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HIGHLIGHTS

Determinants of Exchange

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Face Book Among Teenagers

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Negative Impact of Advertising on Women with Specific Focus on FMCG Products – Patan District

By Mr. Mitul Deliya, Dr. Bhaveshkumar Parmar & Mr. Bhagvan Karnavat

S. K. College of Business Management, HNGU, Patan

Abstract - Advertisements create an image and symbolic appeal of the product or service brand. Different appeals enhance effectiveness of advertisements that evokes some emotional reaction in viewer's mind. Advertisers often believe that positive emotional message directly stimulates the customer toward the use of the brand while negative emotional message will give the same result but by an alternative route. It is often a question of discussion that by what extent this negative emotional message is stimulating the customers to buy a particular brand. Even though it works, its impact is always questioned on the basis of nature of customer and type of product category for which it has been used. Measure the effect of some of the selected. This article discuss have negative emotional and measure effect on Women in selected FMCG product's advertisements.

Keywords : Advertising, FMCG Products, Emotional Negative Advertising Effect, Cognitive Response Model.

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Negative Impact of Advertising on Women with Specific Focus on FMCG Products – Patan District

Mr. Mitul Deliya^α, Dr. Bhaveshkumar Parmar^σ & Mr. Bhagvan Karnavat^ρ

Abstract - Advertisements create an image and symbolic appeal of the product or service brand. Different appeals enhance effectiveness of advertisements that evokes some emotional reaction in viewer's mind. Advertisers often believe that positive emotional message directly stimulates the customer toward the use of the brand while negative emotional message will give the same result but by an alternative route. It is often a question of discussion that by what extent this negative emotional message is stimulating the customers to buy a particular brand. Even though it works, its impact is always questioned on the basis of nature of customer and type of product category for which it has been used. Measure the effect of some of the selected. This article discuss have negative emotional and measure effect on Women in selected FMCG product's advertisements.

Keywords : Advertising, FMCG Products, Emotional Negative Advertising Effect, Cognitive Response Model.

I. INTRODUCTION

Advertising is a broader and diverse field. Advertisements fulfill two basic purposes, to inform and to influence. Advertisements are made by using different appeals to create brand image, for selling products and services that are difficult to differentiate on functional attributes. The word advertising comes from the Latin word 'advertere' meaning 'to turn the mind toward'. The word advertisement first appears around 1665 A. D. it was used as a heading for commercial information by storekeepers.ⁱ Advertising is defined as any paid form of non personal communication about an organization, product, service, or idea by an identified sponsor.ⁱⁱ

Advertising affects consumer preference and tastes, change the product attributes, and offerings. It informs consumers about product attributes.ⁱⁱⁱ As advertisers increasingly seek greater communication effectiveness, more careful attention is to be given to the selection of the type of advertising appeal used for each target group.^{iv} The decade of the 1980's has witnessed a significant increase in the attention advertising and

consumer researchers have devoted to the role of emotion in advertising appeals.^v

Emotional appeals relate to the customers' social and/or psychological needs for purchasing a product or service. Many consumers' motives for purchase decisions are emotional, and their feelings about a brand are more important than knowledge of its features.^{vi} Fear is an emotional response to a threat that expresses, or at least implies, some sort of danger. Ads sometimes use fear appeals to evoke this emotional response and arouse individuals to take steps to remove the threat.^{vii} The fear appeal in advertisement is negative emotional appeal to arouse and remove threat of an individual.

One of the researches demonstrated experimentally that induced negative moods or feelings such as fear, guilt, sadness and empathy^{viii} and the 'blunter is better' approach can have a strong influence on creating a positive attitude toward advertisement.^{ix} The consumer undergoes a typical response processing style while executing advertisements. This response processing style of executing advertisement forms attitude towards product and indirectly influencing the purchase intentions. The objective of this paper is to illustrate how advertising affection, the attitudes and intentions, the consumer's processing style mainly FMCG products. The ad makers have rightly noticed the growing importance of women in the process of buying decisions and as in the needs.^x So they target women as their main consumer. The main contribution of this paper lies in the analysis of the interactive affect-cognition relationship (i.e., thinking-feeling processing style) affects on advertising effectiveness across different executions of advertising stimuli.

II. NEGATIVE EMOTIONAL APPEALS AND COGNITIVE PROCESSING STYLE

Negative campaigning, also known more colloquially as "mudslinging", is trying to win an advantage by referring to negative aspects of an opponent or of a policy rather than emphasizing one's own positive attributes or preferred policies. Negative campaigning can be found in most marketplaces where ideas are contested. In U.S. politics, "mudslinging" has

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been called "as Mississippi mud". Some research suggests negative campaigning is the norm in all political venues, mitigated only by the dynamics of a particular contest.

Appeal to emotion is a potential fallacy which uses the manipulation of the recipient's emotions, rather than valid logic, to win an argument. Also this kind of thinking may be evident who let emotions and/or other

subjective considerations influence one's reasoning process. This kind of appeal to emotion is a type of red herring and encompasses several logical fallacies, including: Appeal to consequences, appeal to fear, appeal to flattery, appeal to pity, appeal to ridicule, appeal to spite, wishful thinking.

The cognitive response model is the foremost method of assessment of consumer thought process.

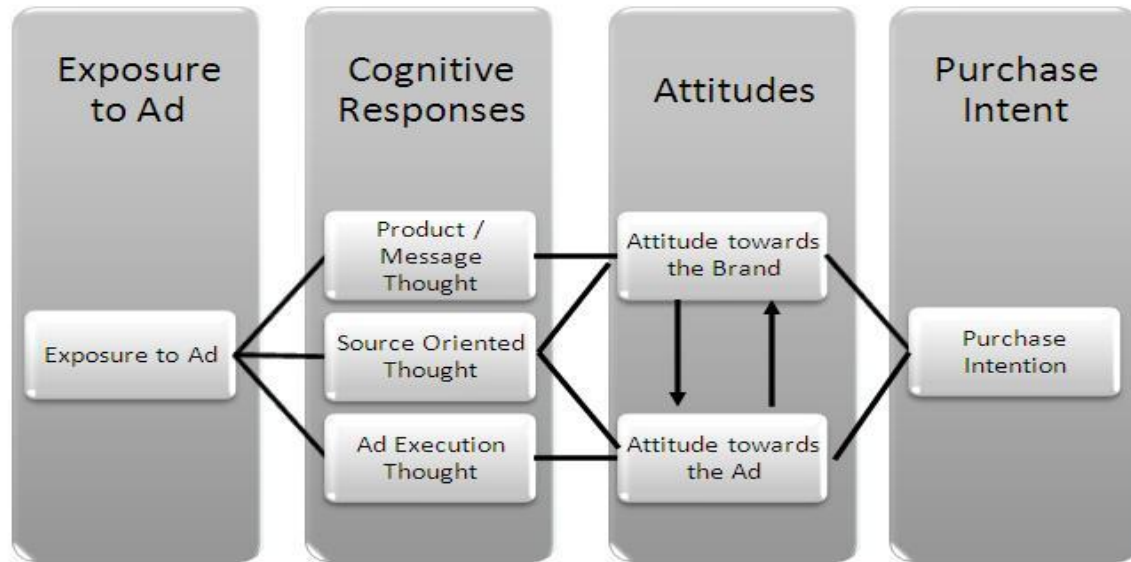


Figure 1 : Cognitive Response Model^{xi}

It focuses on determining the types of response evoked by an advertising message and the responses relate to towards the ad, brand attitudes, and purchase intention.

Product/Message Thoughts: - The thoughts create two types of arguments (1) Counter argument (2) Support Arguments. Counter arguments are thoughts the recipient had that are opposed to the position taken in the message. Support arguments are thoughts that affirm the claims made in the message. **Source-Oriented Thoughts:** - One of the most important types of response in this category is Source Derogation or negative thoughts about the spoke person making claims. Receivers who react favorably towards thoughts are source bolsters. **Ad Execution Thoughts:** - The Ad execution thoughts consist of thoughts about the ad itself. Many of thoughts receivers have when reading or viewing an ad do not concern the product and/or message claims directly. They are important because of their effect on attitude toward the advertisement as well as brand.

Advertisers are interested in consumer's reaction to the ad because they know that affective reactions are an important determinant of advertising effectiveness, since these reactions may be transferred to the brand itself or directly influence the purchase intentions.

III. REVIEW OF LITERATURE

- ➔ Advertising attitude did consist of believability, trust and control dimensions.^{xii}
- ➔ Advertisements including source are always associated with high level of attitude toward advertisement than those including only information.^{xiii}
- ➔ Emotional Advertising Appeals have a bigger impact on explicit memory performance than implicit memory performance.^{xiv}
- ➔ The amount of emotional content in advertisement affect the viewers' opinion of the product, high level had a positive effect and low level had no effect.^{xv}
- ➔ Advertisers employ sensational negative emotional ad message such as those used by FMCG manufacturers exploiting consumers' fear.^{xvi}
- ➔ The advertisers frequently used the dramatic emotional ad messages design to "Shock the Emotion and Brain Itch" to make advertisement more distinctive and effective.^{xvii}
- ➔ Fear appeals are useful to get individual to think or act in a certain way. Fear appears to be a great motivator as long as individual believe they are able to protect themselves.^{xviii}

IV. OBJECTIVES

The objectives of the research was to study the effect of Negative emotional advertisement on Women, to know cognitive processing style of Indian consumer towards negative appeal advertisements and to know the impact of negative emotional advertisement towards consumers' buying decision.

V. RESEARCH METHODOLOGY

Research Approach : Post Test Quasi Experimental (XO₁)

Research Instrument : Close ended questions. The questionnaire is based on the cognitive response model.^{xix}

Sample Type : Random Sampling Method

Sample Size : Out of 100 Women, only 97 are respondents¹

Research Hypothesis :

H₁: Negative emotional advertising appeal does not makes the cognitive response positive.

H₂: Negative emotional advertising appeal doesn't helps to form the positive attitude.

H₃: Negative emotional advertising appeal increases the customer intention to buy

H₄: Different advertising themes have no difference in their effect on individual perceptions.

Total three advertisements are considered randomly to nullify the ordering effect. All the three advertisements were T. V. advertisements for the products namely Tirupati, Ponds and EMAMI (Aurvedic fair and lovely). In all three advertisements popular faces were not used as a source. The brief description of advertisements is as under.

Sr. No.	Name of Product	Name of Brand	Duration of Advertisement	Description
1	Edible Oil	Tirupati	47	The Ad appeals the threat towards increasing obesity problem and thus by providing Tirupati oil as the solution the ad ends.
2	Deodorant	Ponds	23	The Ad appeals the threat of perspiration can sometimes disgrace the individual and thus remembering of Ponds the ad ends.
3	Fairness Cream	EMAMI	59	The Ad appeals the threat of affront and thus taking as challenge with the help of EMAMI becomes one of the recognized person.

As according to Cognitive response model the questionnaire is framed. For product related thought – The type of product used will control cholesterol levels. The message thought – The message deliver through this ad is genuine. The source oriented thought – The characters used in ad are perfectly matching with the advertisement. The characters used for ad generates positive attitude towards the brand. The ad execution thought – I like to view this advertisement. Attitude towards the brand – This product brand should be used. Attitude towards the Ad – The ad is able to convince the customer to use the product. Purchase intention – I would like to buy the product.

To know the reliability Cronbach's alpha test has been applied. To find out the effect of negative emotional appeal advertisement through cognitive *Scope of Study* : Scope is limited to Patan District only processing style on Women for FMCG² products one way ANOVA³ has been applied.

VI. LIMITATION

The first limitation of the research is restriction to North Gujarat only; another limitation is only around twenty – twenty five minutes is spend on each respondent and so there may be chance for biased answers.

VII. DATA ANALYSIS AND INTERPRETATION

a) *Cronbach's alpha*^{4xx}

Table 1 : Cronbach's alpha for each of the three advertisements.

Advertisement	Cronbach's Alpha
Tirupati	0.672
Ponds	0.656
EMAMI	0.662
No. of statements for each advertisement were 8	

¹ $Z\sigma_{\bar{p}} = 0.05$

² FMCG: Fast moving consumer goods

³ ANOVA: Analysis of Variance

⁴ Cronbach's alpha measures how well a set of items (or variables)

Table 2 : Cronbach's alpha for all the three advertisements combine.

Cronbach's Alpha	No. of statements
0.696	24

From the above mentioned table conclusion derived is that all statements used for measuring the

effect of negative emotional appeal in advertisement are reliable towards cognitive response model because in all cases Cronbach's alpha is greater than 0.6.xxi

b) Emotions used in advertisement affect

Table 3 : Affection of emotions used in advertisement.

Extremely Affected	Affected	Moderately Affected	Not Affected	Extremely not Affected
6.25%	54.17%	28.13%	7.29%	4.17%

The advertisements use varied of emotions which affect directly or indirectly to target audience. The table concludes that majority of respondents agree, that emotions used in advertisements affect them.

VIII. DESCRIPTIVE STATISTICS

Table 4 : Mean and Standard Deviation for each of the advertisements. Based on descriptive statistics for the dependent variables are indicated in tables. For the table the inference were drawn as follows:

Tirupati	i	ii	iii	iv	v	vi	Vii	viii
Mean	1.61	1.51	2.33	1.49	2.42	2.57	1.46	1.50
Std. Deviation	.605	.562	.660	.649	.574	.628	.560	.725
Ponds	i	ii	iii	iv	v	vi	Vii	viii
Mean	3.93	3.85	3.27	3.18	3.28	4.13	3.88	3.14
Std. Deviation	1.059	.665	.688	.632	1.053	.886	.798	1.111
EMAMI	i	ii	iii	iv	v	vi	Vii	viii
Mean	4.21	3.88	3.38	2.64	2.52	3.57	2.45	2.77
Std. Deviation	.951	.743	.811	.884	.754	1.074	.869	1.425

Table 5 : Mean of all advertisements according to cognitive response model.

	Tirupati	Ponds	EMAMI	All Advertisement
Cognitive Response	1.87	3.5	3.32	2.89
Attitude Formation	2.015	4	3.01	3.00
Purchase Intention	1.5	3.13	2.77	2.47

As according to the model I applied, cognitive response model, in the table 4. The first five columns are indicative of cognitive response mean, sixth and seventh indicates attitude formation and eighth column indicates purchase intention. As per the scale used (mean value less than 2.5 means positive contribution of advertisement) the exposure of Tirupati advertisement to the responses of the respondents is quiet positive. Respondents strongly agreed to the statements i, ii, iv, vii, viii and agreed to the remaining statements iii, v, and

vi. For the Tirupati advertisements none of the respondents are having disagreement towards any statements. This shows that the appeal in Tirupati advertisement was very effective to the respondents. The exposure of Ponds advertisement to the responses of the respondents is quiet negative. Respondents disagreed to the statements i, ii, vi, and vii and have indifferent (mean value more than 2.5 and less than 3.5) view to the remaining statements iii, iv, v, and viii. For the Ponds advertisements none of the respondents are

measures a single uni-dimensional latent construct. When data have a multidimensional structure, Cronbach's alpha will usually be low. Cronbach's alpha is a coefficient of reliability (or consistency).

having agreement towards any statements. This shows that the appeal in Ponds advertisement is having negative effect to the respondents. The exposure of EMAMI advertisement to the responses of the respondents is quiet indifferent. Respondents agreed to the statements vi and vii, indifferent view to the statements iii, iv, vi, and viii and disagreed to the remaining statements i, and ii. For the EMAMI advertisement the respondents are having different view towards all statements. This shows that the appeal in EMAMI advertisement is having moderate effect to the respondents.

The table 5 depicts the cognitive response model in three different steps showing for each advertisement and also combining of the three advertisements. The cognitive response step bring to light that all the advertisements together have positive effect that is, negative appeal used in advertisements have impact on individual and thus there is cognitive response. But if the individual advertisements are taken into consideration then it reveals that Tirupati is having the highest impact on individual's cognitive process than the other two advertisements. The Attitude formation step bring to light that all the advertisements together have moderate effect that is, negative appeal used in advertisements have moderate impact on individual's attitude. But if the individual advertisements

are taken into consideration then it reveals that Tirupati build up the positive attitude and EMAMI build up moderate attitude while Ponds forms the negative attitude towards the advertisements. The Purchase intention step bring to light that all the advertisements together have positive effect that is, negative appeal used in advertisements have positive impact on individual's decision to buy the product. But if the individual advertisements are taken into consideration then it reveals that Tirupati have positive impact towards the buying decision and EMAMI has moderate impact towards the buying decision while Ponds have negative impact towards the buying decision. Thus overall impact of the exposure of all advertisement is indifferent. The results obtained through the means were not sufficient enough to come to any conclusion so researchers applied hypothesis testing.

IX. HYPOTHESIS TESTING

The measuring power of hypothesis test was based on z score.^{xii} Hypothesis test was carried out at significance level (α) 10% i.e. 0.10. At $\alpha = 0.10$, the table value of z is 1.28. On the basis of one tailed test of proportion, the calculated value⁵ was derived.

H₁: Negative emotional advertising appeal does not makes the cognitive response positive.

Table 6 : Comparison between Calculated and Table value.

Calculated Value	Table Value	Results
1.529	1.28	H ₀ is not accepted

Since the calculated value 1.529 is greater than table value 1.28. The null hypothesis is not accepted. Hence it can be concluded that negative emotional advertising appeal makes the cognitive response positive.

H₂: Negative emotional advertising appeal doesn't helps to form the positive attitude.

Table 7 : Comparison between Calculated and Table value.

Calculated Value	Table Value	Results
1.96	1.28	H ₀ is not accepted

The calculated value 1.96 is more than table value 1.28. The null hypothesis is not accepted. Hence the driven conclusion is that the negative emotional advertising appeal will help to form positive attitude.

H₃: Negative emotional advertising appeal increases the customer intention to buy

Table 8 : Comparison between Calculated and Table value.

Calculated Value	Table Value	Results
-0.16	1.28	H ₀ is accepted

⁵ Calculated value: $z = \frac{\bar{p} - p H_0}{\sigma_{\bar{p}}}$

Since the calculated value -0.16 is less than table value 1.28. The null hypothesis is accepted. Hence it can be concluded that negative emotional advertising appeal increase the customer's intention to buy the product.

X. ONE WAY ANOVA TESTING^{9XXIII}

H_4 : Different advertising themes have no difference in their effect on individual perceptions.

Table 9 : ANOVA output table.

Source Variance	Sum of Squares(SS)	Degree of Freedom(d _f)	Mean Square	F ratio
SS _C ⁶	4.85	2.00	2.43	21.57
SS _E ⁷	0.67	6.00	0.11	----
SS _T ⁸	5.52	----	----	---

Critical table value of F at α 0.1 ($n_1 = d_f$ for numerator = 2 and $n_2 = d_f$ for denominator = 6) is equal to 3.46. Calculated F > Table F, 21.57 > 3.46, so H_0 is not accepted. Thus the conclusion is that the different advertising themes have difference in their effect on individual perceptions.

has an impact on individual's perception. The high level of negativity creates ignorance towards advertisement and thus it has negative effect on purchase intentions. The moderate or low level of negativity creates high impact on individual's perception towards advertisement and thus it has positive effect on purchase intentions.

XI. FINDINGS

Emotions used in advertisements have a great impact on customer was agreed by 54 percent of respondents. The findings from descriptive statistics were Tirupati oil product statements', were strongly agreed by majority of respondents, while Ponds deodorant product statements', were having disagreement and EMAMI fairness cream product statements', were having indifferent view. This derived that after viewing advertisement many respondents were positive towards Tirupati and EMAMI brand but were negative towards Ponds brand. Through varied hypothesis developed by us, the findings were negative emotional advertising appeal makes the cognitive response positive, helps to form positive attitude and this increases the customer intention to buy the brand. The different advertising themes have difference in their effect on individual perception. The study reveals that if in negative emotional appeal advertisements, the intensity of negativity is high then it impacts on cognitive processing style and affect individual perception that effects purchase intention of consumers.

XII. CONCLUSIONS

The negative emotional appeal advertisements play important role in cognitive processing styles of Women. The emotional appeal advertisements are having high impact on consumers' cognitive message processing style which influences their purchase intention. The level of negativity used in advertisements

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⁶ SS_C: Column Sum of Squares = [No. of Row]* \sum [Each Column Mean -Grand Mean]²

⁷ SS_E: Error Sum of Squares = SS_T – SS_C

⁸ SS_T: Total Sum of Squares = \sum [Each Observation – Grand Mean]²

⁹ One way ANOVA: It is the statistical technique that is usually to compare means of more than two groups based on a single treatment factor.

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The Role of Strategic Leader in Attaining Competitive Advantage: A Case of IIUI

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Abstract - This study gives an insight to how a leader can strategically gain competitive advantage in the targeted institute ie International Islamic University, Islamabad. After in depth interviews with the faculty members and other stakeholders along with observation, the situation seemed unpromising in terms of competitive uplift. The scenario explained is by the concept of the market of lemons where lemons don't permit plums to survive as they are endangered by their talent. Few plums who manage to reach the top are also unaware of the real plums present down inside due to imperfect information provided by majority of threatened lemons. Terminology used for lemons is skilled incompetence as their focus is more on political networking and not on performance. However, the role of a strategic leader can bring a change since competing institutes are in no better position. IIUI unlike others had a strategic theme line but deviation to a popular trend is where the problems initiated. Revising the focus has become mandatory for key position holders who hold the power to take decisions. Suggestions also indicate how the problem of job security can be resolved which promotes political grouping and few propositions are given of how a leader must initiate change in the organization.

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THE ROLE OF STRATEGIC LEADER IN ATTAINING COMPETITIVE ADVANTAGEA CASE OF IIUI

Strictly as per the compliance and regulations of:



The Role of Strategic Leader in Attaining Competitive Advantage: A Case of IIUI

Sara Khan ^α & Hira Amin ^σ

Abstract - This study gives an insight to how a leader can strategically gain competitive advantage in the targeted institute ie International Islamic University, Islamabad. After in depth interviews with the faculty members and other stakeholders along with observation, the situation seemed unpromising in terms of competitive uplift. The scenario explained is by the concept of the market of lemons where lemons don't permit plums to survive as they are endangered by their talent. Few plums who manage to reach the top are also unaware of the real plums present down inside due to imperfect information provided by majority of threatened lemons. Terminology used for lemons is skilled incompetence as their focus is more on political networking and not on performance. However, the role of a strategic leader can bring a change since competing institutes are in no better position. IIUI unlike others had a strategic theme line but deviation to a popular trend is where the problems initiated. Revising the focus has become mandatory for key position holders who hold the power to take decisions. Suggestions also indicate how the problem of job security can be resolved which promotes political grouping and few propositions are given of how a leader must initiate change in the organization.

I. INTRODUCTION

Our study focuses on how a leader can strategically attain competitive advantage through influencing its members. Organization taken is International Islamic University.

Competitive advantage is an advantage over competitors by offering greater value. It has been observed that within a few years 10% of IIUI faculty will be PhD. This is a high ratio as compared to the neighbouring Universities such as FAST, NUST etc which also provide high quality education. International Islamic University has edge over other universities as it is a public University and also gets international grants. The concern begins here whether the opportunities are grabbed to the fullest or even the existing ones aren't availed.

Strategic leadership is defined as a person's ability to anticipate, envision, maintain flexibility, think strategically and work with others to initiate change that will create a viable future for the organization.

When competitive leadership is difficult for competitors to understand and hence to imitate the firm

has created a competitive advantage. Duane & Hitt (1999).

It has been observed that competitive advantage in academia can be attained through discretionary behavior which can be done through interest and action alignment. Aligned actions are actions consistent with the University's overall objective where as interest alignment is the alignment of the interest of members with the overall objective which means rewards and performance goals should be designed that faculty members see a common line of sight between goals and organization.

Interviews, observations and other formal and informal means of data generation portrait an image of the organization which showed that action alignment is present as every faculty is well aware of the objectives and every individual is accountable for his/her actions that in anyway affects the work or the culture but the concept of interest alignment is blur. Action alignment is the capability and opportunity of doing things that help reach objectives. Interest alignment is alignment of personal interest to the interest of the overall organization. Capability exists and opportunities subsist but it has been examined that the factor of motivation in few cases is manipulated to attaining personal interest at the cost of the organization's interest. This can be explained by three scenarios inculcating all three major stakeholders of an institute i.e. faculty members, students and administration.

Scenario 1

An associate professor of 'x' department is accountable to work for 9 credit hours, works for 6 credit hours and claims for 12 credit hours. Now why did this happen. Investigating it further we found two reasons. One is *modus Vivendi* when people group together and collectively agree to disagree. They are basically informal arrangements in political affairs, where one group member supports other on something that is legally unacceptable to protect vested interests. The other reason is job security. Maximum that can happen is a court case against a faculty member which may at the end result in his/her favour after years of investigation and manipulation.

However the solution to this exists too i.e. to shift the concept of basic pay scale to contractual pay scale as it has been seen that many faculty members

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has been fired but they all were the ones who were at contractual pay scale as almost no legal processes has to be carried out to fire them. Every employee's if shifted to that would know that they will be fired if seen practicing unethical behaviors. This solution applies to the second scenario as well.

Scenario 2

This scenario gives an insight of administrative staff that spends half their time in unproductive work due to *modus Vivendi* and interestingly this university has the greatest number of administrative staff if compared to the number of students they are supposed to facilitate. However, their actions depict a complete opposite picture for what they are hired for. Buses timings, lab timings, procedures are not practiced according to the rules but are practiced according to staff's convenience.

Scenario 3

Students when faced with such treatment get frustrated and take out their frustration in damaging university's property. This culture is continually promoted by many similar actions.

II. HYPOTHETICAL EXAMPLE

The harm of job security can be explained by a hypothetical example. An employee e.g. a coordinator in faculty of management sciences is creating problem for the department due to continuous complain the chairperson writes to the rector or vice president to get him/her transferred to another faculty. The application gets approved and then the employee gets transferred to another department e.g. faculty of Islamic law and banking. After 3 years of observation the chairperson of that department finds problem in the employee's working, follows the same procedure and gets the employee transferred to another faculty, same happens again and finally the employee get transferred back to faculty of management sciences. So it gets pointless transferring one problematic employee in the same organization to different departments.

III. MACRO & MICRO LEVEL

Leader of IIUI has to work on two levels: macro level and the micro level. Macro level here is taken as aligning all faculties to one common purpose as from years it has been seen that many faculties have very contradictory objectives that lead them to two totally opposite direction. One is Faculty of management sciences that believes in western modernism the other is Usuluddin that is an extreme on the other end of an extent.

Micro level is alignment within a department. Where did the problem start from? It initiated from the theme line made prior to the development and later

deviating from the theme created more confusion. The theme was to merge the Islamic and modern studies but what actually happened was one faculty adopted one point of the theme i.e. modernism and the other completely stuck to the Islamic. The idea began with the strategic decision that was based on differentiation. However instead of focusing to the differentiated strategy that no other university had or still has in the market, IIUI followed the popular decision. Popular decision or actions refers to excessively followed trend.

To create alignment within the faculty it is necessary to create interest alignment along with action alignment and for the right reason/purpose.

It is the role of a leader to create a link by lining up action and interest and also following the strategic theme line for the future. This can only be done by reviewing past mistakes and avoiding them in future.

It is possible and fruitful to identify major events that have already happened, irrevocably and that will have predictable affects in the next decade and two, It is possible, in other words to identify and prepare for the future that has already happened. Peter Drucker (1997)

Keeping a link between past and present may help working better for future. This is mandatory if a leader looks forward to value addition and achieving an edge, In difficult times, a credible leader thinks into the future, while working effectively in the present (Quist, 2009).

Strategic leadership may prove to be one of the most critical issues facing organizations. Without effective strategic leadership the probability that a firm can achieve superior or even satisfactory performance is questionable.

Strategic leadership theorists (Hambrick and Mason, 1984) assert that top management is crucial to firm outcomes because of the decisions they are empowered to make and because ultimately they account for what happens to the organization (Hambrick 1989)

Another dilemma that exists in this organization is the lack of trust, where the concept of in-group and out-group greatly prevails. It is believed that only the members of in-group would be benefited or only those members have the ability to shape the decisions (in-group members of the authorities). Therefore leader has to be democratic when it comes to taking a decision on a broader forum which affects almost the entire faculty. So such misconceptions which are deeply rooted could be taken out and also there would be less motivational elements that should encourage being a part of in-group. The role/responsibilities of a strategic leader is very high in as the entire organization rests on his/her decisions.

Boal & Hooijberg (2001) argue that the essence of strategic leadership involves the capacity to learn, the capacity to change, and managerial wisdom.

This is crucial in academia as researchers and leaders whether it comes to leading the faculty or students where capacity to learn focuses on not only the ability to perform and produce but also the willingness to further invest in one in terms of adding knowledge. Managerial wisdom however has more to do with leadership than management as wisdom have more to do with experiences than managing. Also learning brings change. Keeping one flexible, to absorb new objects means that one has the capacity to change since change cannot be brought through lecturing. There is an implicit assumption that strategic leaders are the guiding force behind organizational learning. Lahteenmaki, Toivonen & Matilla, 2001)

There is an opposing view as well given by Boal and Schultz (2007) They argue that the behavior and structure of an organization emerges out of the interaction of a collection of organizational agents. Seemingly, there is no role for strategic leadership because the system self-organizes. To be realistic or maybe blunt at this point the concept of self management comes later or again comes from the efforts once practiced by the leader. However this organization at present is in strong need of a leader who understands what is happening at the micro level. This can be done when he/she is transparent i.e. accessible to everyone, to all stake holders not just to the departmental heads, deans or chair persons of different departments. Seeing one side of a picture would put the organization into further troubles.

Through dialogue and storytelling, strategic leaders shape the evolution of agent interactions and construct the shared meanings that provide the rationale by which the past, the present, and the future of the organization coalesce Boal and Schultz (2007). It has been observed by many authors that leaders cannot only rely on their ability but also value people and believe that they have something valuable to contribute. Even if a leader has the knowledge and skills to deal successfully with turbulence and the ability and commitment to learn but does not value people, there is no purpose in the effort (Quist, 2009). For this the leader through both direct and indirect communication convey this to employees that he/she is willing to take their ideas and is always there to listen to them. The employees feel leadership wants their ideas if a leader does open discussion, and provides some means for all the employees to be able to communicate their concerns to leadership (Quist, 2009). Also the problem with focusing on this can be as described by Casabeer & Mark (2009) When assessing leaders against competencies there is a tendency to interpret behavior according to these predefined categories. Thus, in effect, the framework becomes a self-fulfilling prophecy whereby individuals redefine themselves in terms of the corporate language.

What is important is to engage the person in dialogue to reveal and clarify his/her purpose at work rather than presenting him/her with a pre-defined set of competencies to acquire. By ensuring clarity of purpose, it is argued the appropriate competencies will emerge naturally within a given situation. This research would thus imply that 'competence' is a socially constructed set of meanings rather than a definable list of attributes and/or behaviours to acquire. Casabeer & Mark (2009).

However IIUI at this very point in time strongly needs a leader that can keep a check in its own strategic ways as already mentioned that this is a public university which means that the jobs of the staff are secure. This as observed in Pakistan's context that job security moves the focus away from performance to political relations. As career development paths are ambiguous.

a) *The market for lemons*

The internal functioning of organizations particularly public sector organizations in Pakistan can be related to the concept of market of lemons presented by Akerlof. However we are going to present it in a different way. These organizations have lemons almost at every position. However by any chances if a plum is recruited who is more competent, educated, better experienced than lemons then what happens is that lemons start taking the plum as threat, specially the lemons present in key positions that are further motivated by their in-group to network with the key positioned lemons. In other words the in-group full of skilled incompetence aims to secure their positions and the one way to secure is through clearing their paths by removing plums. Therefore the mere presence of lemons destroys the market for quality goods (plums). However even if a plum manages to reach to the top positions even then he/she can't help other plums grow due to imperfect information available and communication from limited sources such as from major position holders. Therefore plum managers need to look for a way in which they can signal other plums present.

b) *Hope to excel*

When a quick look is given to one organization the scenario seems pretty unpromising. However still it can manage to get a competitive position. How? Because organizations with which IIUI is competing is in no better position than IIUI as explained in the game theory. However this is not where an organization is relieved. This is where an organization needs to take a step to step ahead. Here is where the need for a strategic leader begins. In such scenarios it is the easiest to gain an edge. It isn't as simple as it seems but it isn't impossible when it comes to serious implementation.

Proposition 1

Positive alignment and similarity between attitudes of leader and followers enhance employee performance.

An attitude is a hypothetical construct that represents an individual's degree of like or dislike for something. Attitudes are generally positive or negative views of a person towards some, place, thing, or event—this is often referred to as the attitude object.

In leadership research, similarity between leaders and followers attitudes has predominantly been analyzed as a predictor of leader-member exchange (e.g., Deluga, 1998; Dose, 1999). Similarity has also been examined in terms of value congruence as a mediator of transformational leadership (e.g., Jung & Avolio, 2000). When discussing similarity, the following distinctions have to be made. First, one should distinguish between surface-level and deep-level similarity (Hiller & Day, 2003). Surface-level similarity refers to demographic characteristics such as gender, age, and ethnic background (social category diversity; Jehn, Northcraft, & Neale, 1999). Deep-level similarity is based on more psychological characteristics such as values, personality, and attitudes (Harrison, Price, & Bell, 1998). Whereas, indicators of surface-level similarity are salient and, consequently, likely to be perceived very quickly, indicators of deep-level similarity have to be derived from observed behaviors and/or interaction and communication. Positive deep level similarity can enhance performance. If the focus of both the leader and the member is to contribute in terms of efforts then deep level similarity can help an organization to be more emotionally integrated. When there is emotional alignment among the people of an organization it results in an emotional integration of the whole organization. This further can help people understand each other's capabilities and only then their best utilization is possible. In a broader perspective, linked with the same identity, gives individuals a sense of belonging that emotionally connects every employee to the ethos of their work place (Samantra & Goshal, 2002). Employees working collectively through shared knowledge with common objectives, integrates the organization in a more intellectual and social emotional, intellectual, way.

If the employees are emotionally connected, it makes them feel special, as if they fit, and that their future seems bright. It is really necessary for the leader to change employees' attitudes from negative to positive, create attitudinal alignment and enhance employees as well as organizational success. It is the role of a leader to not let politics come into play. The factors that influence positively to attitudinal alignment and increase worker performance require that leaders must understand some of the underlying elements that may create behaviorally distant workers. The leader

should have a distinctive ability to distinguish between real soldiers and actors. As employees who focuses solely on impression management and in result gets compensated destroys the entire climate of the organization. It is important to discuss that only positive attitudinal match can contribute to performance. Therefore, some elements leaders should consider like identifying and communicating priorities. Leaders can start changing employees' attitudes to a positive mindset by identifying and communicating priorities. Setting priorities with employees helps them to focus on important tasks. The emotional aspects include the unique culture that differentiates each business as well as the emotional connectivity that makes people tick—the often untold story of why your employees show up each day. If the leader succeeds in doing this then a deep collaborative culture.

Collaboration depends on mutual trust and friendship. Employees with complementary traits or with a personality match can develop trust and friendship quickly. These two factors help in the execution of shared knowledge and create value. These aspects are the key factors towards building a more collaborative and transparent culture. Such a culture of the organization is clearly connected to its business purpose. The people it employs are more aligned right from the outset, as the culture of any organization plays a role in attracting talent.

If the leader do well in creating a collaborative environment, discourages solely impression management acts and communicate priorities clearly such as work is to be rewarded not political bonding then employees willingness to develop and grow can has a positive impact on employee leader relationship.

Proposition 2

Employee's willingness to develop and grow has a positive impact on employee-leader relationship, and ultimately motivates the employee to perform better.

Employer wants employee performance and employee can perform best only when he is willing to develop both personally and professionally. Growth need strength is a personal attribute that concerns a person's desire to grow and develop as an individual. As an explanatory construct, growth need strength is a central concept in understanding the influence of job characteristics (Kulik & Oldham, 1988).

Graen and Scandura (1987) contended that having some work group members with job-growth potential (ability) and the motivation to accept challenges beyond their job descriptions contributes to the success of leader-follower exchanges.

Phillips & Bedeian in 1994 find a positive relation of the attribute of growth need strength with the exchange quality that ultimately motivates employee to outperform.

Employee willingness to grow can foster through making processes transparent. In the case of IIUI employees are not aware of how their ACR's are being evaluated. Therefore they feel threatened and forces themselves to engage in developing relationships with their boss which mostly includes the element of impression management. Therefore Their ACR's should be explicitly discussed specially about the areas where they are poorly ranked so employees are clear about their path.

Proposition 3

We feeling/sharing similar mind sets is difficult to establish, impossible to imitate and extremely crucial to foster an environment which encourages improved performance.

Having similar mindsets would not only give direction to what to do but also *when to do* that it would best serve the organization. This is what is referred to as action alignment.

To achieve action alignment it is necessary to have both a shared mind set between employee and the organization and the resulting behavioral outputs from employees leading to attainment of strategic goals of the organization (Colvin, 2007).

In "Corporate Culture and Performance," Kotter and Heskett show that companies with strong adaptive cultures based on shared values and mindset outperformed other companies by a significant margin. Over an eleven-year period, companies that emphasized all stakeholders – employees, customers and stockholders, and focused on leadership development, grew four times faster than companies that did not. They also found that these companies had job creation rates seven times higher, had stock prices that grew twelve times faster and profit performance that was 750 times higher than companies that did not have shared values and adaptive cultures.

Sharing a WE feeling between leader/member is extremely important only then the members would be willing to go an extra when they recognize the fact that benefit and loss are mutually shared at all levels. Herbert Simon (1991) observed that doing the job well is not mainly a matter of responding to commands, but it is much more a matter of taking initiatives to advance organizational objectives.

However organization effectiveness is best achieved when the focus is not only on action alignment but also when it works for achieving interest alignment. Interest alignment is when individual interests are aligned with organizational interest.

We feeling can more easily be created when everyone takes the same meaning of terminologies which are frequently used e.g. flexible working hours – not coming isn't flexibility in academia also the term due favours refers to favours that are allowed and aren't given at an expense of someone's else's right. In such

organizations we have seen that terminologies are misinterpreted intentionally and unintentionally. Therefore certain factors needs to be explicitly expressed.

Proposition 4

Congruence of individual goal to organizational goal can bring competitive advantage by encouraging discretionary behaviors.

This propositions talks about interest alignment along with action alignment. Where discretionary behavior, behaviors that cannot be specified in advance and also that contribute positively to organization becomes a source of competitive advantage since they cannot be imitated.

Value creation is derived from unspecifiable employee action Colvin & Boswell (2007).

Routine behaviors are behaviors that are explicitly mentioned in job descriptions and definitely due to this very reason they can be easily imitated.

Barney (1991) Routine job behaviors are likely to reap only average returns given that they are readily imitated.

By acknowledging that management cannot foresee every situation, employee make judgments and use discretion to do the right things Colvin & Boswell (2007)

For the organizations to do well, it is not enough for employees to accept commands literally, what is required is that employee take initiatives and apply all their knowledge and skills to advance the achievement of organizational objectives.

Discretionary employee behavior that are difficult to specify in advance are particularly valuable to organizations because, unlike routine job performance, they are difficult for competitors to replicate (Lawler, 1994).

There has been periodic recognition that it is ultimately employee behaviors, rather than the human resource practices themselves, that are the source of value creation for the organization (e.g. MacDuffie, 1995; Schuler & Jackson, 1987; Wright & Snell, 1998)

IV. CONCLUSIVE REMARKS

If overall system is reviewed and the above factors incorporated then genuine behaviours can easily be distinguished from political or impression management acts. This change is time consuming and requires complete renovation of the entire structure. IIUI has its core competency as it provides quality education to both the segregated units of male and female campuses. However to continually upgrade the quality education the faculty needs to be satisfied and competent plums needs to be given a chance to excel whereas lemons need to not only respect plums but also work with them to upgrade their KSA's. Creating an environment of mutual trust and friendship can

emotionally integrate the entire work force to create a culture which helps everyone to contribute their maximum and in return rewarded fairly. For this it is important to shift every employee from basic pay scale to contractual pay scale which gives less job security and only performance would be the ultimate reason for existence, not relying on *modus Vivendi*. Politics in organization is simply a fact of life and cannot be avoided completely. But due to excessive politics in the organization politics have become a state of mind by which every genuine act is misinterpreted as impression management that greatly discourages loyalty, Porter (1976) argued that perceptions are important to study and to understand even if they are misperceptions of actual events, with particular reference to organizational politics.

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Impact of the Macroeconomic Variables on the Stock Market Returns: The Case of Germany and the United Kingdom

By Mahedi Masuduzzaman

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Keywords : Macroeconomic variables, Investor, Germany, UK, Returns, Stock markets.

JEL Classification : C22, E44, G15



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I. INTRODUCTION

Macroeconomic variables play an important role in the performance of stock market returns. Numerous studies document that there are link between macroeconomic variables and equity returns. It is found that changes in the macroeconomic environment affect the price of share. According to the arbitrage pricing theory the relation between stock returns and certain macroeconomic variables has been established (Ross-1976). In addition, some studies concerning multifactor models frequently incorporate certain macroeconomic variables as explanatory factor of the expected returns (Bilson et. al. 2001). A potential investor and portfolio manager looks at such a stock market where macroeconomic variable are moves sense of direction. It is very interesting to invest stock market but a very risky trench of investment. So, potential investors always try to predict the trends of stock market prices to obtain maximum benefits and minimize the

future risks. Being concerned with the relationship between stock market returns and macroeconomic variables, investors might guess how stock market behaved if macroeconomic indicators such as exchange rate, industrial productions, interest rate, consumer price index and money supply fluctuate (Hussainey and Ngoc, 2009). Macroeconomic indicators are compositions of data which frequently used by the policy makers and investors for gathering knowledge of current and upcoming investment priority. The present studies have concentrated on two developed countries' stock markets such as Germany and the United Kingdom and will try to find out the relationship between stock market returns and certain macroeconomic variables in Frankfurt stock exchange and the London stock exchange.

The rest of the study is structured as follows: section two highlights on related literature, section three concentrates on methodology and description of the dataset, section four discusses the empirical results and finally, section five draws a conclusion to the study.

II. REVIEW OF THE LITERATURE

In globalized economy there are various ways financial market especially the stock market and the macro-economy have been related in the literature. In recent past, longstanding academic studies evidence that macroeconomic indicator affects stock prices. We find plenty of research on how the macroeconomic indicators affect the stock market. In 1981, Fama established a relationship among stock prices and macroeconomic indicators. He found that expected nominal inflation is negatively correlated in real activity and the reality is that the changing inflation has positive relation to returns on the stock market. Later studies support the Fama's (1981) hypothesis. Geske and Roll (1983) emphasized on the importance of policy responses in explaining stock returns. In 1987 Kaul also emphasized the same.

Errunza and Hogan (1998) examined whether the variability of a set of monetary and real macroeconomic factors can explain the variation of the some European stock market volatility. Employing a Vector-auto Regression (VAR), they found evidence to support that monetary instability is a significant factor for

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France and Germany, while for Italy and the Netherlands industrial production is significant. Employing Hodrick-Prescott filter methodology, Brooks et al. (2000) examined the cyclical regularities of financial, macroeconomic and property market aggregates in relation to the property stock price cycle in the UK and indicate that the cycles of consumer expenditure, per capita total consumption, dividend yield and the long-term bond yield are correlated and these variables are mainly coincidental with the property price cycle. The nominal and real T-bill, the interest rates, and other financial variables could provide information to explain stock returns in the United Kingdom. Nasseh and Strauss (2000), using quarterly data during the period of 1962.1 to 1995.4, studied several countries such as Germany, UK, Holland, France, Italy and Switzerland and concluded that CPI, IP exist with large positive coefficients in the said countries' stock markets. On the other hand, they pointed out that in the long-run, interest rates are negatively related. Furthermore, this study argues that the German industrial production and stock prices positively influence the return of other European stock markets like UK, Holland, France, Italy and Switzerland. Considering monthly UK data and employing ARCH and GARCH models, during the period 1967 to 1995, Morelli (2002), tried to determine the relationship between conditional macroeconomic volatility and conditional stock price volatility. This study considers several macroeconomic variables namely, industrial production, money supply, exchange rate, inflation and real retail sales. But the study claims that volatility of chosen macroeconomic indicators does not explain the volatility of stock price in the UK market. Rangvid et al. (2005) examined the predictability of twelve developed economies' stock markets return using macroeconomic variables. This study used macroeconomic variables such as industrial production, money supply, CPI, PPI, exchange rates and interest rates and claimed that interest rates are the reliable and consistent forecaster of equity returns in developed economies.

Inflation influences stock indices. Positive inflation that is: when inflation rate is higher than expected, which is economically bad news implies meaningful impact of stock returns in Spanish stock market (Diaz and Jareno, 2009). Mittal and Pal (2011) drew a similar conclusion regarding the Indian stock return volatility. They employed a VAR model examining Indian stock returns during the period of 1995–2008 (Quarterly data) and demonstrated that inflation rate has notable influences in major stock markets of India. Central bank interest rates or government securities rate has a mixed impact in stock returns. In this regards, Alam and Uddin (2009) studied on fifteen developed and developing countries interest rates during the period spanning from 1988 to 2003. Using both time series and panel regressions they claims that for all

fifteen countries share price are negatively related with interest rates. They also found that, changes of interest rates had significant negative relationship with changes of stock price and this happened only in six countries out of 15.

Hussainey and Ngoc (2009) examine the macroeconomic indicator that industrial production and interest rates effects on Vietnamese stock prices. They also studied how Vietnamese stock prices influenced by the US macroeconomic indicators using time series data during the period of January 2001 to April 2008. They found notable relations among stock prices, money market and domestic industrial productions in Vietnam and the United States real production activity has stronger effects on stock prices of Vietnam. Before that, Hamzah et al. (2004) conducted a research on Singapore Stock Exchange to find out the long-term relationship among several macroeconomic indicators and stock price indices and property indices of Singapore. In this regard, they found that stock market indices and property indices creates co-integrating relationship among industrial production, money supply, exchange rate and interest rates. However, Filis (2010) found that there is no causal relationship between Greek stock market and industrial production during the period spanning from January 1996 to June 2008 using multivariate VAR model. He also argued, stock market and oil prices exercise a positive impact on Greek consumer price index in the long-run. Daly and Fayyad (2011) examined, the relationship between Gulf Cooperation Council (GCC) countries, the UK and the US stock market returns and oil price by employing DCV and VAR analysis during the period September 2005 to February 2010 and find that when oil prices increase sharply it predicts the USA, UAE and Kuwait but not the UK, Oman, Bahrain and Qatar.

There are little segmentation observed between emerging and developed market stock returns. The volatility of developed economies' stock returns is less than the volatility of emerging market stock returns. The volatility of emerging market is changed by local macroeconomic variables as well as international macroeconomic variables. Abugri (2008) finds that Chile, Argentina, Brazil and Mexico stock market returns has been changed by individual macroeconomic factor like industrial production, exchange rate, money supply etc as well as the US three month T-bill yields. The global factors are always influenced in explaining stock market return of the above four countries. Approximately identical result was found by Bilson et al. (2001). They claim that emerging stock markets partially identified that these markets are a bit divided from global equity market. In this context, they also argue that global factors are less important than local factors for the stock return variation in the emerging stock markets. Exchange rates do not only influence the developed

economies stock markets but also those of developing countries’.

From the above discussion about relevant literature on various macroeconomic variable influences on different stock exchanges, we have seen that different stock market behaved differently. Most of the studies found evidence of influence of certain macroeconomic indicator on stock price indices.

III. DATA DESCRIPTION AND EMPIRICAL DESIGN

In research, the data sources, data description and the methodology need to be specified. The methodology needs to be cautiously designed to obtain realistic results. The methodological design employed in this study consists of unit root tests; Johansen cointegration test, VECM based Granger causality, variance decomposition analysis and impulse response analysis.

a) Data

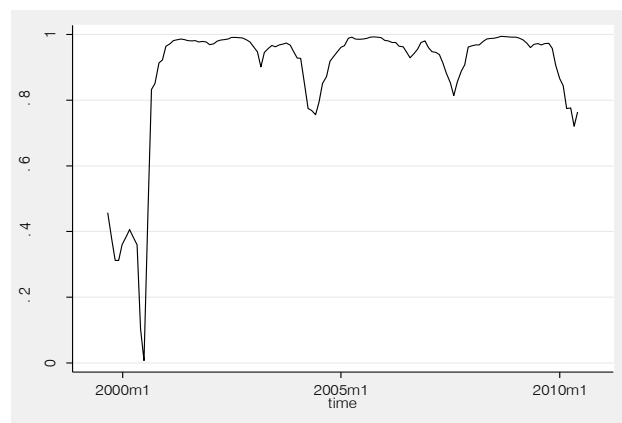
The empirical investigation has been carried out in the case of the United Kingdom and German stock market returns and selective macroeconomic variables. The data used under the study are monthly data from February 1999 to January 2011. The UK and German stock prices is the end-of- period closing share price indices.

The stock indices are DAX30 of Frankfurt stock exchange and FTSE100 of London stock exchange. These stock price indices and the chosen macroeconomic variables such as broad money supply (MS), exchange rates, treasury bill rates (Representing interest rate for UK), bond rate (Representing interest rate for Germany) are obtained from the Data Stream.

Consumer price index (CPI) representing the rate of inflation and Industrial Production Index (IP) representing the economic activity are sourced from OECD data bank.

The stock market returns of Germany and the UK are shown a high level of time varying correlation. If we have a close look towards German and the UK stock markets return (figure-4.1), we observe that these two developed economies stock market returns are closely correlated in the sample period except late 2000.

Figure 1 : Time Varying Co-relation between Germany and the UK Stock Returns.



The correlations between stock market returns and the macroeconomic variables are different. A positive correlation is evident between the DAX30 and the macro-economic variables with the exception of bond;the correlation (table-1) between the UK price index and the macroeconomic variables are fairly strong with the exception of CPI and MS.

Table 1 : Co-relation between stock markets returns and macroeconomic determinants.

United Kingdom						
	LFTSE100	LCPI	LIP	LEXRATE	LMS	LTBILL
LFTSE100	1					
LCPI	-0.07	1				
LIP	0.30	-0.86	1			
LEXRATE	0.27	-0.75	0.92	1		
LMS	-0.19	0.96	-0.78	-0.63	1	
LTBILL	0.31	-0.74	0.95	0.93	-0.66	1
Germany						
	LDAX30	LCPI	LIP	LEXRATE	LMS	LBOND
LDAX30	1					
LCPI	0.80	1				
LIP	0.87	0.91	1			
LEXRATE	0.086	-0.32	-0.28	1		
LMS	0.38	0.71	0.66	-0.58	1	
LBOND	-0.55	-0.67	-0.73	0.62	-0.48	1

b) Unit Root Test

The first step of the methodological process involves a test for stationarity as the variables to be used in this paper are time series which are usually non-stationary. We employed Augmented Dickey-Fuller (ADF) and Phillips-Perron (PP) tests for unit root. If the variables are stationary in level, they are said to be integrated of order 0 that is I(0). On the other hand, if the said variables become stationary after first differencing are said to be I(1).

c) Johansen Multivariate Co-integration Test:

Co-integration refers to the situation where the nonstationary time series of the same order exist a long-run relationship. After determining the order of integration of each variables, we perform Johansen co-integration tests whether there is a cointegrating relationship between stock returns and chosen five macroeconomic variables in Germany and the UK. The mathematical form of Johansen cointegration test is given below:

$$z_t = A_1 z_{t-1} + \dots + A_p z_{t-p} + Bx_t + \mu_t \quad \dots \quad (i)$$

Where z_t = k vector of endogenous variables, x_t = a vector of deterministic variables, μ_t = a vector of innovations. The model (i) may be re-written as a vector auto regression (VAR) following way

$$\Delta z_t = c + \Pi z_{t-1} + \sum_{i=1}^p \Gamma_i \Delta z_{t-i} + \mu_t \quad \dots \quad (ii)$$

$$\text{Where } \Pi = \sum_{i=1}^p A_i - I \text{ and } \Gamma_i = - \sum_{j=i+1}^p A_j$$

In equation (ii) the vector Δz_t and Δz_{t-1} are I(1) variables. Therefore, the long run relationship among z_t will be determined by the rank of Π , if $r=0$ then the equation (ii) reduce to a VAR model of p-th order and in this case the macroeconomic variables in level do not have any co-integrating vector. On the other hand, If the rank $0 < r < n$ then there is a possibility of existing $n \times r$ matrices namely α and β and it can be written such that

$$\Pi = \alpha \beta' \quad \dots \quad (iii)$$

The Johansen co-integration test estimate the Π matrix from an unrestricted VAR and also test whether we can reject the restrictions implied by the reduced rank of using either the trace statistic or the maximum eigen value statistic (Wickremasinghe, 2011). The trace statistic and the maximum eigenvalue statistic is determined using the following equations

$$\text{Trace Test} = \lambda_{\text{trace}} = -T \sum_{j=r+1}^k \ln(1 - \hat{\lambda}_j) \quad \dots \quad (iv)$$

$$\text{Maximum Eigen Value Test} = \lambda_{\text{max}}$$

$$= -T \ln(1 - \hat{\lambda}_{r+1}) \quad \dots \quad (v)$$

Where T = Number of observations, $\hat{\lambda}_j$ = Estimated values of characteristic roots ranked from largest to smallest and $r = 0, 1, 2, \dots, n-1$. It is well known that the co-integration test is Lag sensitive. This study follows the Akaike Information criterion (AIC) and Schwarz Bayesian Criterion (SBC) to select the number of appropriate lags.

d) Error Correction model, Short and Long run Causality

If there exists a co-integration relationship between the stock returns and macroeconomic variables then there is a possibility of causality among the variables at least one direction (Engle and Geanger, 1987). If we consider x_t (stock market indices) and y_t (macroeconomic variables) as two different time series then the error correction model express as following way:

$$\Delta x_t = \beta_0 + \sum_{i=1}^n \beta_1 \Delta x_{t-i} + \sum_{i=1}^m \beta_2 \Delta y_{t-i} + \beta_3 ECT_{t-1} + \varepsilon_{1t} \quad \dots \quad (vi)$$

$$\Delta y_t = \delta_0 + \sum_{i=1}^n \delta_1 \Delta y_{t-i} + \sum_{i=1}^m \delta_2 \Delta x_{t-i} + \delta_3 ECT_{t-1} + \varepsilon_{2t} \quad \dots \quad (vii)$$

Where Δ is the difference operator, n and m are the lag lengths of the variables, ECT_{t-1} is the residual from the co-integrating equation. ε_{1t} and ε_{2t} are the disturbance terms. From equation (vi) and (vii) we can examine the statistical significance of the error correction term by separate t-test and the joint significance of the lags of each explanatory variables by χ^2 -test.

e) Variance Decomposition and Impulse Response Analysis

The standard Granger causality analysis interpreted within the sample period only. In this regard, variance decomposition analysis could be an important tool to make proper inference regarding the causal relationships beyond the sample period. Actually, Variance Decomposition indicates the percentage of the forecast error variance in one variable that is due to errors in forecasting itself and each of the other variables (Tarik, 2001).

The impulse response function is designed to infer how each variable responds at different time horizon to an earlier shock in that particular variable and to shocks in other macroeconomic variables. Particularly, we investigate the response of the DAX30/FTSE100 to one standard deviation shocks to the equation for DAX30/FTSE100 and macroeconomic variables and also the response of macroeconomic variables to one standard deviation to the equation for the DAX30/FTSE100.

IV. EMPIRICAL RESULTS

a) Stationarity tests

The unit-root test is performed on the UK and German time series to determine whether the time series is stationary. We employed both the ADF and PP unit root tests. The findings of the unit-root test are shown in

Table 2. The results indicate that all the variables show unit roots at natural log level and stationary at its first differences. Therefore, the variables are integrated of order one that is I(1). Thus, we are able to investigate the long-run equilibrium relationship among the macroeconomic variables.

Table 2 : Germany and the UK Stock Market- Unit Root Test Results.

	Germany				UK			
	Level		First Difference		Level		First difference	
	ADF	PP	ADF	PP	ADF	PP	ADF	PP
DAX30/ FTSE100	-1.48 (.53)	-1.41 (.57)	-11.08* (.00)	-11.08* (.00)	-1.72 (.42)	-1.70 (.43)	-11.80* (.00)	-11.81* (.00)
Tbill/ bond	-.36 (.91)	-.50 (.89)	-5.44* (.00)	-12.17* (.00)	-.93 (.77)	.097 (.96)	-4.02* (.00)	-5.86* (.00)
CPI	-.22 (.93)	-.32 (.91)	-9.47* (.00)	-17.34* (.00)	2.12 (.99)	1.91 (.99)	-12.59* (.00)	-12.60* (.00)
Exrate	-1.06 (.72)	-1.01 (.74)	-11.33* (.00)	-11.23* (.00)	-.63 (.86)	-.93 (.91)	-9.04* (.00)	-12.59* (.00)
MS	0.74 (.99)	-0.70 (.99)	-4.37* (.00)	-9.76* (.00)	-1.15 (.69)	-.95 (.77)	-8.15* (.00)	-23.68* (.00)
IP	-2.09 (.24)	-1.66 (.45)	-4.19* (.00)	-12.08* (.00)	-.82 (.81)	-.53 (.88)	-4.98* (.00)	-13.65* (.00)

Notes: *indicates significant at 1% level

b) Co-integration, Error Correction model, Short and Long-run Causality test results

The Johansen co-integration test results particularly trace statistic and eigenvalue statistic are presented in table-3.

The result represents that both DAX30 and FTSE100 are co-integrated with corresponding

macroeconomic variables. Thus, the results implies that there is long run equilibrium relationship between the stock market prices and the five macroeconomic variables in Germany and the UK during the periods under the present study.

Table 3 : Johansen Multivariate Co-integration Test Results for Germany and the United Kingdom.

	Germany				United Kingdom			
	Trace Statistic (λ_{trace})	05% Critical Value	Max Eigen Value Statistic (λ_{max})	05% Critical Value	Trace Statistic (λ_{trace})	05% Critical Value	Max Eigen Value Statistic (λ_{max})	05% Critical Value
$r=0$	110.66	95.75	38.96	40.07	118.23	95.75	41.33	40.07
$r \leq 1$	71.69	69.81	33.89	33.87	76.90	69.81	32.17	33.87
$r \leq 2$	37.80	47.85	20.73	27.58	44.72	47.85	20.19	27.58
$r \leq 3$	17.07	29.79	11.26	21.13	24.53	29.79	14.08	21.13
$r \leq 4$	5.81	15.49	5.31	14.26	10.44	15.49	7.07	14.26
$r \leq 5$	0.49	3.84	0.49	3.84	3.36	3.84	3.36	3.84

As we found cointegrating relationship for both the countries, we proceed to investigate the error correction models. The results obtained from Error Correction Mechanism (ECM) specification represented by model (vi) and (vii) is depicted in table-4. According to the results we can see the four sorts of causal relationship such as short-run, long-run, no causality and both short and long run causal relationship. We find there are three short-run, two long-run and one short and long run causal relationships for Germany. The short run causality runs from DAX30 to CPI, from money supply (MS) to DAX30 and from industrial production (IP) to DAX30. The long-run causality runs from CPI to DAX30 and from exchange rates to DAX30.

There is only one short and long-run relationship, that from the DAX30 to industrial production. For the United Kingdom, we find there are five short-run, one long-run and two short and long run causal relationships. The short run causality runs from FTSE100 to Tbill, from FTSE100 to MS, from FTSE100 to exchange rate, exchange rate to FTSE100 and FTSE100 to industrial production. The long-run causality runs from CPI to FTSE100. The short and long-run causal relationship runs from FTSE100 to CPI, from MS to FTSE100 and from IP to FTSE100.

Table 4 : Causality test results based on the vector error correction model.

Germany				
Causality		$(\chi^2 \text{ statistic})$	ECT_{t-1}	Nature of causality
From	To			
DAX30	CPI	6.96** (0.03)	[-.002] {- .58} (.56)	Short-run
CPI	DAX30	0.41 (0.81)	[-.039*] {-1.71} (.08)	long run
DAX30	Bond	1.61 (0.44)	[-.004] {.21} (.82)	No causality
Bond	DAX30	0.63 (0.72)	[-.026] {-1.14} (.25)	No causality
DAX30	MS	0.81 (0.66)	[-.002] {- .50} (.61)	No causality
MS	DAX30	8.86*** (0.01)	[-.036] {-1.59} (.11)	Short run
DAX30	Exrate	1.70 (0.42)	[-.011] {- .68} (.49)	No causality
Exrate	DAX30	0.96 (0.61)	[-.041*] {-1.86} (.064)	long run
DAX30	IP	5.74** (0.05)	[-.037*] {-1.80} (.07)	Short and long run
IP	DAX30	4.47* (0.10)	[-.036] {-1.37} (.17)	Short-run
United Kingdom				
FTSE100	CPI	12.79*** (0.00)	[-.013***] {-2.87} (.00)	Short and long run
CPI	FTSE100	1.98 (0.57)	[-.045*] {-1.86} (0.064)	long run
FTSE100	Tbill	9.64** (.02)	[-.004] {- .499} (.61)	Short-run
Tbill	FTSE100	5.20 (0.15)	[-.039] {-1.47} (.14)	No causality
FTSE100	MS	7.93** (0.04)	[-.013] {-1.02} (.30)	Short-run
MS	FTSE100	7.04* (0.07)	[-.042*] {-1.71} (.089)	Short and long run
FTSE100	Exrate	11.70*** (.00)	[-.005] {- .33} (.74)	Short-run
Exrate	FTSE100	14.10*** (0.00)	[-.038] {-1.55} (.12)	Short-run
FTSE100	IP	6.52* (0.08)	[-.005] {- .33} (.73)	Short-run
IP	FTSE100	6.17* (0.10)	[-.04*] {-1.64} (.10)	Short and long run

Note: ***, **, * denote significance level at 1%, 5% and 10% respectively. [] denote coefficient of the corresponding ECT_{t-1} . Numbers in parentheses { } and () are the corresponding t-statistic and P-values

c) Variance Decomposition Analysis

The results of variance decomposition analysis of Germany are presented in table-5 and 6. The table-5 decomposes with the stock market indices of Germany and the macroeconomic variables. The variance decomposition analysis was employed to supplement the Granger causality results to reinvestigate the out of sample impact. The results provided in columns 2-6 of table-5 indicates how much of the DAX30's own shock is explained by movements in its own variance and the chosen macroeconomic variables over the 60 months

forecast horizon. According to the results, shown in table-5, the amount of variance of the DAX30 explained by own goes down when the time horizon increased up to 60 months. At horizon one, all variance in the DAX30 is explained by own. At horizon 60, 85% of DAX30 variance is explained by itself. This indicates that at longer horizons, the variance of DAX30 may be caused by variance of other macroeconomic variables especially by money supply and industrial production. At horizon 24, the IP explains 5.93% of the variances of the DAX30. When the time horizon goes up, the actual

amount of variance of the DAX30 explained by the IP also goes up. The other variable may cause in the DAX30 is money supply (MS). At horizon 12, 7.25% of the variance in the DAX30 is explained by MS. However,

after horizon 12, the actual amount of variance of the DAX30 is goes down. The consumer price index (CPI), bond and exchange rate play little role in explaining the variance of the DAX30.

Table 5 : Variance Decomposition Analysis Results for DAX30.

Month	Dax30	CPI	Bond	MS	Exrate	IP
1	100.00	0.00	0.00	0.00	0.00	0.00
6	90.33	0.55	0.02	6.74	0.05	2.31
12	88.06	0.72	0.01	7.25	0.08	3.88
18	86.98	0.76	0.02	7.05	0.13	5.06
24	86.28	0.78	0.02	6.81	0.19	5.93
36	85.41	0.78	0.02	6.46	0.26	7.06
48	84.91	0.79	0.03	6.25	0.31	7.71
60	84.60	0.79	0.03	6.11	0.34	8.13

The percentage of forecast variance in macroeconomic variables explained by the innovations of DAX30 is presented in table-6. Columns 4 and 5 indicate that the DAX30 explains very little forecast variance of the money supply and exchange rate. The macroeconomic variable whose variance is explained significantly by the DAX30 is IP, bond and CPI. For example, the DAX30 explains 34.61%, 21.52% and 14.38% of the variance in the IP, bond and CPI respectively at the forecast horizon 60.

The result presented in table-4 indicate that, there is a unidirectional causality running from DAX30 to CPI and MS to DAX30, IP to DAX30, CPI to DAX30, exchange rate to DAX30. Based on the above result, we can conclude that the share price of Germany (DAX30) can be predicted from certain macroeconomic variables. Thus, the German stock market index does behave according to the predictions of the efficient market hypothesis (Wickremasinghe, 2011).

Table 6 : Percentage of forecast variance in macroeconomic variables explained by the inovations of DAX30.

Month	CPI	Bond	MS	Exrate	IP
1	0.25	11.02	0.75	0.31	4.20
6	8.92	18.74	2.37	0.09	23.08
12	11.66	20.61	1.27	0.22	27.60
18	12.87	21.13	0.71	0.47	29.73
24	13.47	21.33	0.48	0.74	31.10
36	14.02	21.46	0.32	1.16	32.84
48	14.25	21.50	0.28	1.44	33.90
60	14.38	21.52	0.26	1.63	34.61

The results of variance decomposition analysis of United Kingdom are presented in table-7 and 8. The table-7 decomposes with the stock market indices of United Kingdom and the macroeconomic variables. The results provided in columns 2-6 of table IX indicates how much of the FTSE100's own shock is explained by movements in its own variance and the chosen macroeconomic variables over the 60 months forecast horizon. According to the results shown in table-7, the amount of variance of the FTSE100 explained by own goes down when the time horizon increased up to 60 months. At horizon one all variance in the FTSE100 is explained by own. At horizon 60, 84% of FTSE100 variance is explained by itself. This indicates that at longer horizons, the variance of FTSE100 may be caused by variance of other macroeconomic variables

especially by exchange rate and industrial production. At horizon 24, the IP explains 6.35% of the variances of the FTSE100. When the time horizon goes up, the actual amount of variance of the FTSE100 explained by the IP also goes up. The other variable may cause in the FTSE100 is exchange rate. At horizon 48, 5.48% of the variance in the FTSE100 is explained by exchange rate. The consumer price index (CPI), bond and money supply play little role in explaining the variance of the FTSE100.

Table 7 : Variance Decomposition Analysis Results for FTSE100.

Month	FTSE100	CPI	Tbill	MS	Exrate	IP
1	100	0	0	0	0	0
6	89.03	0.50	1.07	3.13	2.09	4.18
12	86.75	0.25	0.58	3.22	3.69	5.51
18	85.72	0.16	0.40	3.17	4.48	6.07
24	85.19	0.12	0.31	3.15	4.87	6.35
36	84.65	0.08	0.22	3.13	5.28	6.64
48	84.37	0.06	0.18	3.12	5.48	6.78
60	84.21	0.05	0.16	3.11	5.61	6.87

The percentage of forecast variance in macroeconomic variables explained by the innovations of FTSE100 is presented in table-8. Table-8 indicates that the FTSE100 explains very little forecast variance of the money supply (MS) and CPI. The percentage of forecast variance in MS by FTSE100 is 3.71% in horizon 12, however when the time horizon increase then percentage of forecast variance in MS by FTSE100 is goes down. The macroeconomic variable whose variance is explained significantly by the FTSE100 is T-bill, IP and exchange rate. For example, the FTSE100

explains 24.85%, 18.15% and 11.24% of the variance in the T-bill, IP and exchange rate respectively at the forecast horizon 6. The result presented in table-4 indicate that, there is a unidirectional causality running from FTSE100 to T-bill, FTSE100 to MS and CPI to FTSE100, MS to FTSE100, IP to FTSE100. Based on the above result, we can conclude that the share price of the UK (FTSE100) can be predicted from certain macroeconomic variables. Thus, the UK stock market index does behave according to the predictions of the efficient market hypothesis (Wickremasinghe, 2011).

Table 8 : Percentage of forecast variance in macroeconomic variables explained by the innovations of FTSE100

Month	CPI	Tbill	MS	Exrate	IP
1	0.16	6.57	4.36	1.09	2.79
6	3.84	24.85	5.04	11.24	18.15
12	3.64	24.14	3.71	9.42	18.98
18	3.48	20.30	2.94	8.66	17.50
24	3.30	17.77	2.46	8.23	16.32
36	3.06	15.81	1.90	7.76	14.91
48	2.91	14.01	1.58	7.52	14.18
60	2.82	13.38	1.37	7.38	13.77

d) Impulse Response Analysis

Figure-2 indicates impulse response of DAX30 to one standard deviation shock in the equations for DAX30 and five macroeconomic variables and also the impulse response of five macroeconomic variables to one standard deviation shock in the equation for DAX30. A standard deviation shock in the equation for the DAX30 increases the DAX30 until horizon six, after which a standard deviation shock to the equation for DAX30 does not produce any volatility in the DAX30. Response of DAX30 to CPI, DAX30 to MS and exchange rate to DAX30 has negative impact. Response of DAX30 to IP, DAX30 to Bond, CPI to DAX30 and IP to DAX30 has positive impact.

Figure 2 : Impulse Response Functions for German stock market (Response to one S.D. Innovations).

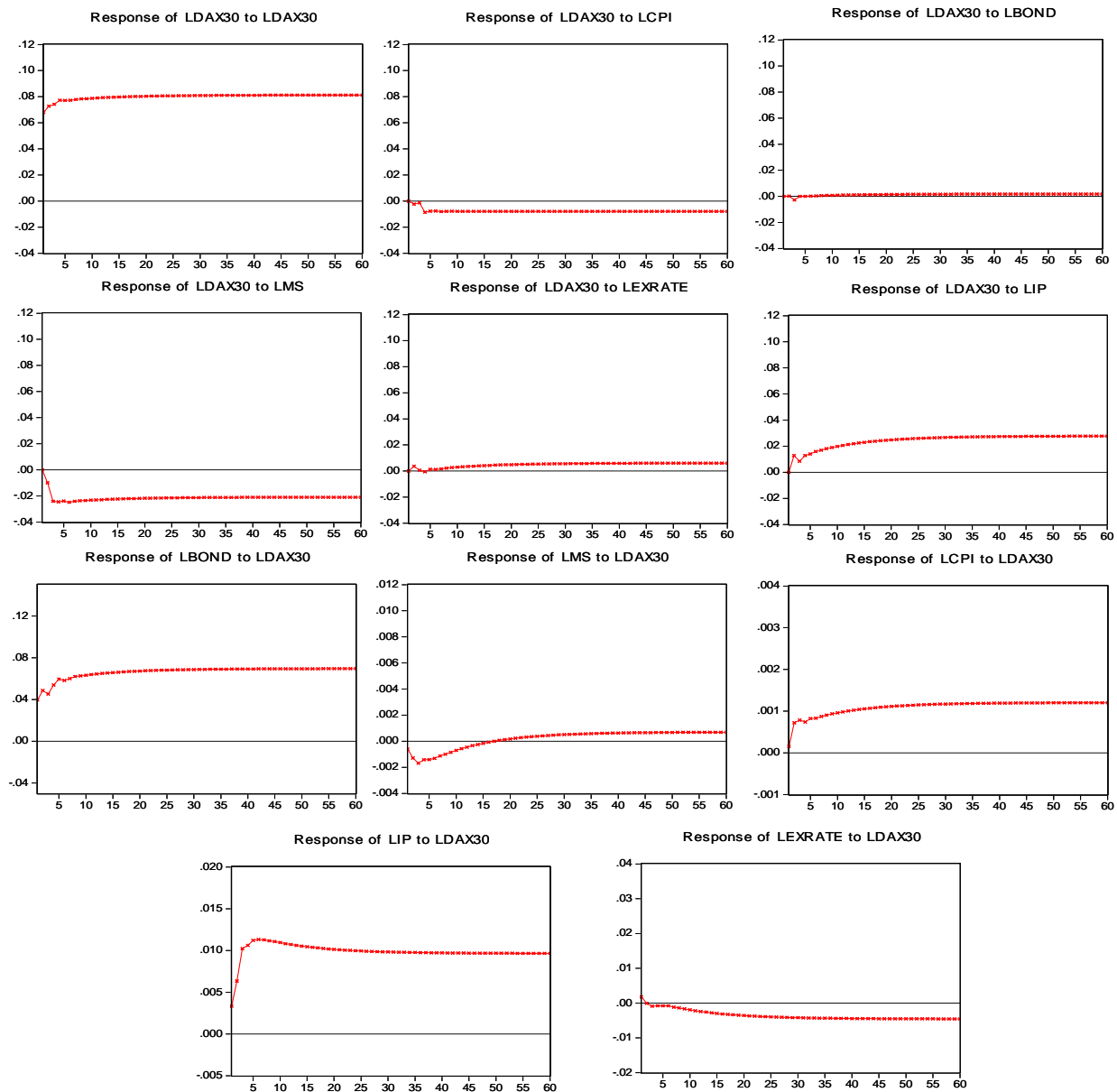
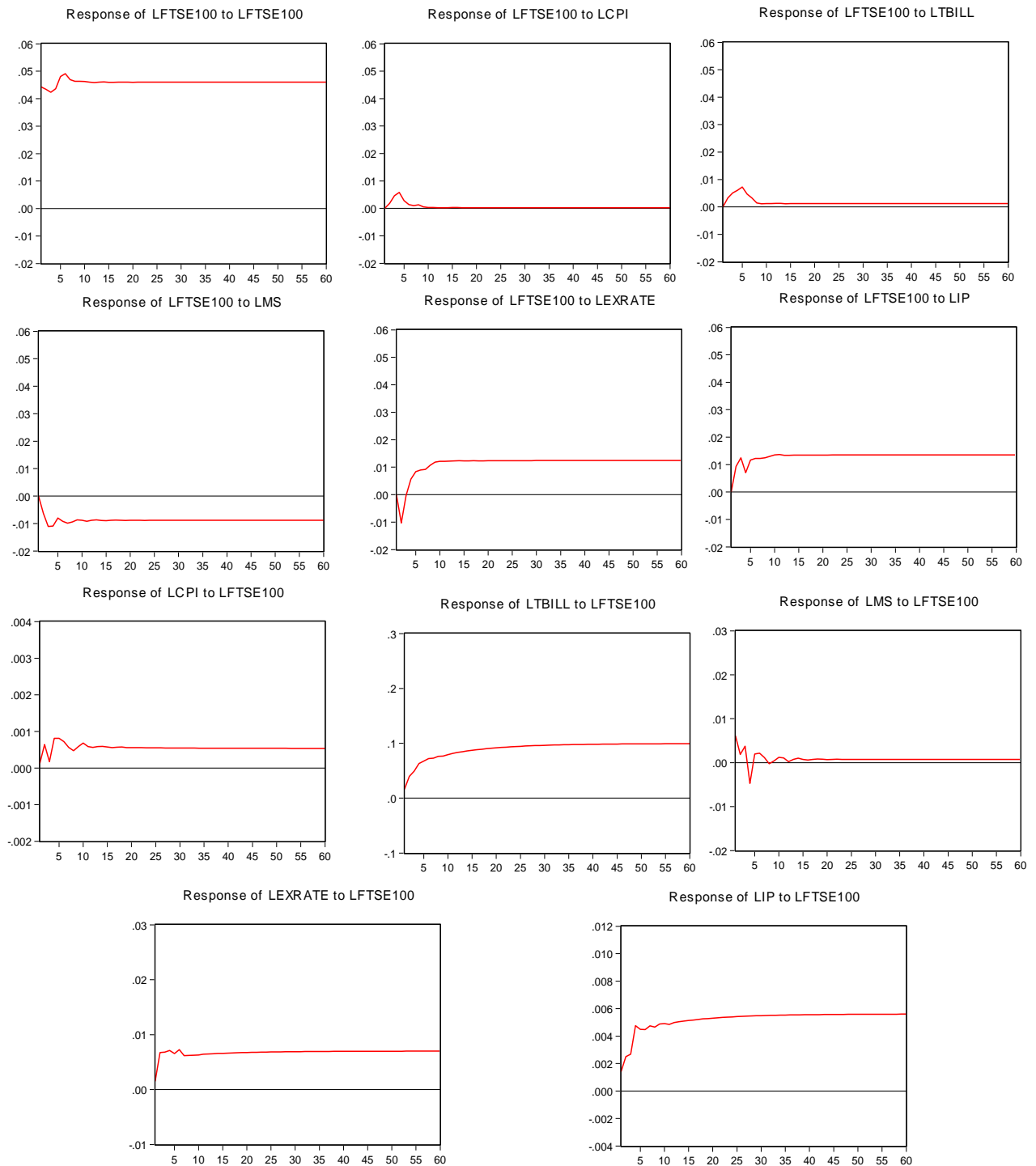


Figure-3 indicates impulse response of FTSE100 to one standard deviation shock in the equations for FTSE100 and five macroeconomic variables and also the impulse response of five macroeconomic variables to one standard deviation shock in the equation for FTSE 100. A standard deviation shock in the equation for the FTSE 100 increases the FTSE 100 until horizon five, after which a standard deviation shock to the equation for FTSE100 does not produce any volatility in the FTSE100. Response of FTSE100 to MS has negative impact.

Response of FTSE100 to IP, CPI to FTSE100 and IP to FTSE100, Tbill to FTSE 100, Exrate to FTSE 100 has positive impact. The response of MS to FTSE 100 shows volatility up to 18th horizon, after which there is no volatility observed.

Figure 3 : Impulse Response Functions for UK stock market (Response to one S.D. Innovations).



V. CONCLUSION

This study examined the causal relationship between stock prices and a set of selected macroeconomic variables in Germany and the United Kingdom. We investigated both short and long-term relationship between stock prices and the chosen macroeconomic determinants. We employed both the

ADF and PP unit root tests. We carefully selected the deterministic components in the Johansen co-integration test. The results of the Johansen co-integration test indicate that there is co-integrating relationship between the stock prices and macroeconomic determinants in the case of German and the UK markets. After establishing cointegration

relationship, we move to estimate the error-correction models to investigate both the short and long-term casual relationships.

The result of the study are consistent with the majority of the relevant literature, implies the existence of short run interactions and long term causal relationship between both Germany and the UK stock markets and the respective fundamentals. We find there are three short-run, two long-run and one short and long run casual relationships for Germany. The short run causality runs from DAX30 to CPI, from money supply (MS) to DAX30 and from industrial production (IP) to DAX30. The lon-run causality runs from CPI to DAX30 and from exchange rate to DAX30. There is only one short and long-run relationship, that is from the DAX30 to industrial production. For the United Kingdom , We find that there are five short-run, one long-run and two short and long run casual relationships. The short run causality run from FTSE100 to Tbill, from FTSE100 to MS, from FTSE100 to exchange rate, exchange rate to FTSE100 and FTSE100 to industrial production. The lon-run causality runs from CPI to FTSE100 . The short and long-run causal relationship runs from FTSE100 to CPI, from MS to FTSE100 and from IP to FTSE100. These results indicate that stock prices in Germany and the UK can be predicted using certain macroeconomic variables.

The analysis of variance decomposition for Germany found that, at short term horizons most of the forecast horizons of the stock prices are explained by the stock price itself. However, in the long run horizons MS and IP play an important role in explaining the forecast variance in stock prices. When macroeconomic determinants are concerned, the stock prices are able to explain the forecast variance of the IP, Bond and CPI. Furthermore, The analysis of variance decomposition for the United Kingdom market found that, at short term horizons most of the forecast horizons of the stock prices are explained by the stock price itself. However, in the long run horizons Exchange rate and IP play significant roles in explaining the forecast variance in stock prices. When macroeconomic determinants are concerned, the stock prices are able to explain the forecast variance of the IP and T-bill.

The impulse response function of the DAX30 to a standard deviation shock given to the equation for five macroeconomic determinants found that a shock to the macroeconomic variable equations responses from the DAX30 only at the shorter horizons. We also examined whether a stock given to the DAX30 generated any response from macroeconomic determinants. We found that, a standard deviation shock in the equation for the DAX30 increases the DAX30 until horizon six, after which a standard deviation shock to the equation for DAX30 does not produce any volatility in the DAX30. Response of DAX30 to CPI, DAX30 to MS and exchange rate to DAX30 has negative impact. Responses of DAX30 to IP, DAX30 to Bond, CPI to DAX30 and IP to DAX30 has positive impact. Furthermore, The impulse response

function of the FTSE100 to a standard deviation shock given to the equation for five macroeconomic determinants found that a shock to the macroeconomic variable equations responses from the FTSE100 only at the shorter horizons. We also examined whether a stock given to the FTSE100 generated any response from macroeconomic determinants. We found that, a standard deviation shock in the equation for the FTSE 100 increases the FTSE 100 until horizon five, after which a standard deviation shock to the equation for FTSE100 does not produce any volatility in the FTSE100. Responses of FTSE100 to MS has negative impact. Responses of FTSE100 to IP, CPI to FTSE100 and IP to FTSE100, Tbill to FTSE 100, Exrate to FTSE 100 has positive impact. The response of MS to FTSE 100 shows volatility up to 18th horizon, after which there is no volatility observed. The findings of co-integration, short-run and long-run causal relationship between stock indices and certain macroeconomic variables in our research help policy makers, investors and portfolio manager in efficient investment decision making in both the German and the UK stock markets.

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Emotional Intelligence & Leadership

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Abstract - People who are successful are those who have an optimistic attitude, right kind of flexibility in thoughts, a quick learning attitude and emotionally balanced. An emotionally balanced professional has the ability to cope up with uncertainty and imperfection. They are not very judgmental and believe in win-win situation. They like to groom others, respect people and treat others as 'humans'. They have the ability to cope up with all kinds of situation whether it's about managing a bad boss or an undisciplined subordinate or a high demanding job. Also today the definition of leadership has changed in a way that it has become more people-focused. A person having a good understanding of EQ can only be a good team player and hence an effective team leader. This paper throws some light on how effective leaders demonstrate EQ and what dimensions of EQ are highly important for effective leadership.

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Emotional Intelligence & Leadership

Er. Vipin Mittal^α & Dr. Ekta Sindhu^σ

Abstract - People who are successful are those who have an optimistic attitude, right kind of flexibility in thoughts, a quick learning attitude and emotionally balanced. An emotionally balanced professional has the ability to cope up with uncertainty and imperfection. They are not very judgmental and believe in win-win situation. They like to groom others, respect people and treat others as 'humans'. They have the ability to cope up with all kinds of situation whether it's about managing a bad boss or an undisciplined subordinate or a high demanding job. Also today the definition of leadership has changed in a way that it has become more people-focused. A person having a good understanding of EQ can only be a good team player and hence an effective team leader. This paper throws some light on how effective leaders demonstrate EQ and what dimensions of EQ are highly important for effective leadership.

I. INTRODUCTION

Emotional intelligence. What is it and what role does it play in work and life effectiveness? Nowhere has the topic been hotter than in the area of leadership. Is "emotional intelligence" just a repackaging of "people skills" in scientific clothing? Research suggests it is not. Academics and business people alike are intrigued by the possibility that emotional intelligence is a distinctive and measurable form of intelligence that is important to success as a leader. But how important is it to effective leadership? Are there some aspects of emotional intelligence that are more important than others? And, importantly: are there any downsides to having too high an "EQ"?

II. WHAT IS EMOTIONAL INTELLIGENCE?

It is apparent from a review of the research and the popular press that there is no consensus on what "emotional intelligence" actually is. There are three schools of thought:

- Some (e.g., Goleman, 1998) equate it to personal characteristics such as "initiative", "self-confidence", and "drive for results", factors that bear little if any relationship to either emotion or intelligence.
- Others (e.g., Bar-On, 1997) view emotional intelligence as a personality dimension, like extroversion, agreeableness, and emotional stability.

- A third school of thought defines emotional intelligence as a specific set of abilities that include the capacity to understand, reason about, and use emotions in thinking and action (e.g., Mayer, DiPaolo and Salovey, 1990; Mayer, Caruso, and Salovey, 1999).

All three share a fault in terms of measuring leadership effectiveness. The tests are designed to assess specific aptitudes, traits, abilities, or behaviors thought to relate to emotional intelligence, but without regard as to how those may relate to success in particular situations. These tests begin with a "theory" of what emotional intelligence is. The questions are then designed to reflect that theory. The problem is that scores from tests constructed in this way may show reasonably good relationships with school grades, income level, and occupational choices, but mediocre to poor relationships with actual job performance.

This point was forcefully brought home in David McClelland's article, "Testing for competence rather than for 'intelligence'" (1973), where he summarized a number of studies that showed that tests used by psychologists to predict performance were very poor at predicting success on the job and were also prone to cultural bias. By contrast, McClelland argued that the fundamental error is starting with the test instead of the criterion; that is, testing for "intelligence" instead of studying the best performers in a given job or occupation and finding out what differentiates them from their less successful counterparts. This is also the fundamental flaw in how "emotional intelligence" is being applied to effective leadership: we are beginning with competing "constructs" of emotional intelligence and attempting to relate them to leadership success, instead of going the other way around. We are, in effect, looking through the wrong end of the telescope at leadership performance.

III. HOW EFFECTIVE LEADERS DEMONSTRATE EQ?

In this paper, we have taken the approach advocated by McClelland: identify the most effective leaders and study what makes them different from the average. In the last 4 years, we have observed and interviewed a number of highly effective senior managers and executives in prominent Fortune 500 companies, federal agencies, nonprofits and the military. In addition, during the past three years, we have engaged in direct communication with numerous leaders in diverse organizations. In almost every case,

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we conducted extensive interviews with them about their successes and failures, interviews that dwelt on their most significant leadership challenges and how they handled them.

The focus of these interviews was what we term "critical incidents", case studies of effective performance told in detailed first-person accounts. Based on this research, we have noted several critical aspects of emotional intelligence that are highly important to leadership effectiveness, as well as others that can actually be dysfunctional. What follows is a brief summary of our conclusions about "what works" and "what doesn't work" based on our observations.

IV. FINDINGS

a) *Effective leaders are aware of their impact on others and use it to their advantage.*

The most effective leaders are sensitive as to how they come across to others. They know that their position in the organization, their strong personalities, and even their mere physical presence have a dramatic impact on others. They therefore channel how they come across in ways that bring out the best in others. These leaders are always in charge of their own feelings and how they express them. The downside? There is a risk of overreaching with more impact than is useful. The risk is that the leader may come across as overbearing or disingenuous. Effective leaders create the perfect balance.

b) *Effective leaders have empathy for others; yet can still make tough decisions.*

The most effective leaders are able to put themselves in the others' shoes and to understand how and why employees are reacting to organizational events, personal crises, and seemingly relentless change. At the same time, their empathy does not prevent them from making tough decisions. They do this by appealing to reason and acknowledging others' feelings, thus enabling people to feel that the decisions make sense. The danger here is that it's easy to over-identify with others or let empathy be confused with sympathy, and not make the tough decisions as needed.

c) *Effective leaders are astute judges of people without being judgmental.*

Good leaders are able to size others up quickly in terms of their key strengths and weaknesses, and are especially good at recognizing and applying the diverse talents of everyone in the organization. A danger is that they may become judgmental and overly critical about what they perceive to be others' shortcomings. They are likely to dismiss the advice of these people out of hand, making them feel undervalued and disrespected.

d) *Effective leaders are passionate about what they do, and show it.*

Good leaders are passionate, highly optimistic and believe in the inevitability of success. They encourage others to believe that the most challenging goals can be met and the most daunting obstacles overcome. But it doesn't mean that they are always cheerleaders; their passion may be expressed as persistence in pursuing an objective or a relentless focus on a valued principle. However, there's a fine line between being excited about something and letting too much passion close your mind to other possibilities and ignoring realities that others see.

e) *Effective leaders balance feeling and logic in making decisions.*

Effective leaders are in touch with their gut instincts about the right thing to do in the absence of supporting data. They also recognize their internal warning signs that something might not be the right thing to do despite the seemingly compelling analysis. They understand that "logic" and "facts" are not the only things to consider. Nevertheless, they do not just "go with their gut" without checking out their instincts with others. The drawbacks are the temptation to rely largely on their feelings about things and bet that they are correct without further investigation. They are essentially gambling with the resources of the organization, and can lose big.

f) *Effective leaders are excellent communicators.*

Effective leaders are in touch with the pulse of the organization and where the "hot buttons" are. They are not all great public speakers, nor are they necessarily charismatic, but they do understand the importance of providing timely information about the business and what it means to people. They also know that communication keeps people motivated and connected. Where emotional intelligence plays a role is in knowing what messages will connect with others and how to express them. Where leaders get into trouble is providing too much or too little information, delaying important information, and not being candid in their communications to others for fear of upsetting them with "the truth".

g) *Effective leaders create personal connections with their people.*

In today's world of big business, multiple locations and global operations, employees can feel alienated from their leadership and disconnected from the company at a personal level. The most effective leaders pay particular attention to this and find ways to make themselves personally visible and approachable. Most take the time to engage employees individually and in groups, listening to their ideas, suggestions and concerns, and responding in ways that make people feel heard and respected. The downside of visibility is

making too many unannounced visits, which can create a culture of fear and micromanagement. Again, striking the correct balance is the key.

h) Effective leaders temper drive for results with sensitivity to others.

Effective leaders drive results and champion beneficial change. They also repeatedly emphasize the importance of continuous or breakthrough improvements and challenge people to rethink old ways of doing things. But good leaders are also patient enough to help others overcome their fears, get people involved before making decisions that affect them, explain the reasons for difficult decisions once they are made, and work to maintain high morale while calling on others to do better. However, they are only patient up to a point and do not suffer people who waste their time, fail to deliver, or resist change for very long.

And, importantly: are there any downsides to having too high an "EQ"?

V. CONCLUSION: EQ IN CONTEXT

What does it mean to be "emotionally intelligent" as a leader? Clearly, emotional intelligence is not like IQ, which has a distinct meaning and is represented by a single measure. We should really be speaking about "emotional intelligences" and measuring them in different ways, not as a single "EQ" measure. Rather than thinking about emotional intelligence as a set of general abilities, however, we should really be asking how the best leaders use emotional intelligence to think and act effectively.

The most effective leaders we have known possess great reserves of empathy, interpersonal astuteness, awareness of their own feelings, and awareness of their impact on others, but more importantly, they apply these capabilities judiciously as best benefits the situation. The key to this is self-regulation: having some minimum level of these emotional intelligences will help one be effective as a leader, as long as they are channelled appropriately. Having a large amount of these capabilities may be too much of a good thing if they are allowed to drive inappropriate behaviour.

In addition, emotional intelligence alone does not guarantee good leadership. From a moral standpoint, emotional intelligence is neither good nor bad. Emotionally intelligent leaders can be manipulative, selfish, and dishonest, just as they can be altruistic, focused on the general welfare, and highly principled. It is also not the only way that an effective leader needs to be "intelligent". Serious consideration of other qualities that make for effective leadership, such as mental capacity, confidence, integrity, drive, and wisdom, must also be factored in.

As in most things, emotional intelligence as a leadership requirement should be kept in perspective. The key to effectiveness is balance: a strong mix of cognitive capacity (logical, conceptual and creative thinking), people skills (interpersonal astuteness, influence skills, and communication skills), and the wisdom borne of experience and having to make unprecedented decisions based on a strong set of personal values and personal integrity. Taken together, this is what makes for effective leadership.

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University Student's Attitude Towards Mobile Advertising in Pakistan: An Empirical Study

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Abstract - Prior studies for mobile marketing have been carried out in many parts of the world but there is not any particularly for Pakistan. This paper is an attempt to evaluate the attitudes towards the flourishing phenomenon of mobile marketing in Pakistan. The research will be important for the markets and the organizations intending for mobile marketing. Pakistani youth has shown that gender and house hold income levels have no impact on the liking or disliking of the phenomena. This has been proved by the application of the Chi-Square test on the data gathered from these university students. The second significant observation is that of the impact of mobile marketing on the irritation to the consumer and the brand image that these consumers tend to develop. In first case it is shown that there is no irritation to the consumer and the second case shows that there is a negative impact on the brand image of the product/service.

GJMBR-B Classification : FOR Code :150502,150501,150505 JEL Code : M37, L63



UNIVERSITY STUDENTS ATTITUDE TOWARDS MOBILE ADVERTISING IN PAKISTAN AN EMPIRICAL STUDY

Strictly as per the compliance and regulations of:



University Student's Attitude Towards Mobile Advertising in Pakistan: An Empirical Study

Falah Riaz ^α, Saad Ullah Khan ^σ & Muhammad Akram Naseem ^ρ

Abstract - Prior studies for mobile marketing have been carried out in many parts of the world but there is not any particularly for Pakistan. This paper is an attempt to evaluate the attitudes towards the flourishing phenomenon of mobile marketing in Pakistan. The research will be important for the markets and the organizations intending for mobile marketing. Pakistani youth has shown that gender and house hold income levels have no impact on the liking or disliking of the phenomena. This has been proved by the application of the Chi-Square test on the data gathered from these university students. The second significant observation is that of the impact of mobile marketing on the irritation to the consumer and the brand image that these consumers tend to develop. In first case it is shown that there is no irritation to the consumer and the second case shows that there is a negative impact on the brand image of the product/service.

1. INTRODUCTION

The discipline of marketing has already been researched on massively in the past decades considering its various dimensions and subjects. With the explosion of technological innovation and invention of gadgets majorly handheld devices, this arena of study concerning the demographics, psychology, religion and socio-economy of humans while dealing with them in order to properly introduce a product, emergence of several other tactics and new aspects have also evolved. One such example is of "mobile marketing". The literature on this very phenomenon has revealed many interesting outcomes depending upon the geography, age, gender, income and other such elements relating to humans with mobile phones. This area of research has considered people of countries which have a large population i.e. China and Japan or countries with an impressive economy. The studies conducted earlier have also manifested the general attitude towards mobile advertising depending on the nature and preferences of that particular country hence in general a comment or result cannot be deduced. There is availability of a number of research articles regarding mobile advertising encompassing studies relating to its effect on the consumer attitude and its relation with the consent of the customer. The research also deals with the emphasis on the linkage between the attitude and behavior of the consumers.

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One such study is carried out by Melody M.Tsang, Shu-Chun Ho and Ting-Peng Lian (2004). Literature concerning innovation in mobiles such as "smart phones" and the new ways of reaching to the consumers by the marketers have also been discussed by Ajax Persaud, Irfan Azhar (2012) have shown the reaction of the consumers on marketing techniques via smart phones supported applications. The study depicts that consumers have begun to adore such tactics based on their shopping style, brand trust and value. Chanaka Jayawardhena, Andreas Kuckertz, Heikki Karjalainen, Teemu Kautonen (2009) have focused on the four factors (i.e.) stimulating permission for mobile advertising. They found that with the extension of familiarity among the consumers of mobile marketing, there is a reduction in the persuasiveness in perceived control on permission. A dimension of heightening the value offered by mobiles in the minds of the consumers through mobile marketing is researched on by Lynda Andrews, Judy Drennan and Rebekah Russell-Bennett (2012). The results have shown that mobile marketing strategies can greatly enhance the value being offered to the consumers through their mobiles. Tao (Tony) Gao, Fareena Sultan and Andrew J. Rohm (2010) have identified factors that can motivate along with the identification of repellents of mobile marketing centering Chinese youth. Adoption of mobile advertising by the MNC's detecting factors influencing the decision making process of these multinationals for mobile advertising is considered by Shintaro Okazaki (2005) in his article "'Mobile advertising adoption by multinationals: Senior executives' initial responses". The study has shown unlikelihood in such a method of marketing in Japan whereas American companies show inclination towards the adoption of mobile advertising. Fiona Jenkins, (2006) in her article concerning mobile marketing to young consumers from age 5-24, has given emphasis on giving to the point, relevant and less jargoned messages for better and impulse buying behavior induction among the young consumers. Anne de Kerckhove, (2002) not only suggests integration of text, voice and image for a better mobile marketing campaign but also stresses on the regulations and compliance required on the content of the message. She writes about the need of awakening the sense of responsibility among the organizations involved in launching advertising through mobile phones. Mitch McCasland, (2005), has given his views on the utilization

of mobile marketing for marketing to the millennial. According to him by effectively marketing to the youth the brand loyalty for life can be attained. Youth feel belonged to their hand held devices mainly mobile phones as they are a medium of communication with their peers and staying connected with whatever they feel comfortable with. The heavy usage of mobile phones is hence one of the most favorable ways of advertising to the young consumers (Andrew Jones, 2002).

Our research paper hence focuses on carrying out a research in a country like Pakistan which is a developing country and is going through a very crucial time in reference to its economy which has depicted high inflation and major shortage of electricity, gas, irrigation water along with floods and bad effect of terrorism and its war against terrorism. Thinking and attitudes of people of this country are therefore changed and a study on how are the consumers now reacting to certain technologically assisted marketing technique is a left out gap in the area of study to be fulfilled. This paper thus, focuses on carrying out a research to evaluate the attitude of consumers to mobile marketing. This will encompass; identifying the effect on the brand image or the advertiser, irritation caused by such messages even if they are being sent by the consent of the recipient. Pakistan shows a very large chunk of the population using mobile phone devices and marketers are over seeing a dimension which is cheaper and can even earn economies of scale to the company.

The paper begins with the description of the data and methodology then will be the findings and lastly a conclusion will be made to summarize the entire research.

II. DATA AND METHODOLOGY

Data has been collected randomly majorly from the youth studying in the universities. This research is questionnaire based with a sample size of 175 in total. The collection of data is convenience based and the questionnaires were distributed randomly to the ones available and willing to fill them. The questionnaire had 48 questions out of which 45 followed the Likert Scale. The data is collected from the university students coming from almost all parts of the country representing

major cities of Pakistan. These students are majority from age 20-30. The significance level decided to run the Chi-Square test is 0.05.

The questions were designed keeping in mind the hypothesis which was to identify how gender and income affect the attitudes of the consumers towards mobile marketing in Pakistan. We have evaluated the attitude of the consumers in reference to the irritation caused by marketing messages and the brand image of the brands opting for mobile marketing as a medium of advertising.

There is a reliability test that is also applied on the data to know as to what degree the questions asked from the consumers are relevant enough to determine the attitude toward mobile marketing. The test executed to know that the questions asked to determine preference hence determining the attitude reveal a Cronbach's Alpha of 0.792 this is 79.2%.

III. FINDINGS

This paper attempts to examine the attitude of the youth of Pakistan towards mobile marketing which is now a days a booming and an inexpensive channel of marketing products and services to the customers. This study is also concerned to the comprehension of two other objectives. One is to know whether sending marketing messages to the consumer causes any irritation or not. Second aim is to establish whether companies opting for mobile marketing have any negative impact on the brand image.

The hypothesis developed to measure the preference which then determines the attitude of the youth of Pakistan is regarding the measurement of the preference of mobile marketing with respect to gender and house hold income level. Below is the hypothesis which will be followed by the illustration in the form of Chi-Square Chart.

Hypothesis : Gender and income level affects the attitude toward mobile marketing

This hypothesis is based on two aspects one is gender and the other is income, hence, the chi-square test is run first on the gender to evaluate its effect and then it is applied on the factor of household income to know its influence.

Chi-square test for gender and preference for mobile marketing

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.093 ^a	1	.761

Figure 1.

The level of significance at which the test is executed is 0.05. Chi-Square test for gender given in Fig. 1 reveals that the Chi-Square value is .761 which in

comparison to 0.05 is extremely high. The study vividly unravels that there is no association of gender with the effect on the attitude towards mobile marketing.

Therefore, when there is a talk about marketing products/services through mobile messages both the genders will react in a similar way. It cannot be deduced

or assumed that females in comparison to males will have an impact on their attitude towards mobile marketing and vice versa.

CHI-SQUARE TEST FOR INCOME AND PREFERENCE FOR MOBILE MARKETING

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.077 ^a	3	.253

Figure 2.

The table given in Fig. 2 is related to the evaluation of the attitude of the students of Pakistan with respect to the household income level. The test conducted to assess is again Chi-Square test where the level of significance is 0.05. The p-value in the table of Fig. 2 shows a value of 0.253. This value establishes that there is no effect of household income on the attitudes of the consumers. Organizations or marketers planning to use mobile advertising might consider this study that people at this age are the ones that don't earn for themselves they are students who are mostly just studying. Very few of these students earn for their living. A message that is sent to them for free will have no impact on their attitude. The behavior later on may be effected which means that these students may want to buy the product/service or avail the offer might not be carried out if they don't have enough money with them.

As stated earlier there are two objectives of this research other than the hypothesis explained above. We will now discuss these objectives and their assessment in detail.

The objectives are (i) to know whether irritation is caused by mobile messages, and (ii) to know the impact on the brand image of the organizations choosing mobile marketing for their products/services. Below are bar charts giving in percentage the view of

the youth regarding the irritation caused by these messages and the impact on the brand image by sending these messages. We have seen that in South East Asia specifically Pakistan, there is a chaos and mental distress due to terrorism, inflation, lesser job opportunities, floods, electric and gas load shedding. These factors are alone enough to change the attitudes, likes, dislikes and preferences to a great extent. To know how people with such a mental state would react to mobile marketing is mandatory.

The chart below is related to the factor of irritation and the response given by university youth. This clearly shows that 41.3% of youth disagrees to the statement that they feel irritated on receiving mobile marketing messages. Whereas, 29.7% of them agree to the statement which is that they do get irritated. The rest 29.1 are the ones who are indifferent about it and have no certain view. The percentages depict that a majority of the youngsters believe that they are ok with the mobile advertising messages and they have no problem in receiving them anyway. This may be suggested that since mobile marketing is an economical way of reaching to the customer, the items that are subject to youth may use this method of marketing.

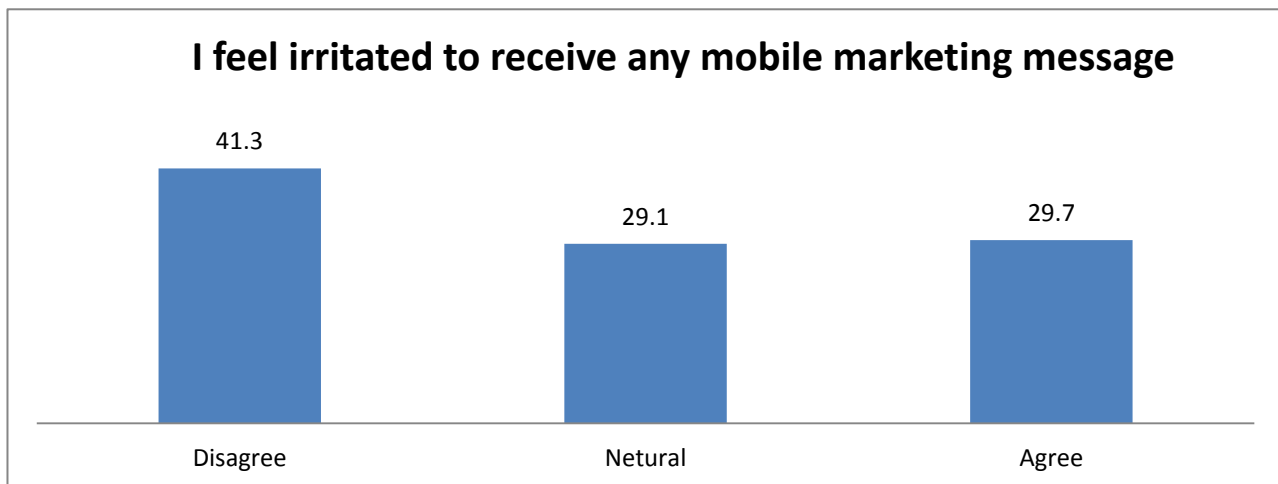


Figure 3.

The second objective of this research is to know the impact on the brand image of products/services using mobile marketing. The graph given in fig.4 illustrates an interesting and important finding. 62.1% of the youth say that using mobile advertising has a negative impact on the brand image of the product/service. They believe that these products/services or the organization is substandard or inferior in comparison to the rest not using mobile marketing.

37.9% of the youngsters of Pakistan believe that it does not have any impact on the brand image and they don't tend to make a negative image of the brand. These studies can greatly help the marketers planning to select mobile marketing in Pakistan in particular to target youth, they may not use this medium of marketing as a large chunk of these young people show a negative attitude towards the brands which are advertised through SMS.

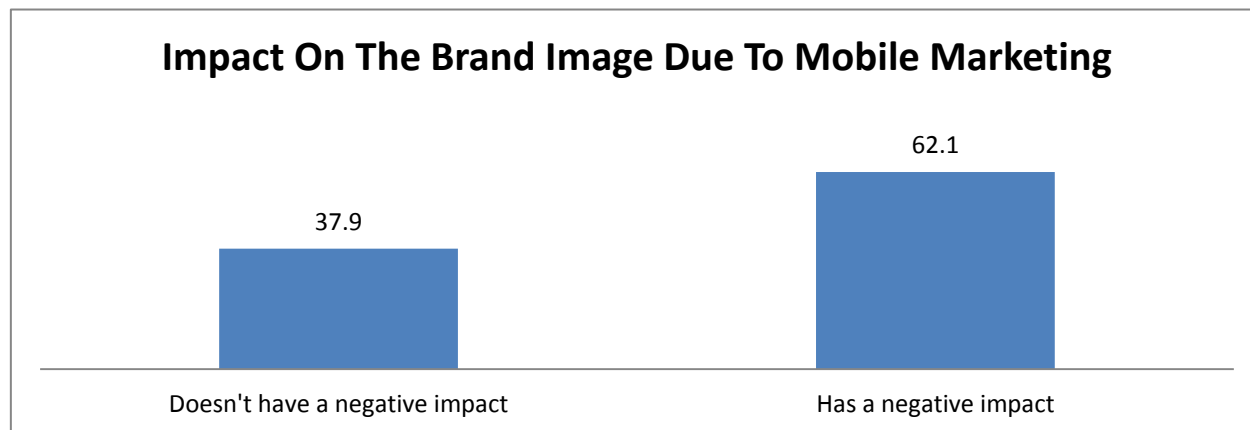


Figure 4.

The studies conducted previously have been carried out to know the consumer attitude and then depicting their behavior and some have also been discussed the factors such as the general attitude towards mobile marketing and the trends over the years. Our study is different as it is the one carried out for Pakistan's youth; furthermore we have tried to evaluate some other aspects such as irritation and the effect on the brand image.

IV. CONCLUSION

The data collected from 175 students of the universities have shown important findings regarding the attitude of the consumer. The hypothesis which said that "age and income affects the attitude toward mobile marketing" was proven to be rejected as there is no marked or substantial influence of both these factors on the attitude of the consumer. This conclusion has been deduced from the chi-square test carried out in fig. 1 and fig. 2 for gender and income levels respectively.

The objective of the paper, to know what do consumers feel i.e. whether they get irritated of a mobile marketing message or not has shown a trend towards not getting irritated. As earlier studies have tend to show, carried out in the other parts of the world that there is a trend of not liking these kinds of marketing tactics and marketing in general, are different for the youth in Pakistan.

Second objective concerning impression on the brand image have depicted that there is a large proportion of these students who consider such brands

as the ones which are inferior. This data is shown in fig. 4 where it is in the form of a bar chart and the data is given in percentages.

To conclude it can be said that though gender and income levels have no impact on the preference for a mobile marketing message, also it doesn't tend to irritate much of the youth as well but the image of the brand tends to change in a negative way. This importing finding will surely make the marketers and the organizations to think and re-think over the decision of marketing through a mobile phone SMS service.

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Determinants of Exchange Rate and its Impact on Pakistani Economy

By Amir Razi, Azam Shafiq, Syed Atif Ali & Huda Khan

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Abstract - This paper explores the reasons behind the devaluation of Pakistani currency with respect to US \$ and answers these questions that, Is interest rate and inflation difference having relationship with exchange rate? Either Exchange rate effect economic growth positively or negatively? Is current account deficit and public debt are determinant of exchange rate? It also checks that how exchange rate fluctuation affects economic growth by evaluating the GDP using data over period of 11 years (2001-2011) of Pakistan. For this purpose we evaluated some of the past literatures on exchange rate, its aim to point out several factors that explains the reason behind Pakistani currency devaluation and its exchange with other currencies specially with US \$. The result shows how these determinants fluctuates exchange rate, inflation differential; current account deficit, public debt and interest rate differential are most important determinants which have major impact on exchange rate. We got the resultant that GDP, interest rate, inflation rate and current account affected exchange rate fluctuation but the major and important role played by GDP.

Keywords : Exchange Rate, Inflation Rate, GDP, Interest Rate, Currency, Deficit, Fluctuation.

GJMBR-B Classification : FOR Code : JEL Code : F31



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Determinants of Exchange Rate and its Impact on Pakistani Economy

Amir Razi ^α, Azam Shafiq ^σ, Syed Atif Ali ^ρ & Huda Khan ^ω

Abstract - This paper is explores the reasons behind the devaluation of Pakistani currency with respect to US \$ and answer these questions that, Is interest rate and inflation difference having relationship with exchange rate? Either Exchange rate effect economic growth positively or negatively? Is current account deficit and public debt are determinant of exchange rate? It also checks that how exchange rate fluctuation affects economic growth by evaluating the GDP using data over period of 11 years (2001-2011) of Pakistan. For this purpose we evaluated some of the past literatures on exchange rate, its aim to point out several factors that explains the reason behind Pakistani currency devaluation and its exchange with other currencies specially with US \$. The result shows how these determinants fluctuates exchange rate, inflation differential; current account deficit, public debt and interest rate differential are most important determinants which have major impact on exchange rate. We got the resultant that GDP, interest rate, inflation rate and current account affected exchange rate fluctuation but the major and important role played by GDP.

Keywords : Exchange Rate, Inflation Rate, GDP, Interest Rate, Currency, Deficit, Fluctuation.

I. INTRODUCTION

Exchange rate plays an important role in international trade. You know about the exchange rate is Value of one currency with purpose of conversion to another currency is called exchange rate in other words the rate at which one currency converted into another. Exchange rate is important factor in this globalization era while considering any country to trade internationally because lower currency rate make its exports cheaper and higher make it expensive vice versa. Appreciation of currency has greater impact on foreign trade.

Exchange rate also has greater impact on profitability of businesses where they have FDI (foreign direct investment). Exchange rate may also enhance the risk and uncertainty to dramatic extent in case of foreign investment. So exchange rate have more important factor to discuss, in this paper I try to check the determinants which may influence our exchange rate

and its impact to economy of Pakistan. Chowdhury (1993) studied about fluctuation in exchange rate affects on trade flows of G-7 countries and founded that fluctuation in exchange rate has significantly affect export density of in G-7 countries.

Important determinants which may cause volatility of exchange rate are interest rate differentials, inflation differentials and current account deficit and last which is most important is public debt. How these factors affect the exchange rate and what's changing take place in overall economy. Sound macroeconomic policies, inflation management may handle the difference in exchange somehow which cause payment deficit. Proper understanding and management of determinants of exchange rate give help and clear view towards developing sound exchange policies to achieve desired economic growth. Investors may invest in that economy where exchange rate is stable because in that type of economy where exchange rate volatile risk is higher and risk aversion investors never invest in this type of economy. To boost up the economy exchange rate must be managed for this purpose the determinants must be focused.

II. RESEARCH QUESTIONS

Is interest rate and inflation difference having relationship with exchange rate? Either Exchange rate effect economic growth positively or negatively?

Is current account deficit and public debt are determinant of exchange rate?

III. OBJECTIVES

To contain the trade deficit which cause by exchange rate volatility should manage by focusing on its determinants.

To check out the determinants are important while considering exchange rate. To check the effect of exchange rate on economic growth.

To check how exchange rate volatility affect Pakistani economy in short run and in long run periods.

To check the trade deficit effect on Pakistani developing economy because it is a strong determinant of exchange rate.

IV. LITERATURE REVIEW

In 1973 when floating exchange rate apply in most of developing countries from fixed exchange rate.

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By this change in exchange rate regime most researcher investigate this factor how these impact on economies.

Cushman (1983) introduce the third countries effect in the calculation of exchange rate volatility he argues that there are other factors also included others countries rate also be consider instead of just focusing on countries which are under consideration. Under law of fixed price model prices of all goods in different countries which are internationally traded are same in perfect market.

Akhtar & Hilton (1984) shown that there is negative relationship between vitality of exchange rate and volume of foreign trade.

Gotour (1985) studied that there is insignificant relationship between exchange rate and volume of trade but he also argue that there must be an indirect relationship. Risk aversion firms are a major factor in exchange rate volatility to produce goods and exports. Rangrajan (1986) studied about bankers and many traders demand exchange rate volatility risk premium for compensation of that risk.

Campa & Goldberg (1993) studied that vitality in exchange rate is negatively related with investment and positive impact was founded by Aizenman (1992) Exchange rate volatility affect the investment decision in long run but there is no significant relationship in short run so all countries who deal in long run investments focus on exchange rate fluctuations while considering a foreign direct investment.

Rogoff (1998) studied that exchange rate uncertainty is large problem for exporter and importer. Most of investors not take the risk of exchange instead of many risks are there already exists. For this traders export goods to avoid the risk of exchange rate volatility.

Broll & Eckwert(1999). Developing countries have little access to international capital so their low inflation rate is associated with fixed exchange rate.

BaakMehmood&vixathep (2002) results show that exchange rate fluctuation has negative impact on exports in both long run and short run periods.

Herberger (2003) studied the exchange rate uncertainty and economic relationship and concluded that no significant effect between real exchange rate and economic growth.

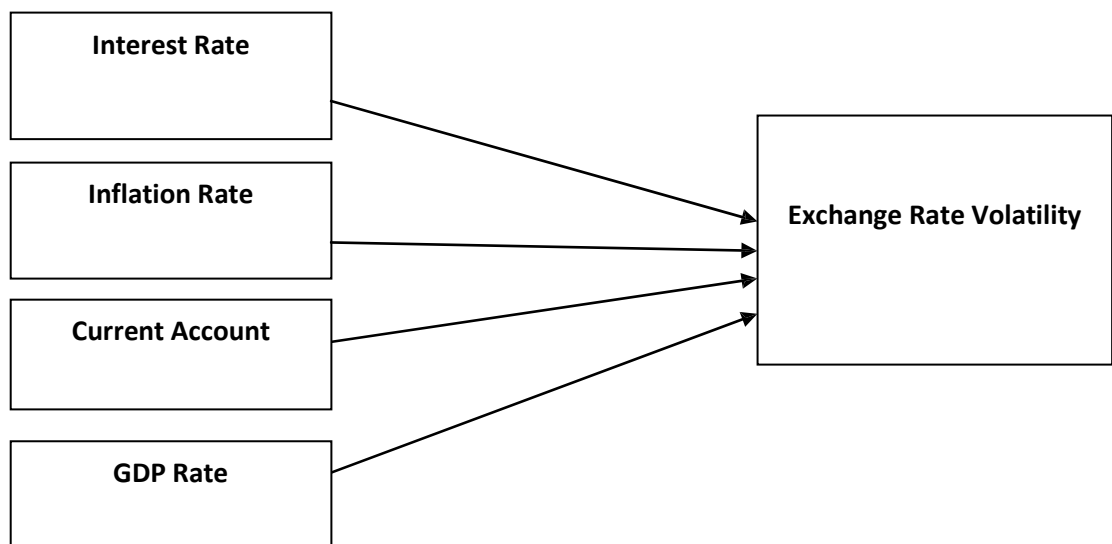
Azid et al. (2005) have shown that volatility of exchange rate and economic growth effected positively if there are flexible arrangements for exchange policies.

Kemal (2006) have studied that exchange rate volatility is positively related with exports and negatively with imports in case of Pakistan. He has also concluded that devaluation is also by balancing the trade deficit.

V. METHODOLOGY

Data should be collected by using secondary sources from world economic outlook,(April 2012) index mundi, IMF data of Pakistan and Economy watch. these resources are more reliable and having data which may we use in our study.

By checking exchange rate of Pakistan rupee with U.S \$ data over period of 11 years (2001-11) of Pakistan. Observe data 11 times from 2001 to 2011. By doing so we gather all information about exchange rate and GDP rate also from world economic outlook then check the impact of exchange rate volatility on GDP. Inflation and interest rate also be collected from index mundi and run regression to check the significance and relationship of these determinants is these factors have significant relate to exchange rate volatility or vice versa. Check the significance of variables by p values. If these are significant then it may have greater impact on exchange rate volatility.



The research use multiple regression equation in order to explore the causal relationship B/w exchange rate represented by Y with the interest rate, inflation rate, current account and GDP represented by X .

Where y is dependent variable Exchange rate, and X is independent variable interest, rate inflation rate, current account balance and GDP.

VI. REGRESSION ANALYSIS

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.926 ^a	.857	.761	5.53946

a. Predictors: (Constant), GDP rate, current account, interest rate, inflation rate

ANOVA^b

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1099.888	4	274.972	8.961	.011 ^a
	Residual	184.114	6	30.686		
	Total	1284.002	10			

a. Predictors: (Constant), GDP rate, current account, interest rate, inflation rate.

b. Dependent Variable: exchange rate.

We use multiple regression equation model. Coefficient of relation $R=96.6\%$ shows that strong relation among the variables. Coefficient of determination $R^2=85.7\%$ which shows that our model is best fit model. $P\text{-value}=0.011$ which shows impact of all independent variable on dependent variable is significant. so we can say our model is over all significant.

VII. CONCLUSION

The result of our research work is summarized as the independent variables strongly related with dependent variable. Theoretically the result is overall significant. exchange rate and economic factor of the country have strong relationship. it shows that when economic factors change exchange rate will also change. our analysis shows that independent variables have positive relation and some have negative relation with exchange rate. Interest rate, inflation rate, current account and GDP are strongly related with exchange rate and overall significant. All these factors influence exchange rate, which have correlation coefficient of $R=92.6\%$ and coefficient of determination $R^2=85.7\%$. $P\text{-value}=.011$ So overall

model is significant. The result is that our dependent and independents variables are strongly correlated.

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Trend of Using Facebook Among Teenagers

By Arslan Khalid, Syed Samran Bashir, Amir Razi & Syed Atif Ali

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Abstract - This study examines the relationship between use of Facebook, a popular online social network site, and the formation and maintenance of social capital. In addition to assessing bonding and bridging social capital, we explore a dimension of social capital that assesses one's ability to stay connected with members of a previously inhabited community, which we call maintained social capital. The trend of using face book among teenagers and students increasing now days therefore we conduct a survey of 200 people in the form of questionnaire, Convenience sampling use in our survey and gather information regarding our research, According to the questionnaire we have found the result that the people do not agree for using face book among teenagers is suitable and beneficial although students are the main user of face book but they are not using face book for right purpose and the result shows the same, therefore teenagers should quit face book and get through for this addictive social networking.

Keywords : Social Network, Facebook, Teenagers, Addictive, Online Network.

GJMBR-A Classification : FOR Code : 150399



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Arslan Khalid ^α, Syed Samran Bashir ^σ, Amir Razi ^ρ & Syed Atif Ali ^ω

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Keywords : Social Network, Facebook, Teenagers, Addictive, Online Network.

I. INTRODUCTION

Facebook is stage, like fashions, where people share information, ideas, personal feelings, current affairs;upload their information, group discussions and many more that sort of thing. Students are the main user of facebook but they normally use it for fun and pleasure. So these things made facebook socially incorporated and converted them into inclusive citizen.Facebook has opened new channels of contact. It is a good way to keep connected, although it is just internet facility and it can be dangerous when personal information is being shared. That's why the news is both good and bad or even the worst as around 20 million internet users, 5 million are from Pakistan and the member of facebook as well. In which 3.6 million are male and 1.6 million are female from these 76 percent users are aged between 18-34. They love to spend most of their time on it inspite of knowing its negative effects. Our "digital native" or "I Generation" suffering more as compared to other users the main question is what you are going to get in return from these personal update on facebook or what you can lose due to this service?. Sometimes people do mismanagement of their personal information. Most of people do not know how

to protect their information on line. So facebook is the best place for hackers. Normally their users put their entire life on site or use to put their whole life story on single facebook page. When it makes the child to learn faster but it also associated with the host of psychological disorder. Facebook is filled with thousands of user around the world so there are numberless viruses on most of the pages as facebook involve several hackers. These hackers can steal others account or damage other computer. Another issue is spam and scams. There is many fake websites similar facebook when anyone enter his account details on it scammer access their account and steal their information which can be bank details. Facebook can be very addictive for its members. When they log in they keep on connected with friends and they spend hours and hours on that. They could have done something more important. People who are unemployed and use facebook to post offensive images just for fun, when they apply for job. Employer will want to know more about them and by searching your social networking site they may distress and you lose your job opportunity.

II. LITERATURE REVIEW

Face book is use for social utility association. It is a loaded site for researches, interested in societal networks, and teenagers use this social network for pleasure and for play games, to develop new relations and friends or upload their personal profiles not for their study and knowledge gaining purpose (*Hampton & Wellman 2003*).Teenagers use sites to meet others and explore their personal identity formation. The current teenagers have grown up with Internets, they have high rate access, and the facility of face book has opened new channels of contact and to share knowledgeable information but the teenager are not interested to use this facility for positive purpose (*Gross & Acuisti 2005*). Face book is also the web-based social organization and our teenagers use this web connector for social change and also for the wasting their time (*Boase J, Horrigan 2006*). The face book is the previously inhabited community which we call and maintained social capital therefore we can also say that it is the source of gaining profit of different organizations and also the source of their business (*Ellison, N 2006*).For young generation face book is used as conversation and house-pipe to update the information and also to increase their social network, it is actually more visual and a big deal (*Gibbs 2006*).Face book is a good way to keep contact with friends and share information but on

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the other hand a huge amount of time is wasted, it is dangerous when personal information shared to unknown people around the world and they can use the information for negative purpose which may also create negative impact on the personality of an individual (Heino 2006) The present study examined the trend of face book users in our teenagers. The purpose of study is whether teenagers use face book for purpose of knowledge gaining or for pleasure, leisure (Dr. Sufiana K. Malik 2012).

III. OBJECTIVES

- Are Teenagers using face book for right purpose
- Is it really helpful for teenagers
- Is it really leaving positive impact

IV. METHODOLOGY

The study conducted in May, 2012. A group of 200 people take part in this study through predesigned questionnaire which consist of two part, one is related to the demographic portion, 2nd is related to the response of the people in question form. Convenience sampling use in our survey and 200 samples selected from the population of three categories one is students 2nd is employee and 3rd is Business man option.

V. RESULTS

Table 1 : Distribution of Sex.

Sex	Frequency	Percent (%)
Male	117	58.5
Female	83	41.5
Total	200	100.0

The survey shows that 58.5% are male and on the other hand 41.5% are female.

Table 2 : Distribution of Occupation.

Occupation	Frequency	Percent (%)
Student	166	83.0
Employee	22	11.0
Businessman	12	6.0
Total	200	100.0

According to the survey 83% are students, the role of Employees are 11% and the role of Businessman are 12%.

Table 3 : Distribution of Age.

Age	Frequency	Percent (%)
18-25	188	94.0
26-34	12	6.0
Total	200	100

This table shows that 94% people are about (18-25) years of age on the other hand 6% people are about (26-34) years of age.

Table 4 : Distribution of "Are teenagers using face book for right purpose?"

Question	Male										Female									
	S.Dis		Dis		Neu		Agr		S. Agr		S.Dis		Dis		Neu		Agr		S. Agr	
	F	%	F	%	F	%	F	%	F	%	F	%	F	%	F	%	F	%	F	%
Is face book a source of information fun and games?	29	24.8	26	22.2	23	19.7	27	23.1	12	10.3	19	22.9	17	20.5	17	20.5	24	28.9	6	7.2
Are everyone knows the outcomes of face book?	24	20.5	44	37.6	17	14.5	26	22.2	6	5.1	23	27.7	22	26.5	20	24.1	13	15.7	5	6.0
Is face book more beneficial than harmful?	31	26.5	24	20.5	30	25.6	23	19.7	9	7.7	25	30.1	18	21.7	26	31.3	12	14.5	2	2.4
Do most of the people comfortable with communicating online?	30	25.6	11	9.4	34	29.1	31	26.5	11	9.4	19	22.9	7	8.4	21	25.3	29	34.9	7	8.4
Are Teenagers completely understands face book?	25	21.4	22	18.8	28	23.9	29	24.8	13	11.1	18	21.7	14	16.9	29	34.9	11	13.3	11	13.3
Are Teenagers wasting their time for the use of face book?	31	26.5	16	13.7	33	28.2	22	18.8	15	12.8	21	25.3	8	9.6	23	27.7	18	21.7	13	15.7

According to the survey 20.4% male are disagree that the teenagers use face book for right purpose, 23.5% are neutral and 9.4% are strongly agree that teenagers use face book for right purpose. 25.1% females are strongly disagree 27.3% are neutral and 8.8% are strongly agree that the teenagers use face book for right purpose

Table 5 : Distribution of "Is it really helpful for teenagers?"

Question	Male										Female									
	S.Dis		Dis		Neu		Agr		S. Agr		S.Dis		Dis		Neu		Agr		S. Agr	
	F	%	F	%	F	%	F	%	F	%	F	%	F	%	F	%	F	%	F	%
Is information can be easily share on face	45	38.5	11	9.4	18	15.4	26	22.2	17	14.5	28	33.7	8	9.6	14	16.9	22	26.5	11	13.3

book?																				
Is face book a good way to keep connected with others?	30	25.6	12	10.3	24	20.5	29	24.8	22	18.8	21	25.3	6	7.2	25	30.1	21	25.3	10	12.0
Do Teenagers possess enough keyboard skills?	29	24.8	18	15.4	34	29.1	26	22.2	10	8.5	19	22.9	10	12.0	29	34.9	24	28.9	1	1.2
Is face book the good way of learning for Teenagers?	30	25.6	21	17.9	32	27.4	24	20.5	10	8.5	25	30.1	20	24.1	25	30.1	12	14.5	1	1.2
Will Teenagers quit face book?	42	35.9	11	9.4	38	32.5	19	16.2	7	6.0	29	34.9	15	18.1	21	25.3	9	10.8	9	10.8
Is face book a fashion?	28	23.9	12	10.3	22	18.8	30	25.6	25	21.4	22	26.5	5	6.0	27	32.5	20	24.1	9	10.8

This table shows that 29.1% male are strongly disagree that face book is helpful for teenagers 23.9% are neutral and 13.0% are strongly agree, 28.9% female are strongly disagree, 28.3% are neutral and 8.2% are strongly agree that the face book is helpful for teenagers.

Table 6 : Distribution of "Is it really leaving positive impact?"

Question	Male										Female									
	S.Dis		Dis		Neu		Agr		S. Agr		S.Dis		Dis		Neu		Agr		S. Agr	
	F	%	F	%	F	%	F	%	F	%	F	%	F	%	F	%	F	%	F	%
Is face book converting the world into global village?	31	26.5	23	19.7	17	14.5	27	23.1	19	16.2	20	24.1	16	19.3	19	22.9	22	26.5	6	7.2
Is face book the place of hackers?	30	25.6	21	17.9	41	35.0	15	12.8	10	8.5	20	24.1	13	15.7	28	33.7	9	10.8	13	15.7
Is face book reliable website?	31	26.5	23	19.7	29	24.8	27	23.1	7	6.0	22	26.5	17	20.5	30	36.1	9	10.8	5	6.0
Is face book becoming necessary for everyone?	33	28.2	15	12.8	31	26.5	27	23.1	11	9.4	21	25.3	19	22.9	22	26.5	16	19.3	5	6.0
Are organizations using face book for	33	28.2	16	13.7	27	23.1	26	22.2	15	12.8	21	25.3	8	9.6	28	33.7	15	18.1	11	13.3

Business purpose?																				
Is face book useless?	34	29.1	22	18.8	38	32.5	12	10.3	11	9.4	24	28.9	16	19.3	33	39.8	8	9.6	2	2.4
Is face book excellent?	29	24.8	19	16.2	36	30.8	19	16.2	14	12.0	21	25.3	12	14.5	31	37.3	16	19.3	3	3.6
Is face book suitable for everyone?	32	27.4	21	17.9	27	23.1	25	21.4	12	10.3	20	24.1	14	16.9	29	34.9	17	20.5	3	3.6

This table shows that 36.0% male are strongly disagree that face book is leaving positive impact, 35.0% are neutral and 14.1% are strongly agree and on the other hand 33.9% female are strongly disagree, 44.2% are neutral and 9.6% are strongly agree that face book is leaving positive impact.

VI. STATISTICAL VALUES

Table 7: There is no association between gender and teenagers use face book for right purpose.

The following table shows the statistical figures of cases/ questions related to the use of face book for right purpose. In which it's cleared that the results are no association because P-Value of all cases is greater than 0.05.

Cases	Chi-Square Value	P-Value
Is face book a source of information fun and games?	1.30	0.861
Are everyone knows the outcomes of face book?	6.43	0.169
Is face book more beneficial than harmful?	4.03	0.401
Do most of the people comfortable with communicating online?	1.65	0.799
Are Teenagers completely understands face book?	5.58	0.233
Are Teenagers wasting their time for the use of face book?	1.17	0.883

Table 8: There is no association between gender and it really helpful for teenagers.

The following table shows the statistical figures of cases/ questions related to the use of face book that it is really helpful for teenagers. In which it's cleared that the results are no association because P-Value of all cases is greater than 0.05.

Cases	Chi-Square Value	P-Value
Is information can be easily share on face book?	0.79	0.939
Is face book a good way to keep connected with others?	3.72	0.446
Do Teenagers possess enough keyboard skills?	6.62	0.157

Is face book the good way of learning for Teenagers?	7.13	0.129
Will Teenagers quit face book?	6.11	0.191
Is face book a fashion?	8.10	0.088

Table 9: There is no association between gender and it really leaving positive impact.

The following table shows the statistical figures of cases/ questions related to the face book is leaving positive impact. In which it's cleared that the results are no association because P-Value of all cases is greater than 0.05.

Cases	Chi-Square Value	P-Value
Is face book converting the world into global village?	5.39	0.250
Is face book the place of hackers?	2.52	0.642
Is face book reliable website?	6.18	0.186
Is face book becoming necessary for everyone?	4.07	0.397
Are organizations using face book for Business purpose?	3.23	0.520
Is face book useless?	4.40	0.354
Is face book excellent?	4.97	0.290
Is face book suitable for everyone?	5.54	0.236

VII. CONCLUSION AND RECOMMENDATIONS

According to the result of the respondent it is clear that the trend of using face book among teenagers is creating harmful effect on students and also the teenagers because teenagers are at their growing stage and this type of social networking is leaving negative impact on teenagers, they waste their precious time for the use of face book and are playing games, chatting and using other aspects of face book therefore boys and girls equally use face book while the number of boys using face book is slightly high. Teenagers at the early and ending years of their teenage indulge in glamour, fashion and other activities of self-importance.

The results show that the trend of face book usage was found high. As face book is an interesting

way of criticizing the individualistic attitude of teenagers of this generation. They shoot on face book themselves and sometimes secrete face book account. It is clear that the teens have similar outline of thought. They just use the face book more for pleasure. The results of the current study also showed that vital difference in usage of face book between knowledge enhancement and pleasure. The teenagers use face book more for pleasure than knowledge. The busy schedule of the parents; to meet such an expensive life, has ignored the interest in the activities of the teenagers. The interest of teenagers in face book has almost also replaced the routine of regular TV, they use face book more than they watch TV programs and because of this the part of taking some competitions and regular games is also decrease which is creating health problems. Parents do

not know that their teens typically use the internet to communicate with people they don't know in the offline world because they much busy of their own work in this busy world. Parents thought that their teens are doing safe online networking but the result shows that their teen are going wrong way, which is not good for their coming future therefore the teachers and parents must pay full attention on their teens, they must give them a spare time to play regular games like cricket, football etc. Instead of playing fake games in this way they avoid the health problems. With the help of parents and teachers the trend of this inhabit social networking among teenagers may decrease.

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Search engines for most searches, use Boolean searching, which is somewhat different from Internet searches. The Boolean search uses "operators," words (and, or, not, and near) that enable you to expand or narrow your affords. Tips for research paper while preparing research paper are very helpful guideline of research paper.

Choice of key words is first tool of tips to write research paper. Research paper writing is an art. A few tips for deciding as strategically as possible about keyword search:



- One should start brainstorming lists of possible keywords before even begin searching. Think about the most important concepts related to research work. Ask, "What words would a source have to include to be truly valuable in research paper?" Then consider synonyms for the important words.
- It may take the discovery of only one relevant paper to let steer in the right keyword direction because in most databases, the keywords under which a research paper is abstracted are listed with the paper.
- One should avoid outdated words.

Keywords are the key that opens a door to research work sources. Keyword searching is an art in which researcher's skills are bound to improve with experience and time.

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References	Complete and correct format, well organized	Beside the point, Incomplete	Wrong format and structuring



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