. We thought that the farewell party was the other day, which we missed).

### 4.3 CS For Ease and Comfort

Besides, 11 out of twenty five students also consider that students' code switching (English to Pashto) outside the classroom is triggered by the relaxed and informal environment, where the speakers can freely code switch to native language (Pashto). For instance S4 in her interview explains that in outside classroom they feel relax and find a kind of comfort to use their native language.

S4. I use Pashto as I am feeling ease and relax to talk in Pashto which is my native language. In the university we feel bound to use English mostly. I also feel a kind of pleasure to talk in my other tongue

S9: They feel free and feel comfortable to talk in Pashto, as Pashto is their native language.

The students believe that inside the classroom, the students feel restricted and are mostly bounded to use English language, while outside the classroom, there is no such restriction and so they are free to interact in any language. Therefore, students, on account of ease and comfort due to their social and cultural attachment with Pashto, turn to use it in their interactions outside the classroom. This is supported by the interactive data in the sense that mostly they used Pashto in their interactions in café and hostels.

### 4.4 Reiteration for emphasis

The interaction of the students outside the classroom also brings forward some additional reasons, including students’ use of CS for emphasis, clarification and explanation of concepts and ideas, which are referred by the students in their interviews. S7 argues that sometimes they code switch to English or vice versa even at their homes to highlight a particular point.

S7. I would say code switching is a good technique we use it for different purposes. Sometimes we code switch to emphasize a particular point.

The interactive data also endorses the same point. For example, S7, while talking about the attitudes of the parents towards new fashion in dressing, explains that parents mostly dislike their children's orientation towards new
fashion. 'S7' repeats the word mother in both the languages: first in Pashto moor (mother) and then switches to English mother. Here, 'S7' repeats the concept in both the languages to emphasis on the fact that it is mother who takes care of all these issues.

S7: aow short chi b mong achol zamung da moor mother zamung aunts ba (When we used short shirt our mothers did not feel happy with that)

Again, in the following lines, 'S6' resorts to the use of reiteration. 'S6', while contributing her share to the ongoing discussion, states that you people have praised each other too much with the purpose that you may get praise in return and now nothing is left for me to discuss. Here, the speaker repeats the concept praising in both the languages: Pashto and English. First, she states in Pashto tareefona means praise and then she switches to English by using the word praise. Here, the student reiterates for emphasis.

S6. na yara da asy tush praising da tareefona di nor sa nishta da sincere friend pata lagi (This is just empty praising which lack in depth)

4.5 CS for Explanation
Similarly, the students in their interviews while discussing the reasons for CS outside the classroom elaborate that they also code switch for explanation. The interactive data also show that the students code switch outside the classroom to explain certain ideas and concepts. For example, S1, in response to a query by 'S2' that if there was any function that you had come so well dressed and prepared, replies yes, we had our last farewell, a kind of internal get together in the class. Here, the speaker first mentions last farewell and then, switches to Pashto to explain what she means by last farewell.

S1:aow nun zamung chi kom da last farewell wo class k dasy hapalu ke raghund shavi wu mung wail ghup shup b olagao (Yes, today we had an internal farewell a kind of friendly get together in our class ). s

5. Discussion
The findings of students interactions and their perceptions reveals that the students codeswitch outside the classroom for communicative and socio-cultural reasons. The analysis shows that mostly the students outside the classroom codeswitch for social status. Codeswitching for social status may be attributed to the sociocultural and socio psychological background of the speakers and socio-economic status of the target language. In Pakistan, English language is considered a symbol of prestige, education and social standing. Most of the educated and socially and economically advanced classes of the community use English language for their communication. Besides, English language has occupied the status of official language and most of the examinations for high profile jobs are held in English (Rehman, 2006). In view of the above, English is considered to be highly prestigious language. It is generally assumed to be ladder for upward economic and social mobility. This is one of the reasons that the students are oriented towards English. They codeswitch to English from their native language to give an impression that they belong to a higher social and educated class. As social status is something related to social psychological and sociocultural background of the community concerned, which get reflection in their interactions in café and hostel.

Besides, the findings also showed that the student code switched unconsiously. Speaking generally, one of the reasons for the emergence of unconscious codeswitching might be the speakers’ socialization in a multilingual environment. In Pakistan, mostly the speakers use native language in their domestic settings while English is used in educational settings and this situation may be one among the possible reasons of the emergence of unconscious code switching in students’ interactions outside the classroom. The findings of the current study on this point is in harmony with studies, supporting and endorsing translanguaging and flexible bilingualism. In other words, the speakers freely move back and forth between the two languages. It takes one close to translanguaging and language ecology approaches where the boundaries between the languages permeate and remain elusive and the speakers use codeswitching for different purposes, specifically in pedagogic context (e.g. Creese and Blackledge 2010; Garcia, 2007). Creese and Blackledge (2010:104) explains that language ecology is the study of language diversity within a specific setting, where the process of language use reflect, challenge and create particular hierarchies and hegemonies. Approaching the findings of the current study from an ecological perspective, the existent socio-political position on the use of languages in Pakistan is challenged. Because from a socio-political perspective, English language is the official language and medium of instructions in most of the educational institutions, while
the other local languages are used in domestic and other informal settings. But in the current research study, the students going against by codeswitching between Pashto and English, outside the classroom. Rehman (2003) while discussing the status of English in Pakistan explains that English is the official language is mostly used in educational institutes of higher learning in Pakistan, while the other local languages are relegated to the lower classes, mostly used in the domestic and other informal settings. It means that in the current research study, the speakers violate the rule/norm and freely back and forth between Pashto and English outside the classroom.

Finally the findings also revealed that the student code switched outside the classrooms for communicative purposes including CS for explanation and reiteration for emphasis and clarification. These are the common functions highlighted by a number of other studies as well (Ariffin, 2009; Das, 2012; Lowi, 2005).

6. Conclusion
The current study aimed to find out the reasons for CS in the interactive practices of the students outside the classroom. The findings showed that the students code switching outside the classroom are triggered by sociocultural, sociopsychological and communicative reasons.

The study was conducted on a smaller scale restricted to Mardan one of the seven divisions of Khyber Pakhtunkhwa (KP), Pakistan. In order to explore in depth the reasons for CS in the interactive practices of the students outside classroom and then their perceptions about the same, the range of the study has to be extended to other regions of Khyber Pakhtunkhwa, which will enable the readers to get a broader and comprehensive picture of the nature of CS outside the classroom.

References
An Empirical Investigation of Consumer Satisfaction from Private Transport Services in District Peshawar

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ARTICLE DETAILS

ABSTRACT

This study aimed to find out the consumer satisfaction from private transport services in Peshawar, Khyber Pakhtunkhwa, Pakistan. For this purpose primary data was collected through structured questioner. Questioners were distributed to 450 targeted samples in the study area. Four hundred and twenty-nine questioners were successful filled from respondents. Different fifteen variables were identified from literatures which determine consumer satisfaction. As the nature of the dependent variable i.e. satisfaction is binary (categorical variable: Yes/No). Therefore, all the information’s collected analyzed through Probit-regression technique. Four different models were estimated to investigate different factors affecting consumer satisfaction individually and collectively. Out of fifteen variables nine variables are founded statistically significant. Significant variables were Quality of Vehicles, Cleanness of Vehicles, Availability of Seats, Driver Skills, Rout Characteristic, Waiting Time, Time Taken to reach destination, Regulatory Services and Frequency of Vehicle. All these variables contributed positively with consumer satisfaction. Sub factors of the timeliness were strongly relation with satisfaction level compare to other factors. Mean value of SERVQUAL dimensions showed that customers are dissatisfied from transport services. Consumers are dissatisfied at a large extent in district Peshawar and feel hesitation during traveling. Such tension and frustration during traveling affect adversely efficiency of the consumer. To avoid such dis-comfort and increase in social welfare of the society which is the foremost objective of every government. Therefore, government should intervene in private sector transport and ensure suitable policy for the future perspective.

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Keywords: Consumer Satisfaction, Transport Sector, Peshawar, Pakistan

JEL Classification: D11, L91

1. Introduction
It is the matter of fact that transportation plays a vital role in determination of economic status of the economies. Best transportation system means developed societies or economies. Proper transportation help in different ways to fuel up economic growth and development in transition economies. It may help growth and development in the following ways: by increasing efficiency in production, Provides job opportunity and make easier access to labor market, Creates new business activities and Fuel supply chain efficiency.

However, all transport sector projects not generate the above mentioned opportunities, but it may play a driving role to improve investments. Job creation, trade facilitation, quick and easy access to market and raw material will definitely help economic status of the economy.

Urbanization occurs mainly because people move from rural areas to urban areas. Due to such persistent and continuous movement urbanization increases and scatters. Though, urbanization caused by rapid and unplanned urban growth resulting in poor infrastructures such as inadequate housing, water and sanitation, transport and health care services (UNDESA, 2014). Poor and inadequate planning regarding population settlement in most of the metropolitan cities in developing countries makes worse the situation. Pakistan is one of the developing countries which face the problem of high population growth and incompatible policy coordination. In this connection Peshawar city is taken an example that faced the problem of high burden on infrastructure and existing resources. According to the bureau of statistics (GOP, 2017) approximately 4,269,079 peoples are living in district Peshawar with a population density of 3,400/km2 (8,800/sq mi). Peshawar city is the capital city of the province Khyber Pakhtunkhwa (KP). It is an important city is respect of administration, business activities, education, health services and other services because it the hub of KP. Due to its importance and most populous city for the different purposes consumers used the private transport services. Passengers demand is rapidly raises with the local transportation services.

Despite, Rapid population growth and urbanization caused the increase in transportation means which results in intensification for demand of transportation services, the rise in transportation demand also affect the growth in private transport means in the urban areas (Kudokeder, 2003). The changes of the structure and system governing of the private transport services over the last decade overall the transport sector remains highly criticized in term of the quality services. The main issues are frequency of vehicles, timeliness factors and availability of seats. An augmented in consumer satisfaction causes an increase the welfare level of the individuals who use that services (Johnson et al., 2001).

The problem associated with the waiting time, vehicles’ delay, while on the other side, no information disk to deliver correct information about the services (Demoulin, 2007). Security is also a big issue of the transport sector for consumers’ satisfaction, which mostly consumers face the pick pocketing problem during journey time (Iles, 2005). Transportation problem faces by all cities throughout the world, particularly in developing countries such problems rapidly increase the urbanization because people use their own cars instead of public transport. Such problems are harmful impact on social and economic condition (Talba & Saad, 2008). Developing cities consist of weak quality services of the public transport which shifted passengers from public to private transport (Dhingra, 2011). With the passage of time, increase in travel demand and preference is a challenge for the transportation sector which raises the use of private vehicles throughout the world (Ellaway et al., 2003).

Previous studies regarding consumers satisfaction from private transport sector. Literature reported that challenges faced by the consumers are comfortability, cleanliness, time loss poor status of vehicles, over crowdedness etc. which definitely creates discomfort for consumer. These problems associated with traveling affect the physical and psychological aspects of human lives. Moreover, such discomforts also augment the demand for self-motorization which further worsen the private sector transport by increasing the number of vehicles. Private sector transport failed to provide comfortable travel to consumers. Therefore, it is very important to identify those factors, which determine consumer satisfaction in the study area in order to increase social welfare of the society by augmenting private transport according to the consumer needs.

2. Literature Review
Obioma et al. (2013) studied transport system and its problems in Abuja, Nigeria. The study was based on primary data. With the help of survey method, data for 350 respondents were collected. They measured the satisfaction level by applying Chi-square and percentage techniques. The outcomes of the study showed that there were differences between consumers and other factors like safety, departure and arrival time, affordability, comfort and regularity
which causes dissatisfaction. The recommendation of the study was that government intervention is needed to avoid discomfort of the consumer.

Rohani et al. (2013) explained that in Malaysia consumer satisfaction was affected by drivers’ skills and the quality of vehicles. Primary data from 220 respondents were gathered through questionnaire. The research was descriptive and data were analyzed through diagrams and tables. This study showed that comforts, cleanliness, reliability and safety were the factors which influenced satisfaction of consumers. Another study conducted by Rozmi et al., (2013) revealed the same results for Malaysian transport sector.

Borhan et al. (2014) compared Malaysian private and public transport services. This paper was based on primary data, in which data were collected through structure questionnaire from 290 respondents. They applied structural equation model for the measurements of different factors. This study determined that there is a positive relation of environmental factors and services quality with consumers’ satisfaction of public transport sector. This paper recommended the intervention of transport management promote those factors which significantly affected the satisfaction of consumers.

Chandrkumara (2014) studied analyzed factors affecting consumer satisfaction from transport sector of Colombia, Sri Lanka. The study was based on primary and was gathered through questionnaire. For estimation of the impact Box-Plot and Principle Components analyses techniques were applied. Out of 33 elements 17 showed significant relation with the satisfaction of consumers. The factors which showed satisfaction are behavior of staff, information time, and safety, on the other hand dissatisfaction were caused by the factors of delivery. The recommendations of the study were that proper utilization and reallocation of resources should be made to improve transport sector.

Fatma et al. (2014) explained the quality of services for consumer satisfaction. The study was conducted for Turkey. The study was based upon primary and 285 samples were gathered. They applied SERVQUAL model and mean techniques. This study resulted that the satisfaction level of consumers and employees are significantly related with transport sector. The study recommended that the skills and practice will overcome the mechanical needs and will improve consumer satisfaction.

Islam et al. (2014) investigated the satisfaction of consumer for Kedah, Malaysia. They gathered primary data of 300 samples. They used Multiple regression models for estimation of data. The outcomes of the study showed that the factors like availability of time, services and environment are significantly related with consumer satisfaction. They recommended the government intervention for further improving the factors which show significant relation.

Noor et al. (2014) conducted a study for Kota, Malaysia and analyzed public bus services. Primary data of 987 samples were collected through survey method. The estimation techniques used were mean, standard deviation and factor components analyses. The study showed that accessibility, comforts, and safety were the factors of consumer satisfaction while overcrowding and security were the factors of dissatisfaction. The government intervention is suggested in order to improve the factors of satisfaction and to avoid the negative factors.

Sabir et al. (2014) investigated the transport sector of Pakistan and the level of consumer satisfaction. Primary data of 200 samples were collected through questionnaire. Regression and correlation techniques were applied. The outcomes indicated that all the factors have positive correlation with consumer satisfaction. They recommended that government should intervene in order to improve public transport system.

Abenoza et al. (2015) analyzed the factors of consumer satisfaction from transport services for Sweden. They gathered primary data through survey for three years i.e. from 2011-2013. Both analytical and descriptive techniques were applied for measurement. The results revealed that the factors like safety, security, staff and time affect consumers’ satisfaction negatively. They suggested that government should intervene to avoid these negative factors.

Hassan (2015) investigated the quality of services to estimate the level of satisfaction of consumers of Dhaka, Bangladesh. The primary data of 250 samples through survey were accumulated. The percentage techniques were used. The outcomes of the study indicated that arrangement and seat comfortability shows consumers satisfaction
while smoking in travelling and security shows dissatisfaction. The study recommended the government intervention to encourage the positive factors as well as to hamper the negative factors for consumers’ satisfaction.

Poliakova (2015) conducted a study in Slovakia and investigated the elements which affect the satisfaction level of consumer. The data is primary and quantitative in nature. Data of 30000 respondents were accumulated. He concluded that comforts, safety prices and time are significantly related with consumer satisfaction. He recommended that the government intervention is required to boost the factors which show positive correlation and to avoid all those factors which shows negative correlation.

Yeboah (2015) conducted the study in Ghana to attain consumer satisfaction and its relation with quality of services. This study was obtained for year 2014 based on cross-sectional and primary data. Multiple regression tools were applied for estimation. The outcomes of the study identified that factors like affordability, continues services, comfort, reliability and safety, whereas the behavior of driver shows negative effects on consumer satisfaction. The study recommended that government intervention is required to encourage the positive factors and to dissemble the factors which create dissatisfaction.

Dana et al. (2016) explored consumer satisfaction from quality of services in Ethiopia in 2011. Primary data were gathered from different respondents while secondary data is drawn from different sources. The result showed that time, cafeteria and toilets services caused consumers dissatisfaction. They recommended that government and concerned authority intervention should keep in consideration to avoid and fix all these negative factors.

Morton et al. (2016) conducted a study on consumer satisfaction with regards to quality of services. This study was performed in Ireland. The study was based on primary and a 3797 samples were accumulated by survey method. They applied factor analyses tools to estimate the data. The outcomes of the study stated that all the elements like availability, frequency, reliability and stability significantly affecting the level of satisfaction of consumer. They suggested that transport authority should intervene to encourage transport sector.

Jumbo (2016) conducted a study in Dubai. This study explored the quality of services and the satisfaction level of consumer with regards to these services. Primary data were collected from study area. By survey method he accumulated samples from 257 respondents. Diagrams, tables and other simple statistical tools were applied for estimation of data. The study resulted that all the considered factors like assurance, empathy, reliability, responsiveness and tangibility has negative effects on consumers’ satisfaction level. The study recommended government intervention in order to promote the positive factors and to hinder the mentioned factors which have caused consumers’ dissatisfaction.

A plethora of literature related to consumer satisfaction from transport sector in different economies located in different regions. Huge number of variables are discussed affecting consumer satisfaction from transport sector depends on socio-economic conditions of the countries and regions. Some of the factors discussed in literature are cleanliness, driver skill, rout or stream used by the vehicles, fare, frequency, time taken during travel, seats conditions, safety and security etc. Some studies are of descriptive nature, while many studies have been used analytical techniques. Primary data are used in most of the studies. Both public and transport sectors are of more importance, but private transport sector transport is ignored in most of the developing countries, while private sector transport is the most common source of communication. Therefore this study aimed to examine consumer satisfaction from private transport services. Khyber Pakhtunkhwa is the most growing province of the country regarding population and Peshawar is the congested city of the province. According to a report about three million vehicles used the 180 kilo meters road of Peshawar city daily. Therefore it is important to investigate the factors affecting consumer satisfaction from such a huge transport used daily in the city of Peshawar.

This may be the first ever study regarding transport sector and consumer satisfaction in the province and city Peshawar. This study is a contribution to literature in the case of consumer satisfaction from transport sector in Peshawar.

3. Materials and Methods
This study was conducted to Peshawar city of KP. Here used those variables have significant impact on consumer satisfaction in the study area.

3.1 Data Collection
To analyzed consumer satisfaction level by using SERVQUAL dimension of the transport services in Peshawar city. Consumer used different local services that targeted for this study. Four Hundred and Fifty samples were targeted but there are 429 valid responded were collected through stratified random sampling and simple random sampling within the same strata.

The present study adopted the comprehensive questionnaire on the base of the previous studies which used five-point likert-Scale like highly satisfied to highly dissatisfied. There are fifteen variables are used in questionnaire. All variables have included in questionnaire that significant impact on consumer satisfaction. Questionnaire contained on two sections. The first section include on demographic section and second one tangibility, reliability and assurance dimension of SERVQUAL. The present study have used descriptive statistics and as well as Probit regression analyses.

Table-1: Variable Expression from Designed Questionnaire

<table>
<thead>
<tr>
<th>S/N</th>
<th>Expression</th>
</tr>
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<tbody>
<tr>
<td>X1</td>
<td>Comfort-ability of seats</td>
</tr>
<tr>
<td>X2</td>
<td>Shelter &amp; benches</td>
</tr>
<tr>
<td>X3</td>
<td>Vehicles cleanliness</td>
</tr>
<tr>
<td>X4</td>
<td>Availability of seats</td>
</tr>
<tr>
<td>X5</td>
<td>Quality of vehicles</td>
</tr>
<tr>
<td>X6</td>
<td>Fare charge</td>
</tr>
<tr>
<td>X7</td>
<td>Behavior of conductors</td>
</tr>
<tr>
<td>X8</td>
<td>Driver have sufficient skills</td>
</tr>
<tr>
<td>X9</td>
<td>Route characteristic</td>
</tr>
<tr>
<td>X10</td>
<td>Safety &amp; security</td>
</tr>
<tr>
<td>X11</td>
<td>Waiting time</td>
</tr>
<tr>
<td>X12</td>
<td>Journey time</td>
</tr>
<tr>
<td>X13</td>
<td>Destination time</td>
</tr>
<tr>
<td>X14</td>
<td>Frequency of services</td>
</tr>
<tr>
<td>X15</td>
<td>Regular of services</td>
</tr>
</tbody>
</table>

3.2 Factor Extraction
Fifteen factors were analyzed by using questionnaire. Every factor were recognized of code base on the whole form of the variable designed than analyzed.

3.3 Tangibility
Tangibility factors concerned with physical appearance that relevant the services of transport sector. It was investigated by five factors, x1, x2, x3, x4 and x5.

3.4 Assurance
According to Buttle., (1996) assurance refers to knowledge and politeness of workers and the ability to stimulate and confidence. This variable is crucial impact on consumer satisfaction. Here it was analyzed by x5, x6, x7, x8, x9 and x10.

3.5 Timeliness
To achieve the reasonable result the average time should be range of 10-15minutes and maximum time should not exceed from 20 minutes (World bank, 1993). Timeliness variable to how much time are was to satisfy the consumer satisfaction. This is represented of the factor by x11, x12, x13, x14, and x15.

3.6 Consumer Satisfaction
Satisfaction is the consumer fulfillment, desire, utility. A consumer is satisfied whenever his needs and expectation are exceeded (Garson, 1993). This variable is notified by yes and no code.

### 3.7 Estimation Techniques

Statistical Packages for Social Science (SPSS) version 16.0 was used to interpret the data. First, the data were containing the fifteen variables which are represented of all variables of the questionnaire, further the data was extract factor. The data set obtained and factored analyses approach that involving a statistical (SPSS) and excel spreadsheet.

### 3.8 Probit Regression Analyses

Probit regression technique was employed to measure the consumer satisfaction. The Probit regression used to determine the degree of influence the independent variables on the dependent variable. Functional relation between the consumer satisfaction and the set of variables that expressed here $CS = f (x_1, x_2, \ldots, x_n)$ where $x_1, x_2, \ldots, x_n$ that several variables are considered.

The Probit model was first introduced by Chester Bilssin, (1934). According to (Bilssin, (1934), & Ronald Fisher, (1935) a Probit model is a standard specification for the ordinal and binary responses model. Probit models are applicable for those models of the study which are based on e.g. yes/no, agree/disagree, satisfied/dissatisfied and like/dislike. Here for the research purposes Probit model is used for estimation and derives the suitable model under the consideration.

Suppose a response variable $Y$ is binary. It can be only two possible outcomes which denoted by 1 and 0. Probit model is used in removing the problems of Ordinary Least Square by fitting a nonlinear function to the data. Probit model is generalized to justification for non-constant error variance in more advanced econometric setting (known hetroskedastic probit models (Monkah, 2013, & Cyganski, 2011). Taj Muhammad (2016) also put the data and used the probit model for the estimation. Rosati., (2007) using Probit estimation techniques for the study of Ethiopia in 2001 data survey.

### 4. Results and Discussions

The result of analyses is obtained through the application of statistical package for social science and excel spreadsheet to the variables are discussed here.

#### 4.1 Probit Regression Analyses

Using the Probit regression model to measure the variables of consumer satisfaction, the models are considered for those variables which have significant relation with satisfaction. There are nine significant variables out fifteen variables.

<table>
<thead>
<tr>
<th>Table 2: Tangibility Factors</th>
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<tbody>
<tr>
<td>Variables</td>
</tr>
<tr>
<td>Comfortability of seats</td>
</tr>
<tr>
<td>Shelter and benches</td>
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<tr>
<td>Vehicles cleanliness</td>
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<tr>
<td>Availability of seats</td>
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<tr>
<td>Quality of vehicles</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2018

<table>
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<tr>
<th>Table 3: Assurance Factors</th>
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<tbody>
<tr>
<td>Variables</td>
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<tr>
<td>Fare charge</td>
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<tr>
<td>Behavior of conductor</td>
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<tr>
<td>Driver have sufficient skills</td>
</tr>
<tr>
<td>Rout characteristics</td>
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</tbody>
</table>
Table 4: Timeliness Factors

<table>
<thead>
<tr>
<th>Variables</th>
<th>dy/dx</th>
<th>Std. Err</th>
<th>Z</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waiting time</td>
<td>0.2340</td>
<td>0.0743</td>
<td>3.14</td>
<td>0.02</td>
</tr>
<tr>
<td>Journey time</td>
<td>0.0607</td>
<td>0.0954</td>
<td>0.64</td>
<td>0.52</td>
</tr>
<tr>
<td>Destination time</td>
<td>0.2118</td>
<td>0.0938</td>
<td>2.26</td>
<td>0.02</td>
</tr>
<tr>
<td>Frequency of services</td>
<td>0.6954</td>
<td>0.1307</td>
<td>5.32</td>
<td>0.00</td>
</tr>
<tr>
<td>Regulatory of services</td>
<td>0.2516</td>
<td>0.0721</td>
<td>3.49</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Sources: Field Survey, 2018

Table 5: Whole Model

<table>
<thead>
<tr>
<th>Variables</th>
<th>dy/dx</th>
<th>Std. Err</th>
<th>Z</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangibility</td>
<td>0.693</td>
<td>0.17</td>
<td>4.01</td>
<td>0.000</td>
</tr>
<tr>
<td>Assurance</td>
<td>0.341</td>
<td>0.90</td>
<td>0.38</td>
<td>0.153</td>
</tr>
<tr>
<td>Timeliness</td>
<td>0.383</td>
<td>0.13</td>
<td>2.84</td>
<td>0.004</td>
</tr>
</tbody>
</table>

Sources: Field Survey, 2018

As the evidence of table-2, on bases of beta coefficient, the result of the paper highlighted that consumer satisfaction and tangibility factors have positive direction. The vehicles of cleanliness x3 worth is 0.4691 unit and p-value are less than 0.05, which have significant impact on satisfaction. Furthermore, x4 define the availability of seats has value is 0.3380 unit positive relation with satisfaction at significant at 0.00 level. The x5 variable denoted by quality of vehicles that positive impact on the satisfaction level. Table 3 indicated that driver skills (DS) have positive relation with satisfaction level. The x8 implies that 1 unit change occur in independent variable while the other side 0.2517 unit change occur in satisfaction level. The rout characteristic variable denote by x9 were significance relation with satisfaction level. The worth of rout characteristic is 0.2260 units and p-value is less than 0.05. In table 4 shows that x11, x13 waiting and destination time were significant impact on consumer satisfaction level. The value of x11, x13 is 0.2340 unit and 0.2118 are respectively and less than 0.05. The x14 and x15 variable are important variables or frequency and regularly of services having both the positive impact on satisfaction level. The value of x14 and x15 is 0.6954 and 0.2516 unit brings in satisfaction level and p-value is significant of 0.00 and 0.00 level. The table 5 indicated the whole model of the study of the tangibility and timeliness have positive and significance relation to satisfaction level, have worth is 0.363 and 0.383 and p-value is less than 0.05 level.

5. Conclusions and Policy Recommendations

This paper is to highlight the consumer’s satisfaction from private transport services in Peshawar city (KP). The nature of the data is cross sectional data, while structural questionnaire has been designed for data collection. Approximately three hundred & twenty nine out of three hundred & fifty samples were collected through survey method with outcomes 94 percent. Probit regression technique is used for the estimation purposes. The tangibility, assurance and timeliness are considered in questionnaire. Separately, four models were used for the estimation. Timeliness factors were highly statistically significant and effectively. Nine variables out of fifteen were statistically significant. Overall the result output is consumers are dissatisfied from private transport services.

6. Recommendations

- This study recommended some policies to government to encourage the private transport sector regarding the consumers’ satisfaction level.
- Transport sector should provide enough seats for consumers.
- Provide proper vehicles to improve the quality of vehicles and cleanliness of vehicles.
- There should be an increase in the number of vehicles to minimize the waste of time of the consumers.

References


How Does Foreign Direct Investment Affect Economic Growth in Pakistan: A Time Series Data Analysis

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ARTICLE DETAILS

ABSTRACT

In developing countries, the foreign sector plays an important role and a critically important one for economic stabilization. The yearly data was employed for the period 1975-2017 for the analysis. The variables of the study include the gross domestic product, foreign direct investment, inflation rate, industry sector growth, broad money, gross fixed capital formation, trade openness, and gross savings. An empirical analysis is done by using Auto-Regressive Distributed Lag Model (ARDL), and the Augmented Dickey Fuller (ADF) test is applied to analyze the unit root. In the present study, empirical findings demonstrated the negative association between economic growth and foreign direct investment in Pakistan. This argument also supports the idea, where foreign direct investment will not be in favor of the growth of developing countries as the domestic industry would not compete to the foreign industry which provides the products at a low rate. Secondly, foreign direct investment in Pakistan is not that level which can affect the GDP of Pakistan.

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1. Introduction

Foreign investment is a source of revenue for the developing countries and it is also a source of technological innovation that came with foreign investment. These, financial and technological resources are indispensable for economic growth (Salacuse and Sullivan, 2005). Foreign direct investment demonstrates the direct investment from the foreign investors attaining a permanent interest in a project in another country (Calvoand Sanchez-Robles, 2001).

Technology transfer from foreign investors to the domestic nation increases productivity in developed countries which merely not have been observed in the developing countries as a consequence of a scarcity of adequate human capital. There are three types of foreign direct investment, for example, horizontal, vertical and the platform. In first, foreign direct investment is defined by the investment that determines industrialized services, and the second one arises when direct Investment shifts upward or downward with the various unit changes and the last one deals with the purpose of trading to another country (Khan, 2007).
Attaullah and Le (2006) reported that developing countries have a big saving-investment gap. To fill the gap, foreign direct investment is indispensable to enhance economic growth. May of the existing theories in literature elaborate on the role of foreign direct investment in the economic growth of a country as elaborated by the (Adams, 2009)? Technology transfer to developing economies through foreign direct investment stimulates economic growth by providing the health facilities, socio-economic development, and availability of educational facilities (Calvo and Sanchez-Robles, 2002). Most of the opponents of the theories demonstrated the negative effects of FDI on economic development as it creates competition among the domestic non-developed and the developed foreign firms (Dunning and Pitelis, 2008).

FDI is favorable that it first one is that foreign direct investment will minimize production cost and expand economies of scale (Shatz, 2003). As far as the motivation for the foreign direct investment is concerned, the diversification of the motivators can be observed as specific economic freedom in a positive way; hence economic freedom is a substantial source and the main factor of foreign investment. Consequent upon the FDI inflows, two major changes in an economy happen one is the capital accumulation and the enhancement of factor productivity (Haryana, 2009). Dunning (2001) has elaborated the benefits of foreign direct investment as well that further leads to economic growth.

2. Literature Review

Azam and Ling Lukman (2005) stated various determinants of FDI i.e. market size, urbanization, economic reforms, inflation, exports, tariff, and the volume of trade. Cobham (2001) elaborates on the domestic investment and concluded that the expansion of the size of the industry leads to the provision of the opportunities for employment in the host country.

Buckley and Wang (2002) examined the contribution of foreign direct investment to growth. The research found that the foreign direct investment inflows are a consequent of the social and economic conditions of the country and concisely the environmental conditions of the recipient country. Lipsey (2000) showed a positive relationship between foreign direct investment and GDP growth. Foreign direct financing might have a positive association with economic growth while being the major contributor to technological innovation and skill enhancement in the country (Campos and Kinoshita, 2002).

Asiedu (2002) studied the high return on investment and improved fiscal policies are important factors to attract foreign investors. Choe (2003) supported the same findings as the growth is positively related to foreign investment. Atique et al., (2004) by using 1970-2001, examined as domestic capital enhance economic growth in Pakistan. Gross domestic product may be enhanced by the foreign investment to help in poverty reduction that enhances the income levels (Nunnekamp, 2004). Blonigen (2004) discussed that quality and quantity of foreign direct investment for both industrial and underdeveloped nations. Javorcik (2004) concluded the significant positive association is established between foreign direct investment and productive capability.

Trade openness significantly influences foreign direct investment (Agosin and Machado, 2007). Iwanow and Kirkpatrick (2007) elaborated the positive association of foreign direct investment and economic growth. Khan (2007), examined the relationship between growth rate and foreign direct investment. Azam and Luckman (2010) showed the effect of various economic factors on foreign direct investment for the economy of Indonesia, Pakistan, and India by using panel data for 1971–2005. Log-linear regression and panel ordinary least square are employed. Findings of several variables associated with Pakistan and India were similar except two variables (trade openness and government consumption) while Indonesia results differ from Pakistan and India results. (Kokand et al., 2009) showed a positive relationship among infrastructural improvement with foreign direct investment. Khadaroo and Seetanah (2010) proved the accumulated gains by infrastructure enhancement are associated with higher availability of transportation facilities and a reduction in transaction cost.

Nair-Reichert and Weinhold (2001) used random and fixed effect model and permits heterogeneous in panel data. The cause and effect relationship among foreign direct investment and development is positive. Falki (2009) illustrated an inverse behavior in foreign direct investment and economic growth. (Ejaz and Atif, 2010) critics of foreign direct investment claimed that foreign direct investment in developing countries may control resources, supplant domestic investment, use inappropriate technology. Malik (2015) showed a negative association among foreign direct investment and growth using panel of SAARC countries and concluded that economical execution is negativity associated with foreign direct investment.
3. Data and Methodology
In this section, the researcher will form the empirical and theoretical models to examine the relationship between foreign direct investment and economic growth of Pakistan. Foreign direct investment the core regressor while gross domestic product is the dependent variable, while the other variables include Inflation, industry sector growth, broad money, gross fixed capital formation trade openness and gross savings.

3.1 Data Sources
Data for the eight variables gross domestic production, foreigners direct investments, inflation, industry sector growth, broad money, gross fixed capital formation, gross savings and trade openness collected for the analysis. Required data is collected from WDI with annual frequency for a period of 1975-2017.

3.2 Empirical Methodology
Following contemplation have been formulated to econometrically analyze the variables of the study.

\[ GDP_t = \beta_0 - \beta_1 FDI_t - \beta_2 INF_t + \beta_3 IND.SEC_t + \beta_4 M2_t + \beta_5 GFCF_t - \beta_6 TR_t + \beta_7 GS + \epsilon \] equation (1)

Where,

- GDP = Gross Domestic Production
- FDI = Foreign direct investment
- INF = Inflation Rate
- IND.SEC = Industry sector
- M2 = Broad money
- GFCF = Gross fixed Capital Formation
- TR = Trade
- GS = Gross savings
- \( \epsilon_t \) = Error term

Equation (1) above model the relationship between variables of the study has been elaborated. Presented. Foreign direct investment is an essential factor in economic growth (Kowalski, 2000). And foreign direct investment has a significant relation with economic growth in the long run (Kogid et al., 2010).

4. Results and Discussion
This section deals with the complete details of the estimation that have been done on empirical grounds. All the parameter estimations and the descriptive details are as follows.

4.1 Descriptive Analysis of the Data
Analysis is usually used to delineate the essential characteristics of the time series. In a study, the researcher has given the detailed information of the each descriptive statistic cut-down slews of data into a simple summary.

Table 1: Descriptive Estimation

<table>
<thead>
<tr>
<th></th>
<th>GDP</th>
<th>FDI</th>
<th>INF</th>
<th>IND.SEC</th>
<th>M2</th>
<th>GFCF</th>
<th>TR</th>
<th>GS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>5.0288</td>
<td>0.8303</td>
<td>9.4968</td>
<td>5.7240</td>
<td>45.6002</td>
<td>16.1748</td>
<td>11.1807</td>
<td>22.4723</td>
</tr>
<tr>
<td>Median</td>
<td>4.8463</td>
<td>0.6129</td>
<td>8.5850</td>
<td>4.92108</td>
<td>44.8202</td>
<td>16.8371</td>
<td>9.9681</td>
<td>22.1660</td>
</tr>
<tr>
<td>Minimum</td>
<td>1.0143</td>
<td>0.0616</td>
<td>1.8107</td>
<td>-5.2068</td>
<td>33.6679</td>
<td>12.5206</td>
<td>4.6887</td>
<td>14.291</td>
</tr>
<tr>
<td>Std. Dev</td>
<td>2.1504</td>
<td>0.8071</td>
<td>5.4479</td>
<td>3.6426</td>
<td>6.1961</td>
<td>1.6979</td>
<td>3.8931</td>
<td>3.3942</td>
</tr>
<tr>
<td>Skewness</td>
<td>0.2059</td>
<td>2.1470</td>
<td>1.2039</td>
<td>0.0172</td>
<td>0.4317</td>
<td>-0.4956</td>
<td>0.3168</td>
<td>-0.1496</td>
</tr>
<tr>
<td>Kurtosis</td>
<td>2.4241</td>
<td>7.3347</td>
<td>4.1615</td>
<td>4.6125</td>
<td>2.3065</td>
<td>2.2196</td>
<td>1.7194</td>
<td>3.1304</td>
</tr>
<tr>
<td>Probability</td>
<td>0.6382</td>
<td>0.0000</td>
<td>0.0016</td>
<td>0.0972</td>
<td>0.3332</td>
<td>0.2402</td>
<td>0.1606</td>
<td>0.9089</td>
</tr>
</tbody>
</table>

Source: Authors’ calculations
Table 1 represents the mean, median and the standard deviation for the variables of the research. All the information is presented in the table. Row 1 describes the variables of the research. While the mean, median, maximum, minimum, st.dev, Skewness, kurtosis and probability are presented in the table in the rows.

4.2 Stationary of the Data
Dickey and Fuller (1981) introduced the “Augmented Dickey Fuller” test to test for the unit root and it is defined by a constant variance and the average of series overtime. The details of the unit root process are described in the table below.

<table>
<thead>
<tr>
<th>Table 2: Augmented Dickey Fuller Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variables</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>GDP</td>
</tr>
<tr>
<td>FDI</td>
</tr>
<tr>
<td>INF</td>
</tr>
<tr>
<td>IND.SEC</td>
</tr>
<tr>
<td>M2</td>
</tr>
<tr>
<td>GFCF</td>
</tr>
<tr>
<td>TR</td>
</tr>
<tr>
<td>GS</td>
</tr>
</tbody>
</table>

Note: “*” shows 1 % level of significance for the variable.
Source: Authors’ calculations based on software, E-Views

Table 2 checked the stationary of the time series or not. Estimates of the unit root for gross domestic product, foreign direct investment, inflation rate, industry sector growth, broad money, gross fixed capital formation, trade openness, and gross savings are presented here. Among the above mentioned variables the foreign direct investment, broad money, gross fixed capital formation and trade, gross savings has unit root but the other variables of the study that were the gross domestic product, inflation and industry sector are stationary at level. So, a mixed order of integration is found in the variables of the study.

4.3 Cointegration Analysis (The Bound Test)
As the variables are having mixed order of integration among the series, so there is need to check the continuation of the long run relationship among the mentioned series. By using some of the cointegration tests, as Bound Test, it is tested the existence of the long run association. ARDL bound Test” is developed on the hypothesis that the variables are with zero order of integration and the order of integration one i.e. I (0) and I (1) (Pesaran et al., 2001).

<table>
<thead>
<tr>
<th>Table 3: Co-Integration Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>F – Statistic</td>
</tr>
<tr>
<td>6.6127</td>
</tr>
</tbody>
</table>

Source: Author’s Estimations

Table 3 illustrates the F-statistic is 6.612 that is greater than upper bound value 4.26 in the model. The results are in favor of the existence of a long run relationship.

4.4 Auto-Regressive Distributed Lag Model
Auto-Regressive Distributed Lag Model results are elaborated of the model here (Jagadeesh, 2015). ARDL has the advantage of estimation when the series is non-stationarity and there is cointegration among the variables. So the researcher has developed an important strait for checking the long run associations among the economic variables.

<table>
<thead>
<tr>
<th>Table 4: Short-Run Estimates of ARDL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable</td>
</tr>
<tr>
<td>D(GDP(-1))</td>
</tr>
<tr>
<td>D(FDI)</td>
</tr>
</tbody>
</table>
Table 4 elaborated that Foreign direct investment has an insignificant effect on growth while the lagged value it shows significant (positively) association with a gross domestic product in Pakistan in the short run. Gross savings have a positive association with economic growth. Changes in gross saving influence the investment level that helps to influence the productivity potential of the economy sequentially and plays a role in changing the economic behaviors of a country.

Due to expansion and in a gross fixed capital formation the other indicators like infrastructure facilities goes improved leads to enhance the employment opportunities connected with such sectors. There is a strong association between gross fixed capital formation and economic growth. As a consequence, with the development of the industrial sector, it would lead to an increase in economic productivity, raise employment, higher income level, and increase in savings and enhancement of productive capability. All other sectors also demonstrate the upward and increasing trends in case of Pakistan.

Broad money demonstrates liquid possessions in a financial system. As there is an increase in money supply it positively affects economic growth. Inflation rate showed a statistically insignificant correlation with the growth in the economy of Pakistan. At last the Error correction term elaborates on a long run convergence among the variables. The value for this term is -1.400333 that demonstrates not only that there’s a long-run relationship among the dependent and independent variables but also demonstrates a long run stable equilibrium.

Table 5: Long-Run Estimates of ARDL

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>T-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>FDI</td>
<td>-1.3221</td>
<td>0.3318</td>
<td>-3.9837</td>
<td>0.0005</td>
</tr>
<tr>
<td>GS</td>
<td>0.1160</td>
<td>0.0632</td>
<td>1.8350</td>
<td>0.0784</td>
</tr>
<tr>
<td>GFCF</td>
<td>0.2887</td>
<td>0.1571</td>
<td>1.8366</td>
<td>0.0782</td>
</tr>
<tr>
<td>IND.SEC</td>
<td>0.4520</td>
<td>0.0781</td>
<td>5.7825</td>
<td>0.0000</td>
</tr>
<tr>
<td>M2</td>
<td>0.1597</td>
<td>0.0577</td>
<td>2.7677</td>
<td>0.0105</td>
</tr>
<tr>
<td>TR</td>
<td>-0.0638</td>
<td>0.0401</td>
<td>-1.5902</td>
<td>0.1244</td>
</tr>
<tr>
<td>INF</td>
<td>0.0037</td>
<td>0.0327</td>
<td>0.1137</td>
<td>0.9104</td>
</tr>
<tr>
<td>C</td>
<td>-8.9845</td>
<td>5.4077</td>
<td>-1.6614</td>
<td>0.1091</td>
</tr>
</tbody>
</table>

Source: Authors’ Estimations

Table 5 illustrate the long-run estimates of the analysis, articulate a negative relation of foreign direct investment with growth. Consequently a one-unit change in foreign direct investment inflows GDP growth rate declined by “-1.322100” units. The reason behind this is that when foreigners invest in recipient country market, by using monopolizing power they discourage domestic investment. So, the main problem for a society occurred in the form of declining gross domestic product growth (Jagadeesh, 2015).

This negative correlation in the case of Pakistan is attributed to the notion that most of the foreign programs and investment bring no benefit to Pakistan economy moreover; it increases the costs of production in the economy. Appropriate examples for this notion are “China Pakistan Economic Corridor” the benefits attached with these long-term projects will be achieved after a long period and require hard struggle. Gross savings shows a positive
relation with economic growth. Due to 1 unit change in gross savings, Gross Domestic Product increases by 0.116049 units. As Pakistan’s economy saves more which in turn also encourages investment level of Pakistan either foreign or domestic. The results of this study are also consistent with Ellahi et al. (2011) and Jagadeesh (2008) and exhibit the positive correlation of Gross Saving with economic growth. The one unit change in gross fixed capital formation there's “0.288705” units change gross domestic product. The objective of this strong relationship was that as infrastructure conditions changes in a country this will increase its growth rate and show a positive trend of economic growth in the long-run relationship. Empirically it is revealed that there is a positive association between gross fixed capital formation and economic growth. One unit change in industrial growth with the gross domestic product will change by 0.452046 changes.

4.5 Stability Analysis
The stability analysis illustrates that the estimated relationship is stable in the long run or not. And the results are presented in the figures below.

Figure 1: CUSUM Diagram

Figure 2: CUSUM-Square Diagram

Figure 1 and 2 as by CUSUM illustrate that the relationship is stable. The assessment of CUSUM-Square also elaborate illustration examiners envisages that model is statistically significant and stable. Intensity or criteria for the significance decided for this CUSUM-Square plot is 5%.

5. Conclusion and Policy Implications
There exists contradictory arguments in literature as some researcher concluded a positive association stuck among FDI and economic development while additional ones argued that the dependence hypothesis cleave under-developing nations. Our finding also concluded the negative correlation of foreign direct investment with economic growth. Not only foreign direct investment but international trade and Inflation are also negatively associated to the economic growth in Pakistan. The variables of industrial sector, broad money, gross saving and gross fixed capital formation are positively related to the growth in Pakistan. Findings are based on the results of the “ARDL”. Estimates confirm the negative correlation of foreign direct investment with an economic performance for the time series data 1975 – 2017. Policies that relate to foreigners may also recheck to keep away more external financing. Infrastructure improvements also develop the association of foreign direct investment with economic growth.

References


Role of Cinema in Identity Construction in India and Pakistan after Partition 1947

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ABSTRACT

This paper reflects only part of a broader research project in which narratives between India and Pakistan have been analyzed as propagated through the medium of film. Existing literature highlights that events from 1947 partition between India and Pakistan, have been used methodically by establishments on both side to recontextualize the realities of partition and violence associated with that, blaming each other for being the cause, suppressing much of what actually transpired, evading any clear position, while promoting triumphant discourses of nation, sacrifice and socio-economic insinuations. The focus of this paper is to examine how visual modality as explained by Machin and Mayr (2012), plays a part in shaping opinions and narrating events. Employing Multimodal Critical Discourse Analysis (MCDA) to analyze the discourses realized by a partition based movie, this paper highlights that the way ‘other’ is depicted to experience partition, and has been represented to suit the ‘self’s’ account. The representation is a vital part of the legitimization of one particular discourse of partition, used to marginalize other likely discourses in both countries. The study has implications for understanding post-colonial and post-separation socio-cultural development in Pakistan and India. The outcomes of the study can be utilized to identify the ways both countries can use media and narratives to enhance socio-cultural ties and policies; thereby welfare of people on both sides.

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1. Introduction

This paper explores how modality is pivotal in carving opinions and narrating events (Machin, D. and Mayr, A., 2012). The presupposition that ‘nonverbal semiotic phenomenon’ (Hodge and Kress,1988) is marked by modality system including ‘realistic’ and ‘nonrealistic’ type of representations, contributes towards narrating a version of history that suits the ‘self’s version of the events in the Indian movie Pinjar(2003) which is based on partition. Discourses of conflict and separation are circulated and legitimized not only through verbal and written texts, but also through visual semiotic resources.

This paper highlights the way ‘other’ is portrayed to experience partition, employing Multimodal Critical Discourse Analysis (MCDA). The representation in this context is pivotal for the legitimization of one particular discourse of partition, while marginalizing other possible discourses in both countries. This paper analyses visual modality in the movie Pinjar. The examination employs Machin and Mayr (2012) model. The analysis revealed that the visual
modality markers contribute towards the overall meaning potential and are significant in exposing the underlying structures and ideologies within a text.

Sidra Karamat, Muhammad Muzaffar, and AliShan Shah (2019) argue that the ‘politico-religious nationalism’ by “extremist” description deliberates “cultural or spiritual identity to be different from those of most, presumptively unfamiliar and cheating” and argue that it “led to the formation of a tiered perception of citizenship.” (Karamt, S.; Muzaffar, M.; Shan, A., 2019) in Pakistan; India is not very different from Pakistan. The construction of identity is therefore, vital for this research. The movie depicts both sides i.e. India and Pakistan, neutrally on the surface; however, a close analysis reveals the binaries between ‘self’ and ‘other’, created through the visual modality legitimizing the ‘self’s account and creating discourses which propagate the ‘self’s ideology, and signifying a specific identity of the ‘other’.

2. Visual Communication and Modality

Hodge and Kress (1988) distinguished between ‘reasonable’ and ‘unrealistic’ types of portrayal, as modality framework which is set apart by signs that can be moved to “nonverbal semiotic marvel”. It works as a “directing capacity for the recipients’ provenance of exact portrayal (Pollak, A., 2008). Eight modality markers for static visual portrayals, have been listed by Kress and Leeuwen (1996) which incorporate, colour saturation, colour cadence, colour variation, brightness; ‘contextualization’ which is on the scale from a detailed one to a blank background; ‘portrayal’ on a scale from vague and abstractions to a detailed one; ‘depth’ is on a scale from maximum in-depth view to exclusion; and ‘lighting’ on a scale from high key lighting to no light.

Kress and van Leeuwen (1996) describe modality as reliability of the image, which is a critical part of Multimodal CDA. Modality is characterized by Kress and van Leeuwen as “the truth value or credibility of (linguistically realized) statements about the world” (1996). Regardless of the way that starting points of the word are linked with semantics, Kress and van Leeuwen explain modality (for example exactly how near a picture resembles the real) as an imperative element of visual communication. When the modality is high, a visual is viewed as real as well as genuine.

Figure 1: Coherence of image, language and Typography into single communicative act (Leeuwen, 2004)

Van Leeuwen (2004) gives ten reasons why visual communication should be given more significance by the linguists. One of the reasons that he gives is that a new name should be given to the speech acts, and they should be called ‘communicative acts’ which should be comprehended as “multimodal micro-events” where all existing symbols come together to define their ‘communicative intent’ (Leeuwen, 2004). He gives example of a Kitchener Recruitment Poster (1914) and explains in detail how image, language and typography, combine to create a single communicative act. (see Figure 1)

Modality described by Machin and Mayr (2012) via examination of a Cosmopolitan commercial highlights that via staged nature and the iconography of the visual, it can be identified by the analysts that whether or not, components have been put intentionally with the visual and to portray any specific identity, that stacks the picture with specific qualities instead of depicting the subtleties (p. 201).

Hodge and Kress (1979) explaining language argue that it is not the only tool through which modality can be articulated. Where language relies on modality markers such as ‘will be’, “is”, and might be”; likewise, visual
communication also contains modality markers. Modality markers, in visual communication, have been listed by Kress and Leeuwen (1996), to indicate various underlying structures embedded within a text. Machin and Mayr (2012) also prepared a list of five visual modality markers that are taken into consideration for this paper and are explained in the following paragraphs.

The degree of articulation of background by Machin and Mayr (2012) ranges between extremely sketchy or blurred to the highly defined and detailed background. They argue that the low modality in any image recontextualizes the visual and transfers them to a context where they indicate certain values and ideas (Machin, D. and Mayr, A., 2012); it is used as a tool and moves the ‘text’ towards abstraction away from real. The careful selection of the background and the details accompanying the foreground, signify certain ideologies while concealing others; however, the details are also given to make the image appear real and by doing so making the text producer’s narrative plausible.

The degree of articulation of detail, oscillating between “simplest to the sharpest and the most finely grained” visual (Machin, D. and Mayr, A., 2012). Machin and Mayr (2012) explain that lower modality or higher modality both have symbolic significance, through Cosmopolitan magazine where a model is shown in diffused light so as not highlight her ‘flaws’; while a soldier is depicted in detail, to have an allusion of reality while the destruction is again shown in defused light to soften the chaos that is caused by the presence of the soldier.

The degree of articulation of tone ranges between the gradation of black and white to the 'greatest tonal degree' (Machin, D. and Mayr, A., 2012). Machin and Mayr (2012) contend that the level of tonal gradation symbolizes emotive dissipations, ambiguity and reality. They clarify through the case of western culture where diffused tone is identified with uncertainty, secretiveness and concealed, whereas highlighting signifies optimism and positivity (p. 205).

The degree of articulation of light and shadow is on the scale of maximum degrees of depth of shades to zero articulation (Machin, D. and Mayr, A., 2012). The use of unrealistic lights and shadows, move the visual away from real and towards abstraction. The idea is explained through the example of a soldier shown in realistic lighting; however, what has been covered is the violence that is linked with the soldier and war. This strategy helps legitimize the visual and what it represents by showing it as real through divert the attention from what appears on the surface to what is perceived. (Machin, D. and Mayr, A., 2012)

The degree of colour saturation ranges between maximum saturation to black and white (Machin, D. and Mayr, A., 2012). Modality would be low with higher shading immersion, likewise, less or no colour would mean low modality. The modality is considered high when it lies someplace in the mid on the scale. Machin and Mayr (2012) contend that saturation of colour signifies ‘intensity of emotions whereas, reduced colours indicate calculated and elusive implications (p. 205).

Researchers can look at the visuals and study the modality through such signs and recognize where the images move from the real to the conceptual, this can assist the analysts to concentrate on the "sorts of personalities, qualities and arrangements that are being conveyed" (Machin, D. and Mayr, A., 2012, p. 206).

3. Methodology
The methodological approach engaged in this paper is Multimodal Critical Discourse Analysis (MCDA) given by Machin and Myer (2012). A multimodal analysis of any text allows researcher to do a semantic analysis of the visuals through describing structures and features of the images. Therefore, a multimodal analysis includes, analysis of the text (including images, films, advertisements, TV shows, news etc.) and their meaning potential. However, visuals do not convey the entire meaning and in order to comprehend the complete context the analysts also have to take into account modality markers which accompanies the visuals. The movie analyzed in this paper includes the modality markers grounded in the categories given by Machin and Mayr (2012).

The focus on MCDA is not to give a final interpretation for meaning but to examine meaning potential and its function in a specific context. MCDA contends that images convey meaning not only through exclusion and manipulation of the representation of various signs or features and these have to be understood not just representations also shaping, creating, reproducing sustaining and legitimizing hegemonic social practices and ideologies. MCDA is employed for this research to explore a partition movie Pinjar (Indian) which is widely acclaimed as a story of female’s suffering during partition in 1947, depicted neutrally. Significant scenes were
methodically analyzed for connotations of visual semeiotic choices, focusing mainly on modality markers, on five levels outlined by Machin and Mayr (2012).

4. Results and Analysis
In the movie visual modality plays a significant role. It decides how closer to or removed from real, are the representations of the characters and events. The examination of the data highlights that the scenes have been shot with extreme care so that they become plausible for real. The strategy serves well in authenticating the ‘self’s’ version of the events and aids in legitimizing the fundamental philosophies, narratives and ideas. Keeping this argument in mind, and to make inferences, visual modality markers have been examined.

![Figure 2: Modality Markers](image)

Careful examination of the movie reveals that the events are depicted in, close to real, settings as well as the portrayal of characters which appear real except for the minute details which indicate a covert endeavor for presenting things as realistic and by doing so, legitimizing a conflicting ideology that may otherwise shock and evoke an opposing response from the audience and challenge the reliability.

Examination of visual expression shown in figure 2, assists in defining what is shown and what is being communicated through visuals. The visual modality, is high in the selected scenes. The text maker has covertly attempted to validate an ideology that otherwise with low modality would have chances to be challenged and the ideology represented is in a realistic manner through performance of the actors, and depiction of the events. In spite of the fact, that the Indian cinema commonly uses low modality as it generally uses diffused lighting and colour saturation for the rich music, dances and sparkly attires in the films; however, the movie uses high modality for depiction of the events close to reality. The modality of the film articulates “identities, values and sequences” which are voiced through the visuals, and in turn create a world view for the viewers by conveying only the self’s’ version of the ‘other’ in a realistic manner helps extract agreement from the viewers.

The ‘other’ in the movie is depicted in realistic settings for example riots and migration scenes; which is a strategy used by the text makers to legitimize the ‘self’s’ version of what actually happened during partition. The visual modality shows stereotyping and labelling of the ‘other’ as brutal murderer, who mercilessly kills women and children thus showing the ‘other’ as fixed in his ideas. Demonization is done through representing the ‘other’ as the ‘self’s’ version of the ‘other’ and is legitimized by portraying it close to the reality.

Several modality markers depict the ‘self’ superior than the ‘other’. The movie displays the ‘self’ in the mellow lights which makes the ‘degree of articulation of detail’ low. The degree is considered ‘high’ when the ‘other’ is presented via the intricacies of attires and location in a way as they would be in real; indicates that the ‘other’ represents a type/group through their attires, facial-expressions, headaddresses and actions, having specific notions and morals. The visual modality is high for example in degree of articulation of detail to show the other as real through the details of attire, arms, facial expressions and actions, while the self is also shown with such details but as a ‘victim’ to seek emotional support. Riot and migration scenes where people are being killed, the victim and the
assassin are presented with high modality to create panic and urgency in the audience which evokes hatred for the ‘other’ and empathy for ‘self’.

The details of the poses of the ‘other’ are shown to be antagonistic with vicious facial expressions except for the one of the central characters Rasheed who abducts ‘self’ (represented by Puro); has opposing views and becomes the ‘other’ of the ‘other’. Over all the ‘other’ is hostile, conceited, having a condescending behaviour indicating an arrogant identity and shaping a particular persona for the audience which in turn shapes their views about the ‘other’; stereotypical and potentially damaging.

4.1 The Articulation of Background

Investigation shows that the movie has higher degree of articulation of the background. Portrayal of the migration of the Hindus to India, the convoy being attacked by Muslims and the homes of both Hindus and Muslims are mostly represented in realistic settings with quite limited studio settings. Another significant observation was that although the degree of articulation of the background is higher; yet, the realistic setting is a move in the direction of abstraction. Though the conflict among the two communities and the resulting violence is recontextualized/reenacted; yet, depicted in a realistic manner.

The background shows Congress flags, when a speaker addressing a congregation aligning the Congress’s agenda of unity among Hindus and Muslims with that of a Muslim character addressing a gathering where all ethnicities are represented. This representation is also through the characters’ attires. The minarets of a mosque are also shown clearly in the background with the Congress flags helps balance the attention given to both sides and the unity between the two communities. However, this closer to reality depiction, clarity and details in the background create/constructs a version of reality which is ‘self’s’, while excluding the ‘other’s’ version completely.

Figure 3: Burqa-clad Females and Jinnah's picture. Shot no. 2:32:39

The movie shows posters on the walls with Muhammad Ali Jinnah’s picture in Pakistan after partition in the background throughout. Nevertheless, the visual modality is low as the image appears more like a blurred distortion instead of a photograph. The number of occurrence of this picture is 11 and has “Pakistan Zindabaad” (Long-live Pakistan) in Roman Urdu while ‘Long-live Jinnah” in English. The presence in the background accentuates for the ‘other’ a specific identity and highlights the ideology through recurrence of the image it in the background, though blurred but imminent presence. The low modality of the image shows how the ‘other’ is treated insignificantly.

A framed picture of Vladimir Lenin is displayed in the background behind Tirlok (Puro’s Brother) (1:24:40/3:08:50), is an indication of the philosophy of the “self” that signposts the humanitarian ideology, in contrast to the ‘other’s’ philosophy. The frame is placed strategically in the background and contains certain implications. It appears to implicitly connect, Congress’s and Gandhi’s philosophy of democratic social order, which transcends religious conflicts. The ‘self’ in the foreground, aligns the ideology of the ‘self’ with that of Lenin. The book Tirlok is reading and the frame hint at the ideology that the ‘self’ holds, represents the ‘self’ as a scholarly group who has more democratic ideas vis-a-vis the ‘other’ highlights the binary that shows the ‘other’ as the opposite.
Overall, the movie displays realistic settings and backgrounds with a few exceptions where studio settings have been used. The realistic setting makes the events more real and contextualized. The riot scenes are picturized in realistic settings and backgrounds which helps endorse a constructed narrative but is presented as true depiction of the real. Therefore, the modality becomes low, despite being high in the portrayal of the real-like events; hence, the over-all argument of legitimizing the self’s narrative that sanctions the ideology through realistic portrayal, fails.

4.2 Degree of Articulation of Detail
The degree of articulation of details, with emphasis on the specific attires of the ‘other’ and the ‘self’, signifies the difference between the two through dissimilarity in their clothes, the facial expressions, postures and headdresses presented in detail almost near realistic modality. A specific identity is indicated through deliberate features e.g. Muslims wearing shalwar qameez, gharara, turbans, and amulet. The strategy represents a group of people following that lifestyle. The movie shapes a specific image for the audience through such elements. Nevertheless, it overlooks the regional diversity existing amid Muslims of the region which in turn brings the degree of articulation of details lower.

The ‘self’ is also presented through a particular headgear and the tilak on his forehead however, the ‘self’ has a general agreeable temperament presented in detail. Outlining the particulars of the attires, households, and facial expressions etc. ensures the ideological effort and creates for the audience, a specific identity of the ‘self’, in contrast to the ‘other’. The details given, are tools used to create real; however, close investigation reveals that it is
a strategy to legitimize the ‘self’s’ version.

**Figure 6:** Articulation of Detail

### 4.3 Degrees of Tonal Articulation

Realistic, balanced and high tones have been used to depict an image closer to reality which ensures that the reality which is presented throughout in the movie, plausible as truth. The overall analysis shows that the tonal modality is high. It signifies that it has been used as a tool to validate the ‘self’s’ version of reality so that the audience would not challenge its truth. Throughout the movie natural light has been used and the tonal variations are carefully done to do a certain ideological work via portrayal of the narrative closer to the real.

![Degree of Tonal Articulation](image)

**Figure 7:** Degree of Tonal Articulation

### 4.4 Degree of Articulation of Light and Shadow

In the movie a vital role is played by the degree of articulation of light and darkness which forms abstraction and depicts, through realistic lighting an image of real. The film uses sunlight as lighting which sets the background in real environment and gives an impression of the real e.g. the migrating scene and the attack by the Muslim rioters and chaos that they create. Employing natural light indicates the strategic maneuvering of the text to move the focus from the ‘obvious’ to the ‘perceived’ in such a way that it validates the visual and presents it as real. In the movie though the use of natural light authenticates the actual narration of the events that transpired; the migration and riots scenes, filmed in outdoor, using natural lighting, represent closer to real modality which authenticates their being plausible for the real depiction of the events of partition. The modality may be closer to real, which portrays the events as real; however, the exclusion of the ‘other’s’ version of reality makes the arguments weak.

**Figure 8. Degree of Articulation of Light and Shadow**

### 4.5 Degree of Colour Saturation

The modality in the middle is considered high while it is low towards maximum saturation and black and white. Colour maximization or absence shifts the scene away from real and the modality becomes low. Visual modality,
tilts towards higher side as the scale leans towards the medium saturation. This modality marker has been used as a tool to depict the events as real and naturalistic except for the picturization of the musical ballads. The scenes mostly are filmed in a way that they appear in real e.g. migration and riot scenes; which is a contrast with the songs with maximum colour saturation. It is not only used as a marketing strategy but also to intensify the emotional impact on the audience legitimizing the narrative of the ‘self’.

Figure 9. Degree of Colour Saturation

5. Socio-Economic Implications

Creativity is pivotal for a successful economy, and also has policy insinuations (see, Pratt 1997, and Scott 2000). Anderson (1983) explaining cultural policy talks about, ‘creative’ fields like art, film and music have always been used as a vehicle through which specific national identities are propagated by the institutions. Films are considered expression of the cultural norms and values; films also reflect how a certain regime views and presents itself as well as the nation and in turn how a nation sees itself (see Grossberg 1997) in its socio-cultural and economic perspective. The importance of commercial benefit of cultural productions like films and advertisements has caught the attention of the institutions/governments through which certain ideologies and ideas can be instilled in the mind of the viewers which is termed as ‘cultural economy’. The analysis shows that the subject movie in creating a world view for the audience succeeds with its agenda and also has socio-economic implications.

The ‘communicative acts’ in the movie work with a purposeful ‘communicative intent’ (Leeuwen, 2004), and highlight “multimodal micro-events” having broader socio-economic implications. Moreover, semiotics stresses that a text has dynamic interpretations and no ‘universal’ meaning of sign exists. Though, no definite meaning can be ascribed to a text; yet, it also does not imply that a text would always be interpreted in different ways. A text may also create controversy with its meaning and new meanings may emerge in a different context. Semiotics of the present ‘text’ exposed a myriad of interpretations through analysis of the visual modality. Most human expressions are commodified products of industry with corporate objectives, and a commercial scope. The ‘text’ was found to be a rich blend of national, socio-economic and politico-military norms propagated through the medium of film.

Conflict between the two countries is linked with the insecurities on both sides. Self-glorification and demonization of the ‘other’, along with the depiction of the events as reality, have socio-economic insinuations. Trade, backdoor diplomacy and other economic factors get effected by propagation of such narratives; for example, South Asian Free Trade Area (SAFTA) agreement in 2004, at SAARC Summit in Islamabad, which was established to promote trade and economic development of the member countries; however, did not prove to be helpful for the advocacy of socio-economic agenda. The underlying issue is embedded in the animosity between India and Pakistan. The movie subtly highlights the narrative which effects the socio-economic ties between the two nations. Such narratives not only legitimize the economic policies and sanctions made against each other but also work for the benefit of the third party which seizes the opportunity and manipulates the situation for economic gains; as the continuing animosity would lead to the war between the countries which in turn would open door for weapon industry and economic gains for the powerful. The propagation of such narratives through the medium of films, legitimizes actions taken against the ‘other’.
6. Conclusion
Machin and Mayr’s (2012) Visual modality comprising of five degrees, tilts towards higher side in the movie; even the middle ranges also overlap towards the high, which is near-real. Visual modality is considered a valuable tool in shifting the focus of the audience towards the meaning potential of the numerous features of the images along with linguistic modality, support the examination of the underlying edifices and making inferences from those, which was the focus of this research paper.

Higher modality of the background, details, and realistic lighting in the movie, are employed as a tactic to highlight that the depiction of the events as factual and real. The movie artfully employs such modality markers to portray a version of history and events that suits the ‘self’’s version and glorifies the image. On the other hand, closer to reality scenes, portraying the ‘other’ as a ferocious and evil, also serves the purpose of ‘self-glorification’ through creating contrasts between the ‘moral self’ and an ‘evil other’. Modality markers are skillfully used to shape an opinion about the ‘other’ and create a narrative which highlights the ‘self’s’ ideologies and legitimizes the ‘self’s’ account, also has socio-economic implications and gains for the powerful.

References
Uncovering the Myths of TQM in Readymade Garment Sector of Pakistan: An Interpretive Structural Modeling Approach

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ARTICLE DETAILS

ABSTRACT

Quality has always been center of gravity for superior competitive advantage. TQM has captured attention of both practitioners and academicians because it is an important management practice for improving performance. This research is aimed to provide insight of the challenges faced by readymade garment industry of Pakistan for implementation of TQM principles. In depth literature, Interpretive Structural Modeling (ISM) and Matriced’ Impacts Croise’s Multiplication Appliquée a UN Classement (MICMAC) analyses have been employed to investigate the phenomena under study. Discourse of literature revealed that there are twenty challenges in implementation of TQM. Lack of employee trust in senior management is the most critical challenge to be addressed that occupies bottom of the model. Lack of formalized strategic plan for change and lack of leadership occupy highest position in the model hence attracts least attention. MICMAC analysis revealed that lack of consistency of purposes autonomous, lack of evaluation procedures and benchmark indices and obsolete technology are independent and all other challenges fall in linking quadrant. Whereas no such challenge is exclusively categorized as dependent, however, most of the linking factors have high degree of dependence as well. This study is useful for the organizations which are in process of implementing TQM practices.

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Keywords: Total Quality Management (TQM), Garment Industry, Pakistan

JEL Classification: M11, L15

1. Introduction

In the era of Generalized System of Preferences (GSP) Plus regime, quality of product and services is the most important aspect for the growth of an organization. Total Quality Management (TQM) is one of the most important and popular management concepts, invented by Americans for quality control in production but ultimate results were witnessed in Japan. This term has passed through various phases since 1920s from quality control to modern term TQM. It is a quest for continuous improvement and from its inception, quality control managers are struggling to adopt quality management practices to reap its benefits (Fundin et al. 2018). Pakistan is lagged behind as far as TQM implementation is concerned. Pakistan is now trying to embark on implementation of modern TQM regime. Anecdotal evidences can be found for implementation of TQM in Pakistan haphazardly. Despite of abundant resources being utilized in readymade garments sector, implementation of TQM to get maximum benefits are far
Emerging digital economy and globalization urge organizations to adopt various methods to enhance organizational performance. TQM is an important tool, which is widely used by both manufacturing and service industry to expedite not only performance of organization (Anil & Satish, 2016; Bajaj et al. 2018) but also performance of employees (Psomas & Jaca, 2016). Most of the organizations are not fully aware of advantages of TQM as it supports wider range that includes leadership, customer satisfaction, and employee engagement, continuous process improvement, supplier partnership and performance measures (Jaeger & Adair, 2016). Their focus towards implementation of TQM to get desired standards is required. Hence, lack of awareness of system up-gradation results into low productivity and reworks following-on into high cost of products and services. Keeping in view importance of TQM, companies are required to get full benefit out of it by implementing TQM practices in true spirit. There is a consensus that implementation of TQM process is central to long-term success of organization. Having said that, less attention has been devoted to examining the challenges faced to implement TQM in readymade garments. This research is aimed to explore literature on readymade garments rather rigorously and provide insight of challenges faced by readymade garment industry of Pakistan for implementation of TQM principles.

2. Literature Review

Industries in Pakistan are facing major pressures of incorporating quality practices in their systems. Following relevant studies have been carried out in different sectors of Pakistan: Fatima and Ahmad (2005) have emphasized that Pakistan readymade garment industry needs to pay attention in adopting advanced quality management practices if they want to remain viable. Though quality is a critical success factor, Pakistan’s knitwear industry has yet to be traversed to incorporate quality philosophy as a part of business strategy (Fatima & Ahmad, 2006). Aswan et al. (2009) explored that top management is not committed in implementing TQM; they have further concluded that process design is the most critical success factor in implementation of TQM in pharmaceutical companies of Pakistan. Kurehski et al. (2010) have found a significant gap between knowledge of current quality management techniques and their usage by entrepreneurs of service sector SMEs of Pakistan. In connection to service sector, Khan (2011) study has identified barriers in implementing TQM in service organization in Pakistan. Mahmood et al. (2014) have conceived a model by taking nine factors (i.e. top management support, quality information availability, quality information usage, employee training, employee involvement, product/process design, supplier quality, customer orientation and factual approach to decision making) wherein the performance of Pakistani aviation manufacturing industry has been measured through TQM. Arshad and Su (2015) have identified significant positive impact of TQM implementation on service quality and service innovation in the Pakistan’s financial service firms. Both public and private sector hospitals of Pakistan provide good service quality that ensures patients loyalty but private sector hospitals are more efficient than public sector hospitals because of good management and financial policies (Shabbir et al. 2016). Fahim et al. (2017) have concluded that construction industry of Pakistan is struggling to implement six-sigma as it is functioning in traditional way. Iqbal and Asrar-ul-Haq (2017) have concluded that knowledge sharing plays a mediating role between TQM practices and employee performance of Pakistani software houses. Similarly, Iqbal and Asrar-ul-Haq (2018) found the positive significant relationship between TQM practices and performance of employees of software houses of Pakistan.

Without top management commitment, implementation of TQM practices and desired results can never be achieved. Using ISM, a six-level model has been conceived by Veltmeyer and Mohamed (2017) and among sixteen TQM variables, top management commitment was found to be the most influential variable. Along with top management commitment, empirical study has also found leadership as the most important factor in implementing TQM philosophy in healthcare sector of Palestine. Among various factors, the highest level of TQM implementation is realized with the leadership factor (Baidoun et al., 2018). Joiner (2007) argued that competitive advantage of an organization is based on fulfilling the need of a customer. TQM has emerged as a management approach focused on customer satisfaction and geared toward the improved organization performance. Banuro et al. (2017) proposed a framework that guides the companies to imply the quality of product and service in order to achieve competitive advantage and exceed customers’ expectation. Guiding framework requires awareness among the complete workforce of an organization. There are different models available like Juan (1993) etc. that can be taken to develop and implement the framework. A formal strategic planning requires clear vision with explicit process and rules for generating alternative strategies to monitor and control mechanism of all the activities that will bring a positive change for future growth and development. In connection to the findings presented...
aforementioned, Baidoun et al. (2018) also provided the evidence of strategic planning gains 64.4% of weightage in successful implementation of TQM. Rules of behavior are being supported by an organizational culture and composed of collective believes, norms and values. It is evident that the business performance is positively correlated with TQM organizational culture (Fu et al. 2015). Supportive culture for quality management is always the key element for continuous improvement of business performance (Panuwatwanich & Nguyen, 2017). Inadequate knowledge of TQM practices leads towards improper planning, confusion among management, and inadequate support to management, lack of full implementation, etc. Based on the findings of Honarpour et al. (2017), knowledge management and TQM are positively associated with each other, improvement in one construct leads to improvement in other construct Finding of Ooi (2014) revealed that TQM practices such as HRM and strategic planning have significant impact on knowledge management like knowledge acquiring, sharing and its application. Company resources are combination of tangible and intangible resources and absence or weak support results into low quality and low productivity. With respect to financial resources, it has its own importance and without proper support and availability of financial resources, tangible and intangible assets both are being affected by the same. Mosadeghadr (2014) paper reports the findings that inadequate resources are one of the major reasons of failure of implementation of Temin, the era of fast growing technology, biggest challenge to organizations is change management. Commitment and will of the leader to change the culture and mind set of people by providing them guidelines is the need of the present era. The change can be welcomed by employees through development of culture of accepting change from the leadership (Van Rossum et al. 2016) and communicating the benefits this change will bring along with it. Silva et al. (2014) asserted that TQM culture has direct influence on process improvement. Jaeger and Adair (2016) study reveals the perceived benefits of TQM when deploy in true spirit. Iqbal and Asrar-ul-Haq (2018) measured the mediating role of change readiness of employees between TQM and employees’ performances. TQM is a vision and that can only be achieved by developing and implementing qualitative long and short-term plans that finally meet the company objectives. Successful implementation of quality management systems demand clarity in vision followed by plans in a consistent manner till the objectives are accomplished (Kumar et al. 2018). Confrontational environment of an organization results into the lack of trust among management and workers of an organization. Prevailing distrust deteriorates any system to perform. In this regard, Bugdol (2013) has proposed three methods of trust development in TQM context namely: applying the key elements of TQM, consider the value systems of the organization and applying trust. Training and education with respect to the TQM is actually different from traditional types of trainings. Traditional types of trainings are based on specific topics. On the other hand, trainings required for TQM are based on philosophy of continual improvement. Empirical evidence provides the evidence of a decline in TQM because of many tools; methods and practices are not incorporated into the automated TQM systems (Bernardino et al., 2016). It further probes the reasons that adequate trainings are no longer prevalent which has stopped circulating the TQM practices. For implementation of TQM, there is need to engage the entire workforce supported with organizational operations to achieve high process quality. Proper system to initiate the TQM activities ensures the engagement of workforce which begets the quality results. To speed up the performance and to establish transparency, benchmarking has been proved to be a strategic tool to find gaps for an organization (Braadbaart, 2007). To achieve this purpose a performance quality management system must be developed which ensures the quality performance is measured against the set standard and take further necessary action if deviates. Sweis et al. (2016) reveal that leadership and top management commitment play a pivotal role towards performance improvement by benchmarking of TQM practices. To get supreme advantages from TQM, there is need to allocate reasonable and required budget for up gradation of system as well as human resource. Investing in staff to develop their skills and hands on with the requirements of TQM system is indispensable to get explicit benefits of TQM implementation. Jaeger and Adair (2016) based on their study of perception of TQM benefits, practices and obstacles in Kuwait, derived the result that lack of resources is the most important obstacle in TQM implementation.

Without specific and targeted objectives, training designed for TQM or any other area results into wastage of time and money. Similarly, in developing countries, consultancies and trainings for some advanced TQM practices cost very high. Khanna and Gupta (2014) have developed a competency-based training module that comprises of 15 competencies for the success of 5‘S’ and TQM implementation. Fair performance measurement criteria, reward and recognition have always been proved a strong tool to motivate company employees for better performance. Reward system enhances the effectiveness of TQM (Allen and Kilmann, 2001). In connection to this, it is also evident that perceiving fair incentive and reward system encourages employees to put extra effort in success of implementing TQM practices (Haffar et al., 2016). Barriers between departments result into the slowing down of sharing of information and finally delays in production process. In this context, team plays a pivotal role and teamwork is the most influential TQM practice and it has a significant impact on organization performance (Qasrawi et al. 2017).
They have also found that, comparing any other TQM practices, teamwork more positively influenced knowledge acquisition and knowledge sharing. In addition to this there is strong relationship among knowledge sharing and quality management (Hamdounet et al. 2018). TQM practices can only be successful, if the organization is able to develop an initial impression of perceived worth in the mind of its employees. Therefore, TQM should perceive the practices of continuous improvement and learning that fosters the development which requires accumulation of organizational capabilities through its employees (Garcia-Sabater et al. 2016) is also pertinent to mention here that CSR should be embedded in the mind of the employees as it is significantly connected with the quality management and in turn it has a positive relationship with the business performance.

Same constructs have also been investigated and the findings revealed that the implementation of TQM and CSR influence the hotel industry in Spain (Benavides-Velasco et al. 2014). Flexible environment gives the opportunity of discussion and sharing of ideas which leads to clarity in organization vision and strategic goals. On the other hand, organizations having bureaucratic management style and tight control of management over employees, suppresses the creative abilities of employee resulting into tough environment. Enhancing employees’ autonomy and encourage them to share their opinion is extremely important for innovation and improved quality performance (Hung et al. 2011). TQM leaders believe that value addition in process is everyone’s responsibility which cannot be achieved in screwed environment (Kumar & Sharma, 2017).

Modern Technology has brought robust change in the manufacturing process resulting into robust increase in production process. Even latest technology has become the competitive advantage of 21st century organizations. Ferdousi et al. (2018) have found a positive relationship of Information Technology (IT) with TQM adoption. Study further reveals that developing IT infrastructure ensures the quality products and services which leads to competitive advantage of the organization. New technology deployment reduces the cost of production with better quality product (Junior et al. 2014). Another findings revealed that technology transfer alone cannot improve the quality performance unless the deployment of TQM (Bolatan et al. 2016). Above representation of literature clearly underpins twenty challenges are critical to TQM (Table 1).

Table 1: List of TQM Challenges

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<th>Influencing Factors</th>
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<td>1. Inadequate Knowledge of TQM</td>
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<td>2. Lack of Guiding Framework for TQM</td>
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<td>3. Inability to Change Organizational Culture</td>
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<td>19. Lack of Customer Focus</td>
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<td>20. Lack of Resources</td>
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3. Methodology

It is an exploratory study that follows qualitative paradigm of research. It used classical methodology of Interpretive Structural Modeling (ISM) in combination with Matriced’ Impacts Croise's Multiplication Appliquée a
UN Classement (MICMAC) analysis as methodological choice. Primary data has been collected from a homogeneous medium sized panel of experts from readymade garments industry of Pakistan. The panel comprised of sixteen experts having experience of more than ten years concerning the implementation of TQM practices. The data was collected according to classical procedure used in ISM studies. Standard procedure of ISM and MICMAC was applied and ISM Model (Figure 1) and driving-dependence diagram (Figure 2) have been prepared.

**Figure 1: ISM Model**

ISM model (Figure 1) shows that lack of employee trust in senior management is the most significant factor since it occupies bottom level. It should attract maximum attention of the management to implement TQM practices. This is a challenge that has powerful effect on other counterparts. Lack of guiding framework for TQM, lack of support and coordination barriers among departments have lesser severity than that of level-1 but still have moderate severe effect on other levels. Challenges like: lack of effective measurement criteria, lack of consistency of purpose, resistance to change, obsolete technology, lack of evaluation procedures and benchmark indices and lack of resources have fairly moderate linking role. Whereas all other factors fall on top level and are necessarily less severe as compare to lower levels.

**3.1 MICMAC Analysis**

MICMAC is analysis of driving and dependence power of the factors. Driving power has been plotted on the continuum of y-axis (i.e. weak to strong) whereas dependence is plotted on x-axis (i.e. weak to strong). MICMAC analysis has been divided into four quadrants (i.e. autonomous, independent, linkage and dependent). The factors have therefore been shown on the co-ordinates of driving and dependence to strike classification and relevant quadrant.
**Figure 2: Driving-Dependence Diagram**

**Autonomous**: These factors are relatively disconnected from the system. Barrier 17 falls in the first quadrant representing autonomous which has weak dependence and weak driving power.

**Independent**: These factors have high driving power and weak dependence. There are two factors i.e. 7 and 11 fall in second quadrant representing independent.

**Linkage**: These factors are linking factors in the model. They have high dependence and high driving power and they are relatively unstable and change in these factors causes corresponding change in other factors as well as a feedback change in them-selves. This quadrant contains: 1, 2, 3, 4, 5, 6, 8, 9, 10, 12, 13, 14, 15, 16, 18, 19 and 20.

**Dependent**: These factors have high dependence but low driving power. In Figure 2 there is no such factor appearing in quadrant namely dependent. That necessarily means, there is no clear cut dependent factor, however, factors 5, 9, 14 and 20 have high dependence power but since they also have high driving power as well therefore appear in linkage quadrant.

**4. Discussion and Conclusion**

ISM model provides the hierarchy of the factors which need to be analyzed. Lot of research has been surpassed on identification and hierarchialization of barriers in implementation of TQM practices using ISM. The barriers which have not been addressed previously and incorporated in this study are: inadequate knowledge of TQM, lack of continuous training and education, lack of support, bureaucratic organizational structure, obsolete technology, lack of employee trust in senior management, lack of consistency of purpose and training with no purpose. Previous studies (Table 2) conclude that lack of top management commitment is the most critical barrier in implementation of TQM practices in diverse organizations that urges much attention of the TQM practitioners to underpin this issue. However, in this study, the ISM model ranks lack of employees trust in senior management as the most crucial factor in implementation of TQM practices in readymade garment industry of Pakistan.

**Table 2: Comparison of Results with Previous Studies**

<table>
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<tr>
<th>Research Studies</th>
<th>Focus of Study</th>
<th>Technique Applied</th>
<th>Number of Factors</th>
<th>Findings of the Study</th>
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<tr>
<td>Study in hand</td>
<td>Challenges faced by TQM practitioners in readymade garment industry of Pakistan to implement TQM practices</td>
<td>ISM</td>
<td>20</td>
<td>Lack of employee trust in senior management</td>
</tr>
<tr>
<td>Muruganantham et al. (2018)</td>
<td>Barriers to implement TQM practices in automotive sector of India</td>
<td>ISM</td>
<td>21</td>
<td>Lack of top management commitment</td>
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<tr>
<td>Veltmeyer &amp; Structural inter-relationships among</td>
<td>ISM</td>
<td>16</td>
<td>Top management</td>
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TQM has become very important factor which can dictate the fate of the organizations in today's complex world. The aim of this study is to investigate the challenges faced by implementers of TQM practices in real world particularly that of readymade garment industry of Pakistan. The study is envisaged on thorough review of literature and ISM method in combination with MICMAC analysis. Findings of the study revealed that lack of employee trust in senior management is the most critical challenge to be addressed that occupies bottom of the model. Lack of formalized strategic plan for change and lack of leadership occupy highest position in the model hence attracts least attention. All other factors lie in between bottom and the top having different vitality on the continuum of preference. MICMAC analysis revealed that lack of consistency of purpose is autonomous, lack of evaluation procedures and benchmark indices and obsolete technology are independent and all other challenges fall in linking quadrant. Whereas no such challenge is exclusively categorized as dependent, however, most of the linking factors have high degree of dependence as well. Results of the study are very much aligned to the results of the previous studies including: Talib et al. (2011b) wherein the focus of study was barriers of TQM implementation and Muruganantham et al. (2018) wherein focus of study was barriers of TQM practice in the automotive sector. The study has contributed an ISM model towards the body of knowledge. It also contributed valuable insight by way of uncovering the direct and indirect relations among different factors of TQM and classifying them on the basis of driving and dependence power. It is useful for management of the companies, TQM managers and policy makers of quality management. This empirical investigation will help individuals and firms associated with readymade garments and textile industry to set priorities in TQM. As a way forward, if TQM challenges are addressed and properly implemented can ensure management to successfully implement TQM practices. Moreover, TQM implementation will bring a sound contribution to the readymade garment industry of Pakistan. This study is subject to limitation like data collection from one city of Pakistan that represented a particular segment. Therefore, it would be worth examining to the other sectors with the same setting to strengthen the generalizability of the findings. The study can act as a catalyst for future researchers and future research could employ longitudinal design to comprehend the change in perceived challenging factors in implementation of successful TQM practices in readymade garment industry.

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China Pakistan Economic Corridor: A Game Changer Project

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ARTICLE DETAILS

ABSTRACT

Pakistan and China has a long history of bilateral relations but the period from 2002 – 2005 witnessed boosts in economic ties and leadership of both the countries carried out frequent visits in order to address various economic and strategic challenges. The location of Pakistan on the World map considered as geo-strategic was now also being seen as geo-economic through Chinese perspective. China driven by market forces, development of western provinces, and its energy security concerns, started thinking to expand westwards. China Pakistan Economic Corridor (CPEC) being a subset of “One Belt One Road” (OBOR) was formally launched in 2013. This mega project has a potential to become a “game changer” for the region in general and Pakistan in particular. The opportune project faces a number of challenges which needs to be tackled in a timely and effective manner. Strategic location of Gwadar signifies its position in CPEC in many ways for Pakistan-China as well as for other regional countries.

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1. Introduction

Friendship between Pakistan and China has been termed as time-tested companionship, the one which is beyond the Himalayas, profound than the oceans and sweeten than honey. China has not only been a boundary sharing country for us but a bountiful and caring neighbor in our nation’s difficult times. During investment-laden visit by Mr. Xi Jinping, President of The People’s Republic of China to Pakistan in 2013, foundation of this friendship has further been reinforced and strengthened. Memorandum of Understanding (MoU) was signed between Pakistan and China in May 2013 (known as China – Pakistan Economic Corridor (CPEC) (Star, 2007). Since her emergence, China has proven to be an unwavering support to Pakistan, in terms of economic development, military assistance and political support on global diplomacy and international forums, especially by advocating our stance over the Kashmir and terrorism issues.

Gwadar has been a source of connectivity between Pakistan and China since decades. China agreed to investments of worth $46 Billion in Pakistan to upgrade the infrastructure for “China-Pakistan Economic Corridor” from Gwadar to Kashghar and to fortify the energy sector by directing $35 Billion in different power projects (Pakistan
Today, 2015). The plan, if well-executed and saved from political victimization, foreign interference, security issue and corruption, has huge potential of generating massive economic activities in the country (Pakistan Today, 2017).

CPEC, being part of Beijing’s OBOR initiative apart from creating opportunities also presents various challenges for Pakistan to make it a success. Integration of Iran and Afghanistan into the project on one end and depriving India any chance to spoil the broth at the other stems out to be the main challenges. Another most important challenge is to create a win-win situation for major regional as well as international players in order to ensure a “bandwagoning” effect in the project. This paper will highlight all the major opportunities and challenges with regards to CPEC and proffer a suitable way forward in order to get maximum out of this venture (Malik, 2012).

Aims and Objectives of this study is to analyze the strategic and economic significance of “China Pakistan Economic Corridor”, its implications for Pakistan – China and the Region and to proffer suitable recommendations.

2. China-Pakistan Economic Corridor

This project aims linking the Arabian Sea with China through a series of 2,442 km of road networks, railways and oil and gas pipeline running from Gwadar in the southwest of Pakistan to Kashgar in China surpassing the great Himalayas on its way. Chinese President in his recent visit promised a magnanimous $46 bn. for this project. In this mutual cooperation deal, 51 Memorandum of Understandings (MoUs) were signed, 8 unweveiling of plaques and inauguration of 5 power projects was carried out. It is so far, the biggest overseas investment by China which will change the fate of Pakistan’s Economy. It will also improve Pakistan’s telecommunication and energy infrastructure by adding 10,400 Megawatts to our national grid through coal, wind, solar and hydro power plants. A division size security force under Major General of Pakistan Army named as the Economic Corridor Support Force has also been established for the on ground protection of Chinese Engineers and staff working on the projects throughout the country. Few of the projects carrying significant value are as under (Star, 2007).

Second phase up gradation of Gwadar Port

a) Up-gradation of Gwadar International Airport  
b) Hazara Motorway  
c) Lahore Karachi Motorway  
d) Up-gradation of Karachi Peshawar mainline  
e) Havelian to Khunjrab rail track  
f) Orange Line (Lahore Metro)  
g) Havelian Dry Port  
h) Iran Pakistan gas pipeline  
i) GwadarNawab Shah LNG terminal and pipeline project  
j) China Pakistan joint Cotton Bio-tech Laboratory  
k) Cross-border Fiber Optic Data Communication System Project

3. Pakistan China – Time Tested and All-Weather Friends

Since their independence, Pakistan and China have remained allies. Pakistan was amongst the first few nations which recognized China as an independent state in 1950 and immediately settled its border issues with China. Similarly, China extended economic, militarily and technical assistance to Pakistan. To refresh our knowledge few considerable assistance rendered by China to Pakistan are listed below:

a) China has always strongly backed Pakistan by adding up to our security assets. When Pakistan was in the midst of testing times during 1966 because of the sanctions imposed by the US on defence exports, China supported Pakistan by equipping 2 Army divisions and provided MiG aircrafts to Pakistan air force.

b) In 1971, Pakistan launched mega project of Heavy Industries Taxila with heavy technological as well as monetary assistance from China. The weapon industry is thriving since then and its now indigenously producing a long list of sophisticated weaponry to the defence forces including Al-Khalid and Al-Zarrar tanks.

c) In 1980s, China helped Pakistan in establishing Nuclear Weapons and Ballistic Program and in 1989 Prime Minister Li Peng’s visit brought the elating news of setting up of a nuclear power plant in Pakistan.
d) The Chengdu Aircraft Industry and Pakistan Aeronautical Complex jointly started manufacturing JF-17 Thunder Fighter plane in 2003, a deal worth $5 bn. Tests show that it is equal in capabilities to Mirage 2000 and F-7s. Other contributions of China include K-8 Jet Trainers, F-22P Frigates with Helicopters, T-85 Tanks, F-7 Aircraft and multiple other gadgetries.

e) Now Pakistan is exporting indigenously produced weapons and equipment to many countries.

4. Gwadar Port Significance
Gwadar once used to be known as Sea food village at the shore of Arabian Sea. The hammer head shaped Gwadar enclave was first regarded as a potential port in 1954, when it was still under the control of the State of Oman. Later, Pakistan formally purchased this area for $3 Million in 1958. In 2002, General Pervez Musharraf took the initiative to exploit this place in the economic and strategic favor of Pakistan and began the construction of Gwadar Port. The port was planned to be constructed in two phases. In 2002 Phase-I was started and successfully accomplished in 2006 (Holmes, 2013). In this phase, 3 adaptable 200m wharfs were constructed with about 5 km long approach channels (Wikipedia). Phase 2, however, started in 2007 and blue prints of 4 container berths along with terminals for bulk cargo, grain and oil were sketched (Wikipedia). Initially Gwadar port was functioning upon by the Port of Singapore Authority International (PSA) on certain terms and conditions. Presently, the onus of responsibility of the port lies on the state-run organization called the Gwadar Port Authority but all management and operational tasks were handed over to the Chinese firm namely China Overseas Port Holding Company (COPHC) in 2013. The milestone of functioning of the port was achieved when the first ship “Pos Glory” anchored here in March 2008 bringing wheat weighing 75,000 metric tons (Dawn News).

5. Strategic Importance of Gwadar
Gwadar geographical location holds an advantage to keep watch on regional and extra-regional powers (marines) of the zone and also on shipping operation from Strait of Hormuz (Dawn News). The significance of the location is serious concern for policy designers of Western countries and India. Regardless that mere developed as commercial port it also beneficial to strengthen Pakistan’s nautical security. After Soviet Union disintegration there was abrupt haste to seize precious natural resource especially hydrocarbons.

Following few decades there be tussle between powers to protect resources transportation routes. There is already a visible control competition at choke-points, connecting routes, and ports which could exaggerate in future. Gwadar located at distinctive position of the North Arabian Sea a ‘strategic heart’. It at Indian Ocean connect to Persian Gulf due to which already hold geopolitical significance since there exploration of natural resources and regional power emergence. Gwadar connects with imperative and resources enriched regions which included Arabia, Persia, China, Central Asia and South Asia, having slight geographical connection with Central Asian Republics (CARs) and Russia. This regional connectivity multiplies cultural, economic and security activities of Pakistan.

In 1991, the decision was taken to construct Gwadar port when hydrocarbon-laden and mineral-rich CARs were in process to gain independence since they were dependent on Russia for goods and resources transportation. It was need of the time to opt for feasible and shortest access via North Arabian sea hot waters---either through Pakistan or Iran. Iran had hostile relationships with West and Gulf countries so to get connected with CARs’Gwadar was the desired choice. During post 9/11 period and Afghanistan evasion the security environment of the region was not feasible due to which Gwadar port construction could not emerge. For CARs, Gwadar port is sustainable entrance to the globe. For sea access, Afghanistan is dependent on Karachi Port of Pakistan. Gwadar will emerge as more feasible approach once there bemandatory connectivity and enhanced services provision. Due to security risks and political scenario Afghanistan is into trading via Iran which is unreliable, expensive and longer route (Reuters.com).

6. Challenges to Gwadar Project
The project entails a lot of challenges both for Pakistan and China. Some of the challenges, interests and benefits for both the nations are discussed in subsequent paragraphs.

6.1 Chinese Interests
The colossal Chinese investment on any foreign land worth Billions of dollars, for getting direct access to the Arabia Sea, speaks volumes about the importance of Gwadar and its significance for the Chinese nation (Times of
Islamabad, 2016). About 80% of the world trade to America (Tribune, 2015). European Union and Middle East including oil and industrial raw materials transit through the Arabian Sea. China is the biggest exporter of variety of commodities to the world. Presently she is using the trade corridor emanating from Shanghai Port through the China Sea till the Strait of Malacca and then trespassing the whole Indian Ocean to supply to the emerging consumer market of Middle East and Europe which is costing her a lot of exchequer (Din et al., 2009). Gwadar basically curtails this route and reduces the expenditure on trade by more than half (Garver, 2012).

i. Another aspect is that for running her industries, China depends upon the 6.3 million barrels of oil per day which is brought home after covering a route of 9,912 miles from the Middle East through the above mentioned route. This very long journey costs China $ 18 million every day. After having direct access from Kashgar to Gwadar, the distance will be reduced to only 3,623 miles which will save China enormous opulence daily (Hussain et al., 2014).

ii. China desires to maintain a robust control in these warm waters to keep a continuous watch over naval activities of India and United States. In this scenario, China can play a decisive role by potentially withholding or affecting this trade route. India has shown her concern over Chinese presence at Gwadar, as it gives India a sense of insecurity by the multiple Chinese built ports around the Indian Ocean.

6.2 Pakistan’s Interest
Pakistan is a multi-resource country. It provides thousands of opportunities for any kind of investment. The challenges being faced by Pakistan have kept investors at the bay including power shortage, low infrastructure, deteriorating law and order situation coupled with high inflation rates. The Government of Pakistan is endeavoring hard to bring the confidence of foreign investors back to Pakistan (Khan et al., 2012). The recent Chinese investment plan in the form of “CPEC” project has kindled a big hope in Pakistani nation which can prove to be very beneficial. This project can improve our economy to great extent (Takreem, 2013). The projects can benefit Pakistan in following fields:

6.2.1 Power and Energy Projects
Despite having many cost-effective resources for power generation in the country, Pakistan could not fully exploit any major energy projects in last 10 years. This has led Pakistan to face extreme power shortage directly affecting its industrial sector.

However, the Chinese investors have agreed to spend $33.7 Billion in strengthening the power sector in our country. The agreement includes multiple power generating projects all around the country based upon wind, coal, hydro and solar energy. In total 16520 MW electricity will be generated in 7 years, out of which 10,400 MW will be made available in first 3 years. This will surely amplify the activities in the industrial sector of Pakistan.

6.2.2 Communication InfrastructureDevelopment and its Effects
Rail and Road infrastructure is a clear indicator of the level of development in a country. It is imperative for an agricultural country where a reliable highway infrastructure allows the commodities to reach till the grass roots level. It gives a direct access to smaller farmer in reaching to the greater markets. Hence, for an agricultural state like us, construction of mega road and rail network through CPEC will undoubtedly bring green economic revolution in our country.

6.2.3 Pakistan Possesses the Prospects Of Increasing Its Growth In Industrial Sector
In addition, Pakistan possesses the prospects of increasing its growth in industrial sector, where it can provide an open opportunity for foreign direct investment (FDI) in the form of cheap labor and low expense Industrial Zones. Construction and operation of Gwadar port and economic corridor will subsequently sanction the government to establish free trade zones, industrial parks and other investment friendly projects along the corridor. Such incentives will ultimately attract immense FDI and Pakistan will soon be brought at par with the other tycoons of the developed world.

6.2.4 National Security Challenges
After construction of the project, China will rely on this trade route for its maximum power imports and exports and will not allow this route to be neutralized by anyone. This economic corridor will further intensify the Chinese
concerns over any Indian adventure in Pakistan. Security issues will be dealt by both China and Pakistan collectively.

6.2.5 Opening of Trade Routes for CARs
The disintegration of former USSR has led the mineral rich CARs to look out for trade routes towards South Asia, Middle East, Turkey, Europe and China. In the event of being fully functional, CPEC will provide huge advantages to these countries when compared to the ports of Iran. Gwadar, in contrast to Iran and Dubai, will be a free trade port levying minimal taxes upon the vessels berthing on this port.

7. Role of Major Regional Countries
Various countries in the region have their roles to play with various challenges and opportunities. Roles of Major countries in the region are discussed hereunder:

7.1 Role of Pakistan in Game Changer Project
Role of Pakistan in Game Changer Project Pakistan is confronting manifold challenges i.e. security issues, poverty, unemployment, shortage of infrastructure for industrial zones and rural and urban migration compounding a lot of problems in main cities. There is need to realize the changing certainties and through endeavors by adopting a composed tactic in monetary and fiscal policy to discover and capitalize all prospects so that economy progress may not get marred beneath strong powers benefits for creating job opportunities, developing industrial zone, rural and urban balance in provision of facilities. The CPEC will serve as a game changer if Pakistan overcomes security issues with its Western and Eastern neighbors which are substantial for security of Pakistan. There is also a need to stabilize political situation and resolve terrorist threat and its internal differences. This will help in organizing its own economy considering numerous industrial and sectors in all the provinces, so that the corridor may be utilized in promising way for developing road network, railway connections, energy sectors, industrial zone creating job opportunities and trade with central Asian countries.

7.2 Role of China as a Game Changer
The world scenario has changed after USSR’s disintegration into various states and due to current USA policies in the World. Consequently China has assumed the role of strategic power in Asia that can reserve peace and power stability in Asia and the globe. China can play a vibrant role to bring economic evolution of other countries of South Asia, Africa and Middle East. CPEC will be a game changer by creating collaboration between China and South Asia to diffuse other powers influence which included India and U.S. which are opposing CPEC and making efforts to exploit / cause damage to CPEC. China will enhance trade opportunities by reducing present route due to Gwadar-Kashghar route and will extend oil and gas pipeline to its underdeveloped province Xinjiang. It will support economic revitalization and well-being of South Asian region. Russian interest in the regional economic activities and improved relations with China are very beneficial for the region.

7.3 Role of Iran in CPEC
Regional environment has changed the scenario consequently In the world economy, Iran holds significant position and India is involved in Chabahar too. It will be a sensible approach if Iran get advantage and through CPEC reinforce Pakistan and China position. To the east of the country, Iran should provide access to the east zone being part of this venture which could enhance economy across the Sistan-Balochistan province through business and trade connections between Pakistan and China. Iran could offer lucrative access to Gulf region to states like India and Russia. This will be an open opportunity to have Iran-Pakistan gas pipeline in the region including central Asia. China has already engaged Iran in various trade activities which is good for regional economic environment.

7.4 Role of UAE
In the world scenario UAE is insignificant market. It would not acquire long term remunerations out of pretended strategic alliance with India. It is also a fact that India will not disrupt relations with key oil supplier who is partner in developing a port with Iran (long-8 standing opponent of UAE). The Gwadar Port and CPEC projects would be an act mainly in Chinese benefits and would have deep impacts on UAE’s relations with Pakistan.

UAE must weigh its options of joining this mega project thereby, creating a win-win situation for both Pakistan and UAE.
7.5 Role of Central Asian states
Central Asian States had hailed the CPEC, therefore Pakistan and China policy makers must embrace innovative strategies to influence CARs to be resilient with the idea of the future different projects. Pakistan, China and CARs may organize combined exhibitions to endorse business and trade by industrial linkages. Moreover, Pakistan and China both need to defuse the hostility for CPEC from Russian as it has dominance over the CARs to whom it would not like to modify its position. The government of Pakistan should opt for concrete steps for establishing strategic relationship with Russia in order to acquire the confidence of Russia for the CPEC that will also assist in reducing the US hegemonic plans in the region which is evidently in contradiction of Russia’s interests. On the basis of this ground reality it can be said that CPEC project is a game changer for the region and World trade/economic activity.

Figure 1: CPEC Routes

8. Recommendations
Great opportunity like CPEC might not be possible again in near future, hence, in order to gain maximum benefits from these projects, and also for its survivability, there are few recommendations which merit due attention:
a) The Government has to make concrete decisions over prevailing security situation to improve law and order in the country. In this regard, few issues having Strategic implications i.e. Terrorist Threats, Balochistan and FATA must be addressed and solution sought at high priority. The representation should include government representatives, military leadership, religious scholars and local notables who after being given full liberty and executive authorities, should be tasked to negotiate with all the armed groups and parties to abandon the spread of unlawful militancy and fundamentalism. Lot of work in this direction is already in process which needs to be expedited. In the same context, at foreign policy level, steps must be taken to find solution with Afghanistan to reduce /neutralize terrorist threats.

b) The major part of CPEC lies in Balochistan, therefore a stable social and security situation here requisites top priority. This would not be possible until the sense of ownership of this project is prevailed amongst the local population of Balochistan. The masses need to be enlightened about the benefits this project would herald in their province. This calls for a lot of efforts sincerely on part of the Government. In this regards, following recommendations are proffered:

i. The Federal Government should engage all stake holders including military and civil and keep them engaged /involved for reforms and steps being taken to address Balochistan issues. Special developmental funds be allocated for the Balochistan which should be spent in true letter and spirit.

ii. Political leadership must give special attention by spending appropriate time in Balochistan to personally monitor the development projects and law and order situation specially talks by military /civil to resolve issues with sub nationalists groups must continue. Policy must be devised to deal with the exile leaders who are promoting anti-Pakistan sentiments and creating law and order situation through foreign funding must be stopped.

iii. Construction of schools, hospitals and water pipelines to the far flung areas of Balochistan. More industries should be established to create more jobs and meet basic requirements of food, clothing and other basic products. Basic needs of people must be addressed at high priority.

iv. Recruitment of local population for all the development projects and other economic activities. Maximum people must be trained in Vocational and Poly Technology Schools and Colleges to overcome unemployment and be useful part of local industry.

v. To give sizeable representation in government, civil and military departments, the existing quota needs to be increased for Balochistan.

vi. Workable solution of issues like Gas royalty, Missing persons etc and probable solution should be urgently sought.

vii. Intelligence network should be widened to counter any foreign involvement in the province.

viii. Border management must be made more effective and workable so that no unwanted persons succeed to visit Pakistan for creating law and order situation in Pakistan.

ix. Engagement with Afghanistan and Iran Government must be made at highest possible to minimize the negative role of India through these countries for creating law and order situation to de-stabilize Pakistan.

c) A series of recently held visits by the top leadership of both Afghanistan and Pakistan show positive spirits in pursuits to Pak-Afghan relationship. Pakistan with its high ambitions for economic revolution, cannot achieve desired goals till it has too many foes around. Iran – Pakistan Pipeline Projects may also add colors in the bilateral relationship between both the countries. Pakistan has to reappraise its foreign policy largely based upon brotherly relations with neighboring countries, especially Afghanistan and Iran.

d) As far as India is concerned, the government should accumulate solid evidence against Indian Intelligence Agency RAW’s involvement in creating insurgency in Balochistan, Karachi and other areas and produce these evidence at all the international forums to play their part in bringing peace in the region. Specially, Indian in the
garb of trade with Afghanistan and using Pakistan territory must be checked strictly. Few major breakthroughs in the shape of apprehending Indian Spyshave already been brought in the notice of the UN and rest of the world.

e) Construction of roads and rail alone will not change the fate of the country, but might offer temporary jobs during the construction of said infrastructure. It calls for a full commitment and involvement by the Government to reimburse full benefits from these endeavors, such as:

i. Rising of multiple export processing zones in Gwadar especially and many economic zones in different parts of the country.
ii. Linking of regional highways with the economic corridor /motorways.
iii. Creation of business friendly environment for small / local investors.
iv. Projection of positive image of the country in term of security to attract more FDI.
iv. People of Balochistan’s interaction on long term basis must be increased with rest of the country for better understanding and good working relations

9. Conclusion
Pakistan has been struggling to improve its economy since long, but due to law and order / security situation and many allied issues like political instability barred the advancement ventures and kept the foreign direct investments away from our soil. CPEC has provided us great opportunity to get optimum benefits. Indeed Pakistan was in dire need of any such investment/ business opportunity, which could service in heightening the country’s economy. Nevertheless, opportunity in hands must be used to optimum and now responsibility lies on our shoulder how to fully expedite this great break to make a firm base for acceleration of its struggling economy. The success of this project may turn our geo-strategic dimension into a geo-economic dimension and may provide a suitable platform to settle our disputes with our regional neighbours. It will trigger a wave of self reliance, spreading a domino effect in uprooting all obstacles in formulation of independent policy making. With nation determined to strive for better bright future, economy will improve and CPEC will be a “Game Changer” and a “Destiny Changer” for Pakistan and the Region.

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Emotional Instability, Employees Work Outcomes among Academia: Compulsory Citizenship Behavior and Leadership Style as Moderators

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ARTICLE DETAILS

ABSTRACT

Nowadays Employees Work Outcomes is the primary concern of academia of higher education. Hence, to understand this perspective the current study has examined the impact of emotional instability on employees work outcomes (Workaholism, Organizational Citizenship Behavior and Burnout). This study also examined the moderating role of compulsory citizenship behavior and transactional and transformational leadership styles. Sample of the study was faculty members of public and private universities. Finding of the study showed that there was negative and significant relationship between emotional instability, workaholism and organizational citizenship behavior whereas, there was positive and significant relationship between emotional instability and burnout. Further results demonstrated that transactional and transformational leadership play moderating role in relation to emotional instability and workaholism. Nevertheless, this study will provide insight to develop policies to lowers the level of burnout, and will also help administrators to implement such leadership style that decrease emotional instability and raise performance.

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1. Introduction

Work is determined and worthwhile action, which people perform to accomplish and achieve psychological and physical demands. However, different feelings and emotions generated by work varies, as some perceive work as compulsion (Morin, 2004) and some view work as a positive feelings (Rothmann, 2003). Hence, work has both negative and positive impact on employees (Berg, 2006).

Over few decades, working environment has been changed remarkably (Rothmann, Mostert and Strydom, 2006; Worrall, Mather and Cooper, 2016). In this era of growing global economy the workers are demanded to invest more energy and time in work, which in return has decreased career opportunity and job security (Cooper, Dewe and O’ Driscoll, 2001). The educational and academic territory is considered as one of the service providing area. Many researches have indicated that instructors experience high level of burnout, emotional shakiness and those who are neurotics, have less interpersonal relations and positive association with burnout (Cano Gracia et al., 2005; Zimmerman 2008). Burnout is three-dimensional syndrome comprising mental, physical and emotional dimension as well as negative attitude towards career, people and life (Akbaba, 2014). Burnout comprises feelings of hopelessness, chronic fatigue, low self-esteem, low productivity and exhaustion (Salvagioni et al., 2017). According to Mathison (2015), the load and stress of working in teaching domain has been progressively increased in recent years which in turn has put continuous pressure on instructors. Anderson (2006) concluded that instructors...
during probation period experiences increased burnout due to their concerns about career building and heavy workloads.

The term “workaholism” is used with different synonyms such as heavy investment at work (Golden, 2014), work craving (Wojdylo et al., 2017) and excessive working (Andreasen, 2013). Initially this concept was thought to have correspondence with alcoholism as in both there are pattern of inappropriate obsession or reliance. However, the concept of workaholism grow with passage of time. Some researchers perceived workaholism from individual characteristics wise and mentioned them as depressed unhappy, neurotic catastrophic figure who do not fulfil their job obligation, and creates trials from idea of co-workers (Naughton, 1987). According to Kinman (1998), workaholism is a result of nature and policies of organization and one’s zest to do work. Broadly, the academic staff of universities face high work demands and low support. It is important to optimize workplace for optimizing the wellbeing of employees and their families. Due to intensive competition and globalization education sector are encountering the consequences of burnout (Mujtaba and Cartney, 2008). Professional burnout and stress has been examined in this sector and strategies to generate healthier work environment for successful job performance has been suggested (Sanford Kaila, 2017; King and Haar (2017). An organizational environment reinforces workaholic behavior and promotes work-addicts (Johnstone and Johnston, 2005). Universities seem to have various conditions linked with both poor psychological health and workaholic behavior (Winefield et al., 2014; Samad et al., 2015). The changes in education sector have intense impact on working environment and organizational culture in modern decades (Shattock, 2013).

Emotional Instability (Neuroticism) is defined an enduring and distinctive pattern, a tendency to view world as an alarming place, to experience unpleasant emotions such as anxiety, depression, anger, impulsivity, high susceptibility to stress and impulsivity (Djurkovic, 2006; Levine, 2018) and to put oneself in a situation that foster negative effect (Spurk et al., 2016). The term “Emotional Instability” is a part of FFM and is generally termed as “Big Five” (Costa and McCrae, 2017). Emotionally unstable personalities experienced less life satisfaction and poor subjective wellbeing (Olesen, Thomsen and O’Toole, 2015). Literature support about relationship between workaholism and emotional instability (Shkoler, Rabenu, and Tziner, 2017; Clark et al., 2010; Schaufeli, 2016).

Over the past few decades, the issue of leadership has been matter of concern. However, the debate of effective leader and leadership has been a hot topic in today’s world (Bolden, 2004). Leadership is broadly discussed concept based on the success of any institution, organization and nation (Nei et al., 2014; Harper et al., 2015). No single definition of leadership exists in the literature. Chemers (2014), described leadership as a process in which leaders influence group of followers to achieve objectives and to provide coherent or cohesive direction. Similarly, Nei et al (2014), viewed leadership as an attempt of leaders to influence others for achieving specific goals. The leadership concept is still in process of refinement (Goleman, Boyatzis and Mckee, 2013) and this refinement had led towards the development of transformational and transactional leadership style (Bass and Avolio, 1994).

Robert (2014), states that transformational leadership triggers, a positive change in worker’s attitude towards the goals and strategies of the organization. Bass (1995), outline four features of transformational leaders that enable them to trigger motivation in others and these features are IM (inspirational motivation), IS (intellectual stimulation), IF (idealized influence) and IC (individualized consideration). Whereas, Transactional leadership is a process of exchange in which leader and followers engage to attain goals (Hunter et al., 2013). Zhang (2015) proposed that transactional leadership is pivotal for the effective management as the effectiveness ultimately leads towards the success of any institution. Indeed, leadership style is the attitude of the leaders towards their subordinates and the behavior they exhibit on daily basis through interaction (Naseer et al., 2016). A leader plays important in both positive and negative behavior.

Organizational citizenship behavior (OCB) has been considered, as beneficial and valuable for organization (Knippenberg et al., 2015). Since its conception, it has been area of research and interest for many researchers and scholars (Chiang et al., 2012). Initially OCB was considered as an employee’s extra-role behavior at the workplace (Smith et al., 1983). Later researchers redefined the idea, referring Organizational Citizenship Behavior as a discretionary workplace behavior that is a part of the routine duties and which assist individuals psychological and social setting (Cem Ersoy et al., 2011; Zeinabadi and Salehi, 2011). Alfonso et al. (2016) outline two categories of OCB that are OCB-I (in which behavior is directed towards people) and OCB-B (in which behavior is directed towards organization). OCB-I comprises individuals who help their colleagues who are habitually absent from work.
and take personal interest in other employees. OCB-B comprises individuals who work for the betterment of the organization. (Alfonso, Zenasni, Hodzic and Ripoll, 2016).

Some researchers have found that organizational citizenship behavior occurs with the supervisor and organizational support (Chiang et al., 2012; van Knippenberg et al., 2015). Indeed, employees OCB have been recognized as a valuable behavior for organizations and societies (Dai et al., 2013; Podsakoff, 2013; Somech et al., 2013). Research conducted by Kumar et al. (2009) indicates that neuroticism (emotional instability) has no effect on organizational citizenship behavior.

The term “Compulsory Citizenship Behavior” originates from the reexamination of OCB (Organizational Citizenship Behavior). It represents the more negative side of the extra-role behavior at the workplace (Porpara, 1989). Vigoda Gadot (2006), coined the term “Citizenship Behavior”. Compulsory Citizenship Behavior has been described as workers violation of their readiness to display extra-roles that are conducted due to some organizational pressure or occupational factors (Vigoda-Gadot, 2007; Bolino et al., 2010; Zhao et al., 2014). Vigoda examines that expectation to display extra-role may put pressure on employee’s and make employees believe that they have to display organizational citizenship behavior to create a positive image in the workplace (Yam et al., 2017). Compulsory Citizenship Behavior is an enforced behavior in which workers take situational factor such as implicit oppression and suppression from authorities unwillingly and are vulnerable to it (Vigoda-Gadot, 2007; Bolino et al., 2015).

Compulsory Citizenship Behavior may deteriorate the employee’s psychological resources cause a person to encounter negative feelings and leads toward negative attitude and behavior at work. (Peng et al., 2012). Therefore, compulsory citizenship behavior reflects an instability between workers behavior and attitude. Bergeron (2007), noted that compulsory citizenship behavior markedly reduced job satisfaction, increased one’s intention of leaving the organization and cause work-family conflict (Bolino, Turnely and Nichoff, 2004).

When Destructive Leadership signals stress (Wong et al., 2018; Liu and Wang, 2013), the subordinates feel pressure of insufficient resources, therefore exhibit negative behavior such as CCB at workplace (Zang et al., 2014). Some studies have found that Compulsory Citizenship behavior reduce organizational performance and organizational effectiveness and increase workers intention to leave the organization, organizational politics and job stress (Vigoda-Gadot, 2007). The purpose of the present study was to examine emotional instability, employees’ work outcomes (i.e. workaholism, organizational citizenship behavior and burnout) among academia. Furthermore it was aimed to explore the moderating effects of compulsory citizenship behavior and leadership styles (transformational and transactional).

2. Objectives of the Study
   a) To access the association between emotional instability, workaholism, organizational citizenship behavior and burnout
   b) To inspect the moderating role of leadership style and compulsory citizenship in relationship of emotional instability, organizational citizenship behavior and workaholism and in relationship of emotional instability and burnout

3. Conceptual Framework
Model 1 (a)

Model 1 (b)

3.1 Method
3.1.1 Participants
Teachers working in public and private sectors have been taken for the current study. Data has been collected from different cities of Pakistan (i.e. Multan, Pakpattan, Lahore, Faisalabad and Islamabad). Convenient Sampling technique was utilized in the current study which means to select those respondents that are easily accessible in order to reach sample size. Participants who have omitted any response were not included in the study. The aim of the study was to recruit at least 400 participants. Five-hundred self-report questionnaires were distributed out of which 472 were returned. Due to missing values, 72 questionnaires have been dropped out.

3.1.2 Instruments
Instruments are being used in the current study, are as follow
   a) Big Five-Personality Inventory
   b) Organizational Citizenship Behavior Scale
   c) Short-Version Burnout Questionnaire
   d) Workaholism Battery (Work-Bat)
   e) Compulsory Citizenship Behavior Scale
   f) Leadership Style Questionnaire

3.1.3 Big Five-Personality Inventory
Scale devised by John and Srivastave (1999) has been applied to measure emotional instability. The Inventory comprises Forty-Four items. However, emotional instability has been measure using eight items from the inventory (i.e 4, 14, 19, 29, 29, 39) and three-items are reversed coded (i.e 9, 24, 34). Each Participants were supposed to specify the degree of disagreement and agreement for every statement. Likert-type Scale has been used (Strongly Disagree “5” to Strongly Agree “1”).

3.1.4 Organizational Citizenship Behavior
To measure organizational Citizenship Behavior scale of Smith et al (1983) has been used. Eight items have been adopted from their scale of which three item were reversed-scored (i.e 3, 4 and 7).
3.1.5 **Shorter-Version Burnout Questionnaire**
Burnout scale by Ayala Malach Pines (2005) has been used by using ten items. This scale access the individual’s level of mental and physical exhaustion.

3.1.6 **Workaholism Battery (Work-Bat)**
Workaholism Battery proposed by Spence and Robbins (1992) has been used to access participant’s degree of workaholism. This Battery consist of twenty five items which is divided into 3 sub-scales
a) Work Drive (3, 5, 14, 18, 20, 22 and 25)
b) Work Enjoyment (2, 4, 7, 9, 10, 11, 16, 17)
c) Work Involvement (1, 6, 8, 12, 13, 15, 21 and 24)
Items no. 1, 6, 8 and 11 are reversed coded .

3.1.7 **Compulsory Citizenship Behavior Scale**
Compulsory Citizenship Behavior was assessed by Vigoda-Gadot (2007) scale. It is five Likert-type item scale. “The management in my organization put pressure on employees to engage in extra-role work activities beyond their formal job tasks” is an example of item measuring compulsory citizenship behavior.

3.1.8 **Leadership Style Questionnaire**
Transformational and Transactional leadership style has been measured by Oterkiil and Ertesvag (2012). The questionnaire consists of eight Likert-type items distributed along two sub-scales: Transactional Style (1, 2, 3, 4) and Transformational Style (5, 6, 7, 8).

3.1.9 **Procedure**
Participants selected for the current study were given questionnaires at their work place. Instructions were being communicated to teachers on how to fill the survey questionnaire. Demographic sheet and informed consent were being attached with the booklet. Questions in other section were being coded to analyze data using SPSS and Smart-PLS version 3.

3.2 **Data Analysis**
3.2.1 **Reliability Analysis of the Construct Scale**
Firstly, the internal consistency among the items was measured. Internal consistency was measured by Cronbach Alpha having value 0 to 1. Result of the study demonstrates high internal consistency of the instrument.

<table>
<thead>
<tr>
<th>Scales</th>
<th>Items</th>
<th>Sample</th>
<th>Cronbach Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emotional Instability</td>
<td>08</td>
<td>400</td>
<td>0.722</td>
</tr>
<tr>
<td>Organizational Citizenship Behavior</td>
<td>08</td>
<td>400</td>
<td>0.750</td>
</tr>
<tr>
<td>Burnout</td>
<td>10</td>
<td>400</td>
<td>0.914</td>
</tr>
<tr>
<td>Workaholism</td>
<td>25</td>
<td>400</td>
<td>0.824</td>
</tr>
<tr>
<td>Leadership</td>
<td>08</td>
<td>400</td>
<td>0.885</td>
</tr>
<tr>
<td>Compulsory Citizenship Behavior</td>
<td>05</td>
<td>400</td>
<td>0.811</td>
</tr>
</tbody>
</table>

3.2.2 **Descriptive Information of the Participants**
The descriptive information of the respondent demographic characteristics showed that about 60% of the respondent were males. Mostly participant’s age was between 24 to 32 years. Majority of the participants were holding M.Phil degree. Out of 400 respondents, approximately 58% were having work experience between one to nine years, 52% respondents were lecturer and 88% were permanent employees. Approximately 60% respondents in this survey were government employees.

<p>| Table 2: Two-tailed Correlation among Variables |</p>
<table>
<thead>
<tr>
<th>Variables</th>
<th>EI</th>
<th>OCB</th>
<th>BO</th>
<th>WD</th>
<th>WE</th>
<th>WI</th>
<th>TS</th>
<th>TF</th>
<th>CCB</th>
</tr>
</thead>
<tbody>
<tr>
<td>EI</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OCB</td>
<td>-.135**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BO</td>
<td>.519**</td>
<td>-.464</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WD</td>
<td>-.114*</td>
<td>.499**</td>
<td>.076</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WE</td>
<td>-.441</td>
<td>.511**</td>
<td>-.130**</td>
<td>.573**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WI</td>
<td>-.265**</td>
<td>.503**</td>
<td>-.032</td>
<td>.597**</td>
<td>.497**</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TS</td>
<td>.085</td>
<td>.271**</td>
<td>-.056</td>
<td>.254**</td>
<td>.243**</td>
<td>.219**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TF</td>
<td>.052</td>
<td>.322**</td>
<td>-.094</td>
<td>.263**</td>
<td>.307**</td>
<td>.209**</td>
<td>.658**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CCB</td>
<td>.334**</td>
<td>-.117*</td>
<td>.459**</td>
<td>.072</td>
<td>.007</td>
<td>.048</td>
<td>.128*</td>
<td>.057</td>
<td></td>
</tr>
</tbody>
</table>

*p<0.05, **p<0.01, ***p<0.001

3.2.3 Hypothesis Testing and Direct Effect

In order to test hypothesis and to determine direct association between the variables including t-value and path coefficient, a structural model of Smart (PLS) has been utilized. This study utilized bootstrapping resampling for 400 observation. The t-value should be > than 1.64 for significant relationship. The central theme of the present study was to determine model evaluation by analyzing the direct association and to verify the proposed assumed relationship of the variable with the help of structural model. However, in the current study (05) hypothesis have direct relationship were analyzed, out of which (04) were supported and only (1) was not supported. Moreover, figure (1) demonstrates direct effect.

![Structure Model of Relationship](image)

**Figure 1: Structure Model of Relationship**

Figure (1) fully explains and highlights the direct effect of each variable on the dependent variable.

**Table 3: Summary of Direct Hypothesis Testing**

<table>
<thead>
<tr>
<th>Direct Hypothesis</th>
<th>Beta</th>
<th>SD</th>
<th>T Stats</th>
<th>P Values</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>EI→WH</td>
<td>-0.390</td>
<td>0.050</td>
<td>8.100</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>EI→WD</td>
<td>-0.442</td>
<td>0.121</td>
<td>3.615</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>EI→WE</td>
<td>-0.483</td>
<td>0.121</td>
<td>3.921</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>EI→WI</td>
<td>-0.426</td>
<td>0.112</td>
<td>3.823</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>EI→OCB</td>
<td>-0.263</td>
<td>0.084</td>
<td>3.145</td>
<td>0.002</td>
<td>Supported</td>
</tr>
</tbody>
</table>
In order to test hypothesis and to determine the significance of path coefficient, this study utilized bootstrapping resampling method. In the table (3), the results demonstrated that there is negative relationship between emotional instability and workaholism and its dimension (work drive, enjoyment, involvement). The result came out to be significant because the level of significance is 0.000.

The result revealed that there is a negative relationship between emotional instability and organizational citizenship behavior and it has been found that there is positive association between emotional instability and burnout. Whereas, dimension of workaholism is also negatively associated with organizational citizenship behavior and work drive and involvement has no direct relationship with burnout.

### 3.2.4 Moderation Analysis
Ramaya et al. (2011), demonstrate that the analysis of moderation explains that how the variable of moderation effect the strength of relation between dependent and independent variable. Moreover, the moderator variable is added if there is a weak link between independent and dependent variable. In this study Smart PLS (3.0) has been utilized by adding interaction term in the model. Moreover, before adding interaction term R-square will also be examined. Additionally product indicator approach has been also employed.

Lastly, this study examine moderating effect of transactional and transformation leadership style on the association between emotional instability and workaholism. The moderating role of compulsory citizenship behavior has been also examined among relation of workaholism and organizational citizenship behavior and in relationship of workaholism and burnout.

#### Moderation Result

<table>
<thead>
<tr>
<th>Moderation Hypothesis</th>
<th>Mean</th>
<th>SD</th>
<th>T-value</th>
<th>P-value</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>TS Moderator→ WH</td>
<td>0.181</td>
<td>0.037</td>
<td>4.850</td>
<td>0.000</td>
<td>Moderation</td>
</tr>
<tr>
<td>TF Moderator→ WH</td>
<td>-0.144</td>
<td>0.038</td>
<td>3.730</td>
<td>0.002</td>
<td>Moderation</td>
</tr>
<tr>
<td>CCB Moderator→ OCB</td>
<td>0.218</td>
<td>0.063</td>
<td>0.341</td>
<td>0.732</td>
<td>No Moderation</td>
</tr>
<tr>
<td>CCB Moderator → BO</td>
<td>0.087</td>
<td>0.095</td>
<td>0.093</td>
<td>0.351</td>
<td>No Moderation</td>
</tr>
</tbody>
</table>

The result indicated that transactional leadership strengthen the relationship of emotional instability and workaholism whereas, transformational leadership style weaken the relation of emotional instability which defend the hypothesis. The result indicated that Compulsory citizenship behavior has no moderating role in relationship of workaholism and organizational citizenship behavior and it does not effects the strength of relationship of workaholism and burnout.

### 4. Discussion
Firstly, it was hypothesized that emotional instability is associated with workaholism and its dimension (drive, enjoyment and involvement). The results of our study indicated that emotional instability is negatively associated with workaholism and its dimension. The emotional unstable personalities usually experience negative emotion, less enjoyment and are less engaged in their work. So many researchers have concluded that emotional instability is positively associated with all dimension of workaholism (Or Shkoler et al., 2017; Souckova et al., 2014). As it revealed by many researchers work has the potential to elevate negative emotion (Ng et al., 2007). Therefore, working can be considered as mood modifier. Workaholism is discover as a personality trait by many researchers. So the higher score on traits such as neuroticism, leads to workaholic behavior (Andreassen et al., 2012; Burke et
According to Shkoler et al. (2017), the individuals who are more emotional unstable are more work driven.

Secondly, it was assumed that emotional instability is associated with organizational citizenship behavior. Results indicated that emotional instability is negatively associated with organizational citizenship behavior. It means that academics who are emotional unstable lacks voluntarily commitment. The finding of our study are in line with study conducted by Jabbar et al. (2012) and Youngkeun et al. (2013). All these researchers found significant and negative relationship between emotional instability and organizational citizenship behavior.

Thirdly, it was hypothesized that emotional instability and burnout is associated with burnout. Results revealed that emotional instability is positively associated with burnout. It means individuals who are emotionally unstable are easily frustrated at the workplace. The finding of our study is supported by study of Kokkinoss (2007), who found that neuroticism is positive predictor of burnout. The perfectionist workaholics are less adaptive and display more maladaptive behavior. Many studies of work domains support, this supposition that emotional instability is associated with all the dimension of burnout (Hill and Curran, 2016).

Fourthly, it was assumed that workaholism and its dimension are associated with organizational citizenship behavior. The result unveiled that workaholism and its dimension are positively associated with organizational citizenship behavior. This indicates that employees, who are highly driven, full involve in their work and enjoy their work shows high level of organizational citizenship behavior. This supposition is supported by the study of Ali et al. (2012) who found meaningful and positive relationship between organizational citizenship behavior and dimensions of workaholism.

Another assumption was that workaholism and its dimension are associated with burnout. Findings showed that workaholism and its dimensions have no relationship with burnout except work enjoyment has negative relationship with burnout. These findings were not consistent with many researches, which examined the association between workaholism and burnout. According to Marcello, workaholism is a predictor of burnout. (Marcello et al., 2018) Out of three dimension of workaholism, work drive is considered as strongest predictor of burnout (Goncalves, 2017). As in Pakistani perspective, employees work only for their job security and the fulfillment of essential needs. They are less committed and disorganized individuals who only work to achieve power (Oates, 1970). Therefore, work drive and involvement has no relationship with burnout.

Transformational and transactional leadership styles moderate the relation of emotional instability and workaholism. Results suggested that when transformation leadership is high it will reduce negative relation of emotional instability and workaholism.

Present study also hypothesized that compulsory citizenship behavior moderate the relation of workaholism and organizational citizenship behavior and the relation of workaholism and burnout. Findings does not support this assumption and suggested that compulsory citizenship behavior has no moderating role in relation of workaholism and organizational citizenship behavior and in relation of workaholism and burnout.

Nevertheless, all workers are not passionate to display voluntarily commitment and may feel pressure to conduct organizational citizenship behavior. According to Bolino et al. (2010), citizenship pressure is particular job requirement due to which employees feel pressure to perform OCBs. Vigoda-Gadot (2006; 2007) states that the voluntary nature of organizational citizenship behavior may change when employees face external pressure and OCB become a requirement. The individual who are highly driven enjoy their work and involved in their work display voluntarily commitment to their organization so external pressure does not affect their committed behavior (Ali et al., 2012).

5. Practical Implication

The individual differences have ample influence on work (the amount of time and energy invested at work). Therefore, employees’ related decision should be accounted. The management should give more attention to impact and interaction of external and internal aspects as these highly influence organizational practices.

At macro level, organization promotes long working hours and expect their employees to spend time at work than formal job obligation for the enhancement of their organization. The appreciation can be shown by organization in
numerous ways. For example according to Shimazu et al. (2015), employees who work for longer hours are considered as role models or heros. Such working environment may activates work drive, therefore organization should consider some intervention. So, employees get more involved, extracting pleasure from their work and overcoming negative consequences.

In order to maintain and build inter-personal relation with worker, management plays a crucial role. Inter-personal relationship with worker aid to exalt employee’s enjoyment and to elevate their job performance. The results of the current study support the contention and stressed on the importance of the management (transformational leadership style) in contributing towards workers experience at the workplace. In fact, managerial skills lead to the development of good interpersonal relations between the boss and workers.

6. Conclusion
This study investigates the relationship between variables such as emotional instability, workaholism, organizational citizenship behavior, burnout, leadership style and compulsory citizenship behavior. The result of the study indicates that emotional instability has direct relationship with organizational citizenship behavior and burnout. Moreover, the study also reveals that workaholism play mediating role in relation of emotional instability and organizational citizenship behavior. Further, the study also shows that transformational and transactional leadership style plays a moderating in relation of workaholism and organizational citizenship behavior.

References


Islamabad’s relations with the Washington have had a chequered history. Socio-economic, political differences and national interests exacerbated by diplomatic ineptitude, as well as the obstacles inherent in relations between a developing country and a superpower, have all united to make it so, while strategic compulsions and geo-political relations on both sides have forced to bring the two countries closer. This should be emphasized that the chequered history of Pak-US relations, the shifting emphasis and the changing proclivities of the US administration and public, the nature and the constraints of the US commitment to Pakistan’s security, all make it absolutely imperative for Pakistan to take every step with the utmost care. Pakistan should realize that Washington policy on security issues could probably rebound to Islamabad’s benefit currently, but definitely not on all times in the future, as there are difficult options ahead for both Islamabad and Washington on basic strategic interests. However 9/11 incident and war on terror took back the warmth relationship of 1950s decades. Again Pakistan is playing the role of front line state to eradicate the menace of terrorism from the world and restore peace and stability in the region with the collaboration of USA and its allied forces, even Pakistan is enjoying the status of non-NATO ally.

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1. Historical Background of Pak-US Relations
USA was least interested in South Asian affairs till World War 2. After World War 2 it started to enhance its influence in the region. The only motive behind this was to make a wall against Communist bloc. At that time South Asian region is influenced much by America, Russia and China (Alamgir, 2011).

USA remained adamant towards sub-continent till 1949 when communist reign established in China. Now USA feared that others Asians countries might not come under Communism. To counter China and contain communism USA turned its eyes towards India. For USA it was India who could balance China in Asia due to its size and estimated potential. Keeping in view this invitation was extended to Prime Minister Jawaharlal Nehru to make an official visit to the United States. At first United States completely ignored Pakistan and no similar invitation was extended to Liaquat Ali khan. It was only after Russia had invited the Pakistani Prime Minister that the United States extended the same courtesy to him.

Liaquat Ali Khan’s visit in May 1950 provided an opportunity to explain the objectives and motives of the newly born state to the leaders and people of the world’s most powerful state. Contrary to Nehru’s policy he said that the motive behind his visit was to assist America to discover Pakistan (Burk, 1973).
To modernize armed forces and infrastructure development Pakistan needed financial support which forced it to develop its relationship with United States. However it is not known when Pakistan asked for military aid from the United States (Muqeem, 1963).

He demanded Arms for the Pakistani forces to make the entire world safe and fight against Communism. Although Liaquat Ali Khan made Pakistan more close to America ideologically but India was still America’s number one choice in America (Burke, 1973).

Actually Pakistan has no historic and traditional basis of its foreign policy. An important aspect of Pakistan’s foreign policy is that its attitude towards others nations is determined by its relation with India. Pakistan adopted pro-west policy due to various reasons including: fear of insecurity against India, elite class belonging to feudal and military classes had western orientation and political instability in Pakistan. Keeping in view all these aspects Pakistan entered into alliance policy with United States. First agreement in this regard took place in 1954 which is known as mutual defense assistance agreement. Later In the same year both the countries signed south East Asia treaty organization and in 1955 Baghdad pact later known as CENTO cemented both the countries in cordial relationship. Pakistan got economic and military aid from US government after signing of these alliances. Pakistan’s relationship with United States in 50 decades illustrated: American guidance and interference in Pakistan’s internal affairs, to use Pakistan as a market for its own finished goods, keep influence in the region and running of its industries. Moreover United States wanted to maneuver Pakistan’s strategic location for the attainment of its objectives in the region. These were to keep check on Communist states of China and Soviet Union as well as safeguarding its oil interests in the Persian Gulf. Repercussions of Pakistan’s policy of alignment were heinous: public turned against this policy, Pakistan’s relations with Muslim countries affected like Afghanistan, Saudi Arabia and Egypt and it also antagonized the two Communist giants-China and the Soviet union. Moreover questions were raised against sovereignty and freedom of Pakistan. Kashmir issue was also influenced under these circumstances.

2. Relationship During Ayub Era
Till 1958 Pakistan had realized that it had lost much due to its policy military alliance. Now Pakistan contrary to its policy of alignments moved towards policy of partial alignment and cultivated friendship with China. Also Kennedy’s ambition of making India to be a free and thriving leader of Asia made Pakistan suspicious against US. Pakistan opposed US aid to India in Sino-Indian war of 1962. According to Pakistan India would use this aid to fulfil its ‘long cherished dream of Asian leadership’. This would also disturb balance of power in south Asia and ultimately this aid would be used against Pakistan (Arif, 1984).

When Ayub Khan assumed power as President “Pakistan had become America’s most allied ally in Asia” (Khan, 1967).

The relations between the two countries cemented into strong bond during the second term of President Eisenhower. Moreover President Ayub Khan was in a position to develop strong relations with the United States. “The US surveillance flights over the Soviet Union from Peshawar (Bada Ber) airport are a case in point (Marchchi, 1975).

What change occurred during President Ayub regime was not to break away from the alliance but at the same time to maintain a balance of cordiality with the other big powers. Formation of Regional Cooperation for Development (RCD) on 22 July 1964 at Istanbul was also the aftermath of its policy of partial alignment. Indo-Pak war of 1965 forced Ayub Khan to resist its policy towards United States (Arif, 1984).

Pakistan was not happy with the United States over its attitude on Pak-India war of 1965 despite being an ally, “Those (nations) who do not pass (the) test of friendship must forever be regarded by the present and future generations of Pakistanis as hypocrites and time-servers for whom a nation like Pakistan can have no use. We also must warn the perfidious in our midst because we know the there are some who are trying to keep as under the spell of various delusions” (Dawn, 1965).

3. Relations During 1970s
At this stage President Johnson of America imposed ban on all aid to Pakistan and India and assumed neutral stand. All this created an anti-west furor in Pakistan and demanded for a withdrawal from the alliance. In 1969 Nixon
became the president of US who had soft corner for Pakistan. Ban on Pakistani aid was lifted but 1971 Indo-Pak war changed the scenario in the region and US officially cancelled its aid to Pakistan. US government pretended to adopt neutral policy during 1971 Indo-Pak war. But the presence of seventh fleet in the Bay of Bengal diverted the Indian ships away from Pakistani troops and exerted psychological pressure on India. In 1971 Bhutto threatened if US did not provide arms aid Pakistan would start quest for nuclear. This threat proved fruitful and US resumed arms supply to Pakistan (Arif, 1984).

Prime Minister Bhutto’s government faced a challenge in May, 1974 when India made an underground nuclear explosion at Pokhran. To counter India’s nuclear capabilities Pakistan started to seek a nuclear weapons program. That was an alarming situation for the US administration (Dasgupta, 2004).

From 1976 Pakistan decided to make progress in nuclear program and entered in deal with France on nuclear reprocessing Plant. US made all its efforts to halt Pakistan nuclear program and threatened to stop aid and supply of A-7 bombers to Pakistan. When Pakistan remained adamant President Carter, the next American president cancelled all aid to Pakistan (Arif, 1984).Sanctions were imposed on Pakistan during administration of President Ford and later Jimmy Carter (Dasgupta, 2004).

Pakistan threatened to withdraw from CENTO and developed cordial relationship with Soviet Union. Thus this period showed erosion in Pakistan’s tie-up with the US.

4. Relationship during Soviet invasion of Afghanistan

US president Jimmy Carter approved a broader covert action program on December 29, 1979 in which CIA was asked to provide military weapons and ammunition for the Afghan Mujahideen (Kissinger, 1979).

In January 1980 President Carter approved a package of $ 400 million in military and economic sectors for Pakistan. However President Zia rejected this offer calling it “peanuts”. He demanded $ 2 billion aid to rebuild the Pakistan armed forces. When Reagan became the President of USA Pak-US relationship went back to fifties. President Reagan adopting the policy of “deterrence” restored all aid to Pakistan. Pakistan was provided with F-16 aircrafts, superior variety of tanks, anti-tank weaponry, armored helicopters and advanced radar systems (Arif, 1984).

During Afghan war Pakistan acted as reliable ally for US and Washington helped Pakistan also in the nuclear field. Islamabad gained different aid packages from the US administration in different fields (Jalil, 2017).

All this showed US, s self-interest and it was motivated by its own strategic compulsions and global perceptions of international policies. It foremost motive was to establish its own superiority in south west Asia through Pakistan as Pakistan was the back-door to the gulf and by its standing in the Islamic conference could influence the Muslim World (Arif, 1984).

5. A New Phase of Relationship after Geneva Accords 1988
After Geneva Accord of 1988 Pakistan and USA had not cordial relations. In south Asia India was number one choice of America to safeguard its interests in the region. After Afghan war USA imposed sanctions on Pakistan under Symington, Pressler and Glenn amendments. USA was also unhappy with Pakistan due to dictatorship and absence of democracy. Pakistan was under a severe kind of economic crisis and World Bank had warned that Pakistan was in extreme vulnerability. Extremism in Pakistan had flourished due to: low literacy rate, high rate of debt and the bad economic condition (Akhtar, 2012).

Pakistanis felt betrayed and isolated by their “old friend” and “ally” when sanctions were imposed on Pakistan by US. After Soviet Union expulsion from Afghanistan US had a tilt towards India and the Pakistanis at that time deemed the Pressler Amendment specifically imposed on Pakistan and the sanctions were unjustified (kroastodt, 2004).
6. Incident of 9/11 and Pak-US Relationship

During President General Pervaiz Musharraf’s period “Pakistan was moving closer to a “failed state” case and its nuclear and missile programs were a constant concern for policy makers in Washington. “9/11 changed the nature of US-Pakistan relations once again the US President George Bush asked the world to make a clear choice to side with the US with the slogan you are either with us or against us” (Mustafa, 2016).

Indo-US strategic relationship worried Pakistan after the collapse of the Soviet Union which increased steadily despite India’s nuclear explosions in 1998 and especially in the aftermath of 9/11. This relationship raised many questions in the mind of policy makers in Islamabad and there was a feeling how to combat with the external security environment. The new US Security Strategy Paper of September 2002 also showed a strategy shift in US foreign and security policy. Islamabad expressed its reservations and emphasized on international community to adopt a cautious policy regarding: post 9/11, the policy about arch rivals Pakistan and India, the parameters dividing South Asia and the presence of external military forces not only in the Indian Ocean also in Central Asia. “The Indo-US agreement to jointly patrol the Indian Ocean from the Red Sea to the Malacca Straits reflects the redefinition of India’s strategic milieu to effectively include the whole of Asia. Drawing the Central and West Asian regions more directly into the South Asian strategic milieu have been the various schemes/proposals for oil and gas pipelines. And now there is India’s direct military presence in Central Asia with the setting up of an air base in Tajikistan at Farkhor” (Scot, 2008).

After 9/11 US adopted such security policy towards India that made Pakistan suspicions against United States. Indo-US military cooperation worried Pakistan that it would disturb balance of power in South Asia and it would tilt towards India. US approval of Israel’s arms deal with India also roused to many questions in the mind of Pakistan (Nayak, 2005).

US always gives much importance to Pakistan in South Asia due to its strategic location. After 9/11 war on terrorism brought both the countries close to each other ever before in the past. In Pak-US relationship many ups and down occurred. Pakistan decided to side US in war against terrorism despite public agitation against this decision. Pakistan’s geostrategic location makes it more important to USA. After 9/11 US Interests towards South Asia of wide range. These were: to combat terrorism threat, restore peace in Afghanistan, to check the nuclear weapons proliferation, stability in South Asia by normalizing the relations between India and Pakistan and to promote democratization and human rights (Akhtar, 2012).

Washington’s policy interests towards Islamabad included a wide range of issues like: religious extremism, counterterrorism and missile proliferation. Apart from this other US interests in South Asia encompassed democratization, regional stability, economic reforms, fundamental rights and endeavors to counter narcotics trafficking. These were affected by several key developments in recent years including the September 2001 terrorist attacks against the United States, democracy-related sanctions, a continuing bilateral nuclear standoff and Pakistan-India conflict over Kashmir (Aamir, 2004).

War on terrorism proved catastrophic for Pakistan yet Pakistan is continuing to fight against this war with US military and economic help. Pak-US relationship was good till 2011 despite American demand of “do more”. After 2011 certain incidents occurred which put cracks in the relationship of two countries like: killing of Osama in Abbottabad, Salala Check post incident, Raymond Devis and the vacation of Shamsi air base by USA. Although such incidents have proved fatal for the good relationship but both the countries are seemed to be committed enough to root out terrorism from the region by collaborating with each other.

USA was well aware of the fact that Taliban were not responsible of 9/11 incident. It was their decision to provide asylum to Osama bin laden who have started jihad against America forced USA under NATO forces to launch attack against Afghanistan. Again Pakistan’s same status of 1979 of “front line state” was emerged due to its geo strategic importance. USA needed air space basis and logistic support to which more suitable country was Pakistan. At this juncture Pakistan’s economy was not stable and it needed help to make it better. Various channels were utilized to make Pakistan ally in this war on terror. Despite public pressure of not joining this war president Perverz Musharraf in his address to nation on September 19, 2001 expressed various concerned like: Pakistan’s security and stability, nuclear and missile program, Kashmir issue and revival of economy are vital for national interests, while President Bush used harsh words and threatened Pakistan “Are you with us or join the terrorist?”. When Pakistan joined the allied forces all sanction imposed on Pakistan were lifted under Brown back it. Although Pakistan was
provided with million dollars lieu of its services rendered against war on terror but also paid heavily in shape of massacre of innocent citizens due to suicide attacks, rising of questions about its sovereignty and downfall several institutions (Akhtar, 2012).

Before 9/11 USA completely ignored Pakistan and preferred India in Asia but after the occurrence of 9/11 incident Pakistan has become staunch ally of allied forces against war on terror (Jabeen et al., 2010).

7. Pakistan Strategic Supports to USA Its Impacts on Pakistan Economy
Islamabad became a reliable ally for US in the war on terror after 9/11 terrorists attack on US. Islamabad banned many groups like Lashkar-e-Jhangvi and Lashkar-e-Taiba involved in terrorism and even used power against them due to their anti-state activities. In Pakistan Al Qaeda-related arrests were made which included Khalid Mohammad, Abu Zubaydah and Ramzi bin al-Shibh (Joseph, 2004).

Pakistan provided all kind of logistic support to allied forces. Pakistan handed over Jacobabad, Shamsi, Dalbandin, and Pasni military basis under US control. Also Pakistan deployed 35000 troops on border line and captured 420 terrorists belonging to Taliban and Al-Qaida. Technical and human intelligence assistance services were also given to coalition forces. USA responded immediately and provided $1 billion in shape of grant, wrote off $1 billion debt and gave $1.2 billion for arms. To strengthen Pakistan military force $3 billion in economic aid and military training was given by USA. But the repercussions of war were horrible as many soldiers and innocent citizens were killed. Suicide attacks and bomb blasts took place on daily basis. About 200,000 soldiers were deployed at frontline and 90,000 were taking part in fighting (Fair, 2004).

Since 2001 in war against terrorism Pakistan had to face heavy economic loss resulting in $68 billion. “According to statics record till April 2011, the country suffered 8,141 incidents of terrorism-many more have occurred since then. In return, the country has received only $15 billion to $17 billion in assistance, at an average of some $374 million a year.”

The whole country was engulfed with the incidents of terrorism from North and South Waziristan, to settle areas of KPK and Capital. Public opinion turned against United States. Since 2002 US aid to Pakistan was $8.5 billion while economic loss was $43 billion. For USA peace and stability in South Asia region is very important. In South Asia war on terror brought both the countries close to each other for restoration of peace and stability. Both India and Pakistan possess nuclear weapons with ballistic missile system in South Asia. After 9/11 United States deems it necessary to bring these countries close without any confrontation which is necessary for the stability and security of South Asia. Therefore with the collaboration of Pakistan USA is making all its efforts to restore peace in Afghanistan. As South Asian states are also very significant from manpower and economic point of view. United States also wants to get maximum benefits from this aspect as well (Akhtar, 2012).

Indian officials expressed deep concerns over United States growing relationship with Pakistan and providing billion dollar aid in certain sectors. After 9/11 US policy towards Pakistan was as it existed during cold war. US lifted all sanctions imposed on Pakistan and provided billion dollar aid to Pakistan for its economic revival aid to combat war against terrorism (Riaz, 2011).
Pakistan gained much importance in world politics due to its geo-strategic location. Any country while making its relations with other in the region can’t underestimate Pakistan due to its importance in the comity of South Asian states. China, Iran, Afghanistan and India are its neighbors (Amedeo, n.d).

Pakistan’s geo-strategic importance is explicated from the fact that even India relies on Pakistan for energy route. All the regional states rich in natural resources like China, India, Russia and CARS are neighboring states of Pakistan (Malik, 2012).

After 9/11 Afghanistan became the central point of regional as well as world politics. It has become center of opium production and terrorism. United States is quite aware of the fact that restoration of peace in Afghanistan is possible only with the help of Pakistan. Pakistan has already played an effective role in the expulsion of Soviet forces from Afghanistan and conclusion of Geneva Accord of 1988. With Pakistan support Taliban government was abolished in Afghanistan and Pakistan is providing all kind of assistance to USA in washing out terrorism in Afghanistan. NATO forces could reach to Afghanistan through, Turkmenistan, Tajikistan and Iran but the easiest route belongs to Pakistan. USA gives much importance to India in South Asia to counter China. China, on the other
hand, gives same status to Pakistan. China for its trade route to Middle East and Central Asian states also attaches much importance to Pakistan. Chinese interest in Gwadar Port is also due this factor. Pakistan’s easy access to Central Asia and Middle Eastern states and nuclear capability enhances its geo-strategic importance (Akhtar, 2012).

8. Trust Deficit in Pak-US Relationship
Between Pakistan and United States there is found a long history of trust deficit. Strategic partnership is visible between the two after 9/11 but killing of Osama bin Laden on 2nd May, 2011 in Abbottabad created mistrust between the two. Pakistan’s relations with neighbor countries also led to distrust between United States and Pakistan.

US relationship with China is not friendly. It dislikes Pakistan’s relationship with China. Also Washington has cordial relationship with Kabul and New Delhi to whom Pakistan is not friendly. Other cause of distrust is the clash of interests between the two in the region. Civil nuclear deal between India and USA is disliked by Pakistan. Gawadar Port project is against American interest. USA opposed Iran, Pakistan and India gas pipe line project. However Pakistan concluded an agreement with Iran on gas pipe line despite USA opposition (Islam, 2011).

Nuclear issue also put hurdles in good relationship between US and Pakistan. Pakistan’s quest in nuclear program has always been remained very important in Pak-US relationship. United States fully opposed it when Pakistan started this program. US pressurized Pakistan not to make atomic explosion when India made atomic explosion in May 1998. Pakistan while keeping aside global and US pressure made nuclear explosion on May 28, 1998. After nuclear explosion American President imposed sanctions on Pakistan. However US lifted all these sanctions after the incident of 9/11. Both the countries were however under US pressure to sign CTBT and NPT. In 2002 Pakistan has to face severe criticism of transferring Uranium to North Korea. In 2003 allegations were leveled against Pakistan to provide nuclear assistance to Iran and Libya. A Scandal came out in 2004 in which Dr. A.Q. Khan was alleged to be involved in nuclear proliferation activities to North Korea, Iran, and Libya. All these events made US more suspicions about Pakistan’s nuclear program. USA sought Chinese offer of building nuclear reactors in Pakistan with reservations and asked china for international justification (Akhtar, 2012).

Drone attacks by USA are also one of the main causes of bad relationship between Islamabad and Washington. These attacks have caused massacre of innocent people and many Pakistanis take these attacks as violation of their country’s sovereignty when this matter was highlighted on global level and world public opinion, opposition and civil society in Pakistan turned against USA; a clearance was given by united states that an understanding regarding drone attacks had been taken place between President Musharraf and US officials in 2008 (Husain 2007).

Islamic identity in Pakistan has always been the cause of weary in the US circles. That issue was boiled within Pakistan during Zia era however it proved fruitful for American interest at that time. Nevertheless Washington attached religious extremism in Pakistan with the spread of terrorism around the world. Americans sought Talibanization in Pakistan in that context (Zehra, 2004).

9. Conclusion
The study of Pak-US relations shows that the relations between two countries were determined by the changing international situation and their domestic compulsions USA strived for its national interest in accordance with its global strategy whereas Pakistan made efforts for its national interests in the context of regional perspective.

The main concern in Pakistan’s policy towards US was “security against India and support of the Kashmir issue,” whereas the US was interested in to check soviet expansion in Asia and to expand its influence in west Asia, the Persian Gulf, the Indian ocean and getting base facilities for spy purpose. It also wanted markets to dump its surplus food, outmoded equipment and to feed its arms industries and Pakistan fulfilled also this purpose to some extent.

“Another factor which dominated their relations was the India and which was used as an instrument of political influence and power. The US increased or decreased it to show its approval or disapproval over a certain policy adopted by Pakistan. Pakistan opportunity gained from this alliance but had to pay heavily as it relations with the Muslim countries particularly Egypt, Saudi Arabia and Afghanistan became tense. It also antagonized the Soviet Union, for it made Pakistan an American stooge in Asia. Therefore, after 1962 Pakistan adopted the small power strategy of balancing the interests of the superpowers by moving towards a policy of partial alignment. By 1978 it had freed itself of the shackles of the US alliance and was able to exert- itself. It also succeeded in forcing the United
States of America to reconcile itself to a nuclear Pakistan rather the US found Pakistan a hard bargainer because of the help that it was getting grown Saudi Arabia and its wish to improve relations with the Soviet Union. But again in 1980s Pakistan seems to be going back to relationship the existed with the US in the 1950s, again trying to check the alleged soviet ambitions of moving into the Persian gulf, and Pakistan demanding aid on the pretext of threat to its “security” from India and Afghanistan” (Arif, 1984).

9. Options to Improve Relationship
By taking various steps the relations between Islamabad and Washington could be improved. People are very important in developing cordial and durable relationship. Pakistanis have faced many hardships in shape of suicide attacks and drone attacks in their war against terror. Anti-American sentiments were created among Pakistani masses due to this. To bring people of both the countries close to each other the need of the hour is to washout distrust and misunderstandings found between the two countries. Both the countries must enter into long term strategic partnership. United States should make efforts to improve Pakistan’s health and educational system, creating employment and development of economy. US must take more steps to make infrastructure better in Pakistan. All debt due on Pakistan should be right off. Both the countries should make endeavors in establish modern educational institutions. To eliminate extremism dialogue process must be opted. United States should cooperate with Pakistan in curbing drug trafficking from Pakistani society. To combat with terrorists and militants US should provide modern weapon to Pakistan. All efforts should make to enhance people to people contacts. For this purpose US should lift Visa restrictions imposed after 9/11. US-India nuclear deal disturbed balance of power in south Asia. US should also make such deals with Pakistan. A policy leading to disturb balance of power in south Asia must be avoided by United States.

References

Financial Inclusion for SMEs: Role of Digital Micro-Financial Services

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SMEs play major role in poverty reduction and employment generation, therefore experts considered this sector as engine of economic growth. However, access to finance in developing countries is one of major issue in development of SME sector as well as hurdle in economic growth. Financial institutions banking and non-banking shows reluctant behaviour in providing financing to SMEs and the issue is more severe in emerging economies. Bank financing has been found as main source of funds for SMEs in Pakistan, however, to obtain these funds not easy for small and medium firms. Recently digital micro financial services have been introduced by a number of micro finance banks. Current study looks into the role of digital micro financial services in enhancing SMEs’ access to finance and thereby enabling a more inclusive financial market for SMEs especially in context of emerging and developing economies. By digging out the existing literature and secondary data, the study discusses that digital financial services have greatly helped owner managers of SMEs in smooth management of their transactions and finances. The study concludes that to strengthen SME sector for economic growth, it is important to further reduce the cost of using digital financial services and increase the financial product portfolio on digital platforms.

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1. Introduction
For inclusive growth in countries experts and practitioners consider financial inclusion as powerful tool. It empowers individuals, groups and businesses to easily access financial services or system which is prerequisite for the achievement of policy inclusiveness. Moreover, it allows to cultivate opportunities for greater socio-economic outcomes along with better integration into the economy and improvement in their livelihoods. Small and medium enterprises contribution towards employment generation and economic development has already been accepted and discussed thoroughly (Shofawati, 2019). Despite pivotal role of SMEs in economic development still researchers and policy makers emphasizing on financial inclusion of SMEs. In developing countries the issue is more severe as various internal and external hurdles such as corruption, technological constraints, poor infrastructure etc. slow down the inclusion process. In addition, supply and demand side barriers also have greater impact on financial inclusion of SMEs (Blancher et al., 2019). To achieve the goal of inclusive finance system no doubt challenging for developing economies, however, governments, financial institutes and related national/international institutes are remain committed towards financial inclusion of underserved individuals and firms in order to build strong economy. Besides various constraints developing countries are trying to pave their weaknesses by focusing on adoption of modern ways of financing for individuals and firms. As in this era of technology to compete globally it’s essential for economies to learn and shift their systems towards digitization for rapid growth (Bansal, 2014).

Globally internet penetration growth bringing revolution in businesses and in individuals’ life as the way of information sharing, transaction execution and other day to day operations changing quickly. Increase in digital connectivity reshaped consumer behavior as sloping in favor of cost saving, convenience and customized retail experiences. Additionally, firms’ also grabbing opportunities emerging from digitization e.g. efficiency in supply chain, enhanced flexibility to address consumer needs and lower costs of transaction. A greater impact of
digitization can also be seen on production of commodity-producing sectors through processes such as automation and data handling (Badruddin, 2017). Digitization in financial industry is beneficial not only for users but also for the providers, government and economy. World Bank and G-20 in emerging economies initiated the project to increase financial inclusion by adopting modern financing systems for sake of reduction in poverty. Digitization of financial services not only provide convenience and affordability to users but also it enable low-income individuals or small and micro firms to access financial services easily. Along with convenience it also provide security as compare to keeping paper money and travelling with it (Peterson K Ozili, 2018). Digital financial services includes mobile banking, internet banking, e-wallets, credit and debit cards etc. Although digitization greatly impacting the life globally but challenges are also there for both developed and developing economies. To compete in market governments and policy makers stressing on adoption of digitization, however, negative perceptions preventing nations to enter in technological era where systems are not so strong. Particularly, developing countries who are facing numerous challenges and going through the phase of development not able to provide that level of security and convenience to users which actually required and mandatory for use of digital financial services. Therefore, these countries majorly facing issue of cyber-attacks and poor security systems avert people to adopt digital financial services. Also the issues of poor network coverage, higher cost of transactions and lack of awareness slow down the adoption of technology in financial industry (Rasheed, Siddiqui & Rahman, 2018).

Pakistan also among those struggling countries who are while developing their industries focusing on the implementation and adoption of modern systems. Current paper aims to highlight that how policy makers and institutions in Pakistan trying to achieve the goal of financial inclusion specifically for SMEs and how micro-digital financial services boosting this inclusion process. The paper has primarily discussed how digital financial services helping and improving SMEs financial status which ultimately benefiting country economic condition. Moreover, with the help of secondary data and prior research effect of micro-financial services on SMEs and economy in Pakistan has also been discussed in this paper.

2. Financial Inclusion
Economists and policy makers concerned about bottom of pyramid (BoP) nations who are not capable to take advantage of expansion and growth occurred in developing economies. Its’ unfortunate in emerging economies that in spite of greater economic growth the income inequality and unacceptable poverty levels remain at the BoP. Researchers discussed about the “financial nomads” the citizens at BoP who are excluded from many sources of financial services and suffer from financial insecurity, simply no access to financial products and services (Realini & Mehta, 2015). Practitioners and policy makers therefore emphasized on financial inclusion as they consider it as main element towards inclusive growth. For the reduction of poverty and increase in economic development financial inclusion importance cannot be denied as it enable households to invest in education, durable goods, health and to expand the consumption (Thomas & Hedrick-Wong, 2019).

Various researchers defined financial inclusion which highlight it as broader concept. Sarma, (2008) defines financial inclusion in multi-dimensional terms “process that ensures ease of access, availability, and active usage of the formal financial system” for the people of an entire society and economy. According to World Bank, (2017) where the citizens of a society who are excluded from access and use of financial products and services need of financial inclusion implies. Additionally, ACCION a leading financial investment organization suggested five dimension of financial inclusion; full access, provision with quality, client financial capability, services for all, diverse and competitive marketplace.

According to World Bank Global Findex Survey (2017), 50 percent of world adult population which is approximately 1.7 billion individual are not included in formal financial system. Moreover, because of rare account usage or no access to credit around 1-1.5 billion are under-banked. In emerging economies, India and China have the largest share of individuals who are unbanked as globally 24% unbanked adults live in India and China. Moreover, survey of World Bank Global Findex, (2018) revealed individuals with no account in any financial institute or mobile money account in South East Asian countries 52% of total population, out of these financial excluded adults 20% are in China and 20% in India. To shed light on this situation is essential for inclusive growth as the citizens at BoP do not have enough and reliable sources of finance, therefore, ultimately thy rely on expensive financial sources. Similar situation facing by the millions of small and medium firms who want to take formal finance to fulfil their business financial needs but not able to obtain from financial institutes because of various demand and supply side factors (Rasheed & Siddiqui, 2018). A study of Park and Mercado, (2015) focused on financial inclusion assessment specifically in Asian economies, for 37 Asian countries they have produced the
financial inclusion indicator for each and highlighted the factors which impact financial inclusion. Study revealed that population size, per capita income and rule of law increased while age dependency and associated demographic factors lowered financial inclusion. Similarly, Thomas and Hedrick ––Wong, (2019) identified that mobile access and saving priorities are important factors and emphasized more on mobile access because of modern and easy driver of financial transactions. World Bank’s Global Findex database mentioned around 100 factors such as household income, gender and age.

2.1 Financial Inclusion in Pakistan
As a national priority Pakistan has adopted financial inclusion and left many countries behind. In 1990 the support for the establishment of microfinance banks has been started which ultimately began in 2001 after allowed by the government. Pakistan was the first among other countries who adopted branchless banking in 2008. It was first step taken by the institutes towards digital financial services, however, the support further strengthened in 2015 with approval of national financial inclusion strategy. At the time of approval the level of financial inclusion was one of the lowest in the world as the account holders was only 16 percent of adult population and only 11 percent women had bank accounts (Rusmussen, 2018). Moreover, the provision of formal finance to SMEs, housing and agriculture was also on the lowest level. Therefore, national financial inclusion strategy has been developed by State Bank of Pakistan with consultation of stakeholders, banks, federal, provincial government departments, associations and donor agencies. Under the strategy central bank SBP has decided to achieve the target of financial inclusion ensuring 50 percent of adult population financial inclusion by 2020. Moreover, promotion of digital financial services to achieve universal financial inclusion and increase in lending to priority sectors such as SMEs and agriculture sectors are the main objective of national financial inclusion strategy (NFIS, 2017).

According to World Bank Group – Global Findex Report 2017 over period of two years account holders have grown from 13 to 21 percent as various initiatives under national financial inclusion strategy have been taken by SBP such as Asaan (easy) Mobile Account Scheme and opening of Asaan accounts. Moreover, to facilitate micro, small and medium firms Pakistan financial inclusion and infrastructure project has been launched by SBP specifically for SMEs and women entrepreneurs. In 2016, SBP assigned the targets of finance to banks and development financial institutes (DFIs) which achieved by the institutes efficiently, however, the target of Rs 1 trillion yet to be achieved by financial institutes till 2020. Research revealed that demand of Islamic finance among SMEs is quite high around 25 percent of SME population not obtaining any finance facility because they want Islamic financing as per Shariah principles (Rasheed and Siddiqui, 2018). SBP has assigned financing targets to Islamic banks for uplift the level of financial inclusion, though, it has been observed that Islamic banks shows more reluctance towards lending to SMEs. The financing target for SMEs was Rs 65 billion which Islamic banks have to achieve by Dec, 2017, however, only Rs 42 billion portfolio has been reported. Similarly, the target for the year 2018 was Rs 88 billion and reported Rs 31 billion as outstanding Islamic SME finance. The increase of Rs 199 billion expected from Islamic banks in SME finance portfolio by Dec, 2020 (SBP, 2018).

Despite various projects data shows financial inclusion progress is not up to the mark. World Bank 2017 Findex shows (figure 1) slow progress of financial inclusion as from 2014 to 2017 the percentage only rose 8 percent in Pakistan as compare to neighbour countries such as India and Bangladesh. The situation not much improved as the latest Blancher et al., (2019) IMF report on financial inclusion in Middle East and Central Asia highlighting Pakistan still at the bottom in percentage of male and female using financial accounts among other developing countries.
However, Figure 2 showing the dominance of male account holders which is common in almost all developing countries. Similarly, SME sector still suffering from lack of finance as in Pakistan average share of SMEs in total bank lending is only about 7 percent, which is lowest in the world. Although, SBP has announced various schemes and projects under national financial inclusion strategy for provision of formal finance to SMEs, however, the performance of financial institutes not remarkable. According to Blancher et al. (2019) report on financial inclusion of SMEs globally Figure 3 shows status of Pakistan in facilitating SMEs financially. IMF report further stated that developing countries can increase their economic growth by 1 percent by closing this financing gap for SMEs. Moreover, financial inclusion of SMEs can help to increase the rate of employment, potentially creating about 16 million jobs by 2025. It is recommended that larger extension to SMEs in credit allows banks to better diversify their credit portfolios and risk exposure which ultimately contribute towards financial stability.

Rasheed and Siddiqui (2018) in their study found that financial institutes in Pakistan not paying much attention on SME sector, therefore, SMEs fulfil their business financial needs by using informal finance. Despite various disadvantages they consider informal finance more suitable because of less requirements, documentation, quick and easy access. Furthermore, Rasheed, Siddiqui and Chaudhry, (2019) discussed that how Islamic banks can help SME sector to grow by facilitating them financially, study revealed that a large population of SMEs interested in Shariah compliance products and services for their business financial needs. Along with this national and international institutes specifically working on financial inclusion emphasizing on digitization and claiming that provision of digital financial services powering inclusive growth in emerging economies.

3. Role of Digitization in Financial Inclusion

Today, digital finance and financial inclusion relevance is under detailed discussion of policy makers and academicians for economic growth. Digital finance means financial services delivered by banks and non-banking financial institutes to their customers through linkage of digital mediums like mobile phones, internet and cards with secure digital payment systems Gomber, Koch, and Siering (2017). Digital finance adoption can overcome the issues that persist for individuals, businesses, governments and economies. Digitization impacting and rising the level of financial inclusion along with several benefits like reduction in financial cost for financial institutes and Fintech providers, convenient and secure financial services, improvement in gross domestic product (GDP) and long-term positive impact for banking performance (Scott, Van Reenen & Zachariadis, 2017). Similarly, IFC, (2018) report on financial inclusion and importance of digital finance mentioned three key benefits of digital
financial services, easy access, product market fit and affordability. Further, discussed that availability of financial services limited if distributing only through branches, regulations which only can fill by specific portion of population, moreover access is hampered by complicating the terms and conditions, poor usability and limited transparency. In the second key point report addressed the issue of available products and services which are not as per needs of customers, it can be because of design or the way products and service sold by the institutes. For example, requirements of minimum balance and credit scores and similar other thresholds usually not met by a large population. Along with it strict terms and conditions of prices set by institutes which are mostly too high, inflexible and various hidden charges that makes difficult for customer to afford. Thus, for expansion of financial services it’s compulsory to keep prices low and affordable for users. Unfortunately the policies are not changed for SMEs as they are not able to find products and services as per their needs and business requirements (Rasheed & Siddiqui, 2018; Rasmussen, 2018). Financial institutes characterized their needs high in complexity and low in scale, moreover, offering financial services to SMEs tends to have higher cost while often also offering lower revenue streams to the provider.

It can be observed that if government and policy makers are lacking one side with implementation of various policies and regulations improved on the other side. Pakistan moving towards digitization quickly and among those developing countries where digitization creating change in some components of the service sectors. The changes can be observed in e-government, e-commerce and fintech where new approaches to facilitate users rising day by day. Particularly, the significant growth can be seen in e-commerce industry over the last few years (Figure 3) showing changed purchasing behavior of consumer in Pakistan (SBP. 2018).

Figure 3 – Number of E-Commerce Merchants Accepting Digital Payments in Pakistan

Fintech by devising innovative solutions tackling the imperfections in credit market which ultimately benefitting financial sector largely. Moreover, around 10 banks offering digital financial services the largest of these owned by mobile telephone companies. Inclusive growth initiatives enable private sector investment in microfinance institutions and digital financial services providers, which has helped to fuel the growth of the financial sector. Moreover, government also taking initiatives to facilitate citizens efficiently through modern systems along with cutting the costs and leakages incurred by implementing authorities. The government payments have also been digitize early as compare to other developing countries, such as Benazir Income Support programme started in 2010 by government of Pakistan People Party (Rasmussen, 2018). In 2014, Pakistan became member of the United Nations’ Better Than Cash Alliance, which encourages governments around the world to use digital payments. Similarly, current government of Pakistan Tehreek-e-Insaf has launched their National Digital Policy and set the target of $10 billion increase in Pakistan’s IT exports over the next 5 years. Under the policy the main focused areas are; National digital transformation initiative and e-government, Human capital development, Exports and market access, Infrastructure and connectivity, Innovation ecosystem and entrepreneurship and policies and regulations. Additionally, to support financial inclusion Pakistan has better market infrastructure as compare to other countries. For example, National Identification Authority’s (NADRA’s) database of biometric ID which covers most adults, and a privately owned switching and clearing company, 1Link, which includes almost all banks (SBP, 2017; Muhammad, 2018).
The current focus on digitization no doubt will enhance the growth from a macroeconomic perspective. According to the report of Mckinsey Global Institute (MGI) by Manyika et al. (2016) Pakistan will be able to increase the GDP by 7 percent points cumulative and can create around 4 million job opportunities during the tenure of 2016-2025 because of increase in digital financial services.

![Figure 4 - Expected gain in GDP growth due to digital financial services 2016-2025](source: McKinsey Global Institute (2016))

McKinsey report further explained that the impact of digital financing services will be huge on financial industry as well as economy. Financial institutes can increase credit to individuals and SMEs to shift saving from informal to formal digital accounts. Currently, lending to SMEs percentage is quite low in the country the investment channel may represent the biggest untapped opportunity from which digital financial services gains can be identified in next few years. The digital technologies are being deployed for mobile accounts opening, introducing electronic payment systems and carrying out funds etc. the improvement in penetration and access to financial services can be observed. In future, this may accelerate the shift in savings to digital accounts, and have further implications for policy goals like financial inclusion (Manyika et al., 2016; Rasheed et al., 2018).

### 3.1 Digital Financial Services in Pakistan

In developed and developing countries mobile phone usage increased with invention of smartphones which is affordable for consumers. Similarly, in Pakistan, the rise in mobile phone adoption maturing 3G/4G and newly launched 5G telecoms services as currently in Pakistan, 145 million NADRA verified cell phone connections have been recorded where more than 48 million with 3G/4G/LTE connectivity. Along with this speedy growth of mobile money solutions, extensive wireless coverage, QR codes and mobile wallets, while cellular density remarkably stands at 71.4 percent of growth as compare to 2008 54.6 percent which shows that institutes and fintech companies are ready to change the digital landscape in Pakistan. Micro digital financial services within branchless banking framework, over the counter (OTC) model such as Omni, Easypaisa, JazzCash, Upaisa and MobiCash etc. are reliable and provide convenience, however, by limiting customers’ access to facilitated transactions it slowing down the pace of promotion of financial inclusion. The shift from OTC to mobile wallet is actual a reason behind this barrier, however, OTC still on the top in terms of volume and value of customers. Though, State Bank of Pakistan approval through biometric system for opening of mobile wallet accounts only takes five minutes, enough to attract customers towards mobile wallet accounts in Pakistan (SBP, 2017; 2018; Muhammad, 2018).

The branchless banking harness by microfinance industry successfully as Pakistan among few countries where microfinance banks have some specific license. Moreover, telecom companies and even courier companies have invested in microfinance banks such as Telenor bank, U-Microfinance bank, TCS bank, Waseela MF bank by Mobilink etc. the same is following by few other countries along with Pakistan (Muhammad, 2018). The main benefit of these micro-financing banks is “one minute account”, moreover, the telecom microfinance banks also offer the zero level mobile account opening which is as easy as receiving of single SMS. The zero level mobile wallet bank account enable customer for transaction of Rs. 50,000 and which can be accessed through mobile phone as the Quick response (QR) code technology made it possible for companies to offer such services and
customers for easy and speedy transactions. Furthermore, other innovations such as Masterpass, simsim and fone pay also expanding by the companies for quick transactions. Master pass also a digital payment service which allows customer to checkout after storing all shipping information and payment in one secure location, similarly, Fone Pay facilitate consumer for making secure and simple digital payments as powered by QR mobile payments and Masterpass. The FonePay combines mobile wallets, bank accounts and payment cards like credit/debit cards and prepaid products on one platform. In Pakistan, currently, around 30 million users getting benefits with FonePay in collaboration of various banking and non-banking financial institutes to link accounts from Soneri, Meezan bank, Easy paisa and Jazz Cash etc. Consumer can link their debit, credit and prepaid cards and can use the application to make transactions in seconds. Finally, the simsim is a joint effort of FINJA (Pvt) Limited and FINCA Microfinance Bank Limited, it’s a unique collaboration where a bank and fintech created digital financial product. Simsim has completed their beta pilot successfully prior to formal approval from State Bank of Pakistan, moreover, under simsim Rs. 600 million transactions have been recorded, where 30,000 in self-registered mobile wallet accounts and a retail network of 500 participating merchants. The expansion of digital financial services growing rapidly, however, Pakistan still lags behind among other developing countries (Nisar, 2018).

4. Digitization and Challenges
The most important growth factor of any economic activity is finance. Therefore, developed countries focused on financial inclusion for fuller participation of segments which are financial excluded, however, developing countries still under process to strengthen their systems through they can progress in financial inclusion. Similarly, Pakistan also going through this process and in this regard, recently, revised and enhanced national financial inclusion strategy (NFIS) has been approved by the prime minister of Pakistan. The improvement in NFIS pre-requisite because currently, Pakistan standing in terms of financial inclusion is at the bottom among other developing countries list. It’s a great step towards development of financial inclusion as government key stakeholders paying attention on achievement of inclusive finance (NFIS, 2017).

According to G20 financial inclusion indicators, Pakistan has the lowest percentage in formal bank account holders as compare to other developing economies, however, the highest percentage of accounts has been recorded in Malaysia. Subsequently, the adoption level of digital financial services also not remarkable as consumer in Pakistan has lack of confidence on digital payment, therefore, only 9 percent of population above age of 15 years using digital financial services (Rasmussen, 2018). World Bank Global Findex, (2017) recorded that share of adults accounts with financial institutes or mobile money service increased from 62 to 69 percent globally between the tenure of 2014 to 2017. However, in developing countries the percentage increased from 54 to 63 percent, though, women account holders percentage on the lowest level and its common almost in all developing countries.

5. Digitization and SMEs
In Pakistan, currently not enough evidences available to analyze the impact of digitization of SMEs growth and development, however, a study of India has estimated that by adoption of technology GDP can be raised by 10 percent till 2020. Furthermore, study revealed that SMEs who are shifting towards digitization achieving double growth as compare to those still using traditional systems. SMEs with leveraged digital technologies showing yearly growth of almost 19 percent as compare to offline limited to 10 percent only. The report reflected that SMEs being inseparable part of economy can grow rapidly with adoption of digitization. For example, digitally enables SMEs can increase their production and profits with larger customer base and enhanced revenues, moreover, digitization can greatly impact everyday process of SMEs by reducing lead times, attract better talent and conduct efficient management of human resource. Further, technology usage can enhance the access to resources, internal and external communication and can expand outreach to their customers.

As SME sector suffering the most in Pakistan as only 54 percent have account at formal financial institute in Pakistan as compare to other neighboring countries like India and Bangladesh where the percentage is 85 and 82 percent respectively (figure 5). It also reflects that significant portion of SME population using informal financial services SBP, (2018). According to Rasheed and Siddiqui, (2018), only 7 percent of SMEs in Pakistan using formal finance obtained from banks or other financial institutes. Rasheed, Rahman and Siddiqui, (2017) explained various demand and supply side challenges facing country towards development of SME sector and economic growth.
Therefore, the efficient implementation of technology in SME sector is pre-requisite for sector and economic growth because digitization can resolve various issues of SMEs such as firms bear higher costs for cash management and cash flows as well as increased risk of theft and leakages. However, by employing digital payment systems and undertaking digital transactions, SMEs can play secure and freely in financial market as the modern systems can significantly reduce leakages and better manage their cash flows. In addition, these SMEs will automatically be included in the formal financial economy, which in addition to aiding the financial inclusion target of 50 percent financially include by 2020, will enable SMEs to access credit from formal financial institutions. Furthermore, it will be helpful to reduce the credit demand gap of around Rs. 277 billion (Blacher et al., 2019; SBP, 2018).

Although, digitization can bring tremendous change in SME sector and can boost economy of Pakistan on expected level, however, various challenges hindering the growth and development of SME sector and economy. For example in Pakistan, the literacy level of SMEs owner-managers is very low as they do not have sufficient financial knowledge and technology. Thus, the adoption level of digital financial services not appreciateable within their processes and payments. Similarly, SMEs also lacking in skills related to technology as they are not able to adopt and work through digital systems. In addition, cost of digital techniques also a big hurdle towards adoption the lack of supporting infrastructure and technology are also major deterrents in keeping SMEs online (Rasheed et al., 2016).

However, despite these challenges Trade Development Authority of Pakistan (TDAP) a government institute and Ministry of Information Technology (IT) have undertaken the initiatives for the digitization of SMEs in Pakistan. For example, TDAP recently signed a Memorandum of Understanding (MoU) with a global giant in e-commerce Alibaba. The initiative has been taken for promoting exports by SMEs in Pakistan through e-commerce channel like Alibaba. Moreover, as part of MoU Alibaba will take the responsibility of online and offline training programmes to SMEs in Pakistan which help SMEs to learn the skills for adoption and use of digitization. Besides, Ministry of IT emphasized in its Digital Pakistan Policy 2017 for creation of infrastructure which can enable SMEs easy use and adoption of financial digital services (SBP, 2017; Khan & Ehsan, 2019).

6. Conclusion
Globally, financial inclusion is one of the key issue for economies and towards achievement of inclusive growth in both developed and developing countries. Furthermore, prior research highlighted that because of various challenges emerging and developing economies still struggling towards financial inclusion. Moreover, SME sector suffering the most as developing countries not paying attention on financial exclusion of SMEs. Digitalization of financial services has opened a window of opportunity for the financial sector to serve the huge yet dispersed target market of SMEs. Digitalization of financial services allow banks to reach and serve their target market at low cost and with greater customization. Digital financial services are also an opportunity for SMEs to enhance their performance and outreach using these services at low cost. However, secondary data shows that developing countries have been moving slowly in contrast to developed countries towards digital technology in financial sector. Similarly, Pakistan also going through the same situation, though, among developing countries Pakistan not achieving the desired results towards financial inclusion.
References


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