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Contents

Perceived Organizational Support, Antecedents and Consequences
Proposing and Testing a Model in a Public Sector University of Pakistan

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This study aims at exploring the relationship of university teachers' perception of organizational support with its antecedents and consequences. This study uses Social Exchange Theory (Blau, 1964), Norm of Reciprocity (Gouldner, 1960), Psychological Contract Theory (Rousseau, 1989) and Organizational Support Theory (Eisenberger et al., 1986) to develop a model of university teachers' Perceived Organizational Support (POS) with its antecedents and consequences. The results show that antecedents of leader member exchange, procedural justice, distributive justice and human resource practices were positively related with POS and POS, in turn, was positively related with consequences of affective and normative commitment. Positive relationship between POS and continuance commitment is not supported by this study. In addition to recommendations and limitations of the study, directions for future research are also suggested at the end of the study.

INTRODUCTION

Improvement in the field of higher education is one of the important indicators of growth and development in any country. Quality of higher education in any country is affected by the role played by the universities as organizations, in general, and university teachers as educationists, in particular. In this regard the quality of education imparted depends upon a number of factors including the university teachers' commitment to their profession and organization. By providing support to teachers, universities can win the loyalty and commitment of teachers and thus teachers who are highly committed to their organization are expected to strive hard to achieve the goals of that particular university. With all these issues in mind, the purpose of this research was to develop and test a model of university teachers' Perceived Organizational Support (POS) in Pakistan. The findings of this study will specifically help public organizations to make better-informed decisions regarding work policies and practices that affect employee behaviors and commitment to the organization.

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Perceived Organizational Support (POS) is formally defined as employees' "global beliefs concerning the extent to which the organization values their contributions and cares about their well-being" (Eisenberger *et al.*, 1986). The POS construct not only highlights the importance of employees' commitment to the organization but also emphasizes employees' opinions about organizations' commitment to them, i.e., it indicates the presence of a reciprocal relationship. Thus, it is not only sufficient to examine one side of this relationship (employee commitment to the organization) but one must also consider the support which the organization gives to its employees. After all, employees' perception of the organization's commitment to them is known to impact the extent to which they return commitment to the organization (Shore and Shore, 1985; Eisenberger *et al.*, 1986 and Moorman *et al.*, 1998). If employees perceive that the organization values their contribution then they will also show more commitment towards their organization, but different employees will have different perceptions regarding support lent by their organization, so it is important to understand these differences in their perceptions. According to Rhoades and Eisenberger (2002), there are three primary ways in which employees perceive favorable treatment from their organizations: (1) Through supervisor support; (2) through rewards and favorable job conditions; and (3) through fair policies and practices.

This study was aimed at analyzing the contribution of antecedents of POS of leader member exchange, organizational justice and Human Resource (HR) practices towards the development of POS and the type of relationship between POS and Organizational Commitment (OC) in terms of affective, continuance and normative commitment of the teaching staff of the University of the Punjab, given their demographic characteristics of gender, age, marital status, faculty, employment type, designation and tenure. In this study it has been argued that constructs of leader member exchange, distributive justice, procedural justice and human resource practices contribute toward the development of POS as antecedents i.e., if an employee experiences the existence of these antecedents or constructs in an organization, then it will result in the development of POS by that employee. In this study, it is postulated that two separate areas of organizational research of organizational commitment involving three component model of organizational commitment (Allen and Meyer, 1990) and POS (Eisenberger *et al.*, 1986) could be associated together into a single framework in the institutional context of the University of the Punjab for its teaching staff. It was theorized that if an employee has a high perception of organizational support extended by an organization, then one of the consequences will be an increased OC with that organization. In this study, the above mentioned interrelationships were studied along with demographic variables. Two explicit questions were examined in this study. First of all, was there a

systematic relationship between the perception of leader member exchange, distributive justice, procedural justice and human resource practices of teaching employees of the University of the Punjab and their levels of POS? Secondly, were higher levels of POS predictive of higher levels of OC, within the University of the Punjab, i.e., indication of presence of a positive relationship?

THEORETICAL FRAMEWORK

Drawing upon the work of Allen and Meyer (1990) three component model of OC in combination with the Eisenberger *et al.* (1986) model of POS, a model is developed bringing these perspectives together into a single comprehensive framework. Leader member exchange, organizational justice and HR practices are antecedents of POS leading to the development of POS. The POS in turn is

leads the OC held by teachers of the university via its three components of affective, continuance and normative commitment. This theoretical framework is shown in Figure 1.

In this study it is theorized that the constructs of POS, its antecedents and consequences are based upon two major contemporary social exchange theories namely Organizational Support Theory (OST) and Psychological Contract Theory (PCT). The OST maintains that employees form a global belief concerning the extent to which the organization cares about them and values their contributions to the organization (Eisenberger *et al.*, 1986; Shore and Shore, 1995; and Rhoades and Eisenberger, 2002). Such a POS is assumed to be based on the favorableness of the employees' history of treatment by the organization. The OST maintains

Figure 1: Schematic Diagram of the Relationships Among Antecedents of POS and Consequence of OC
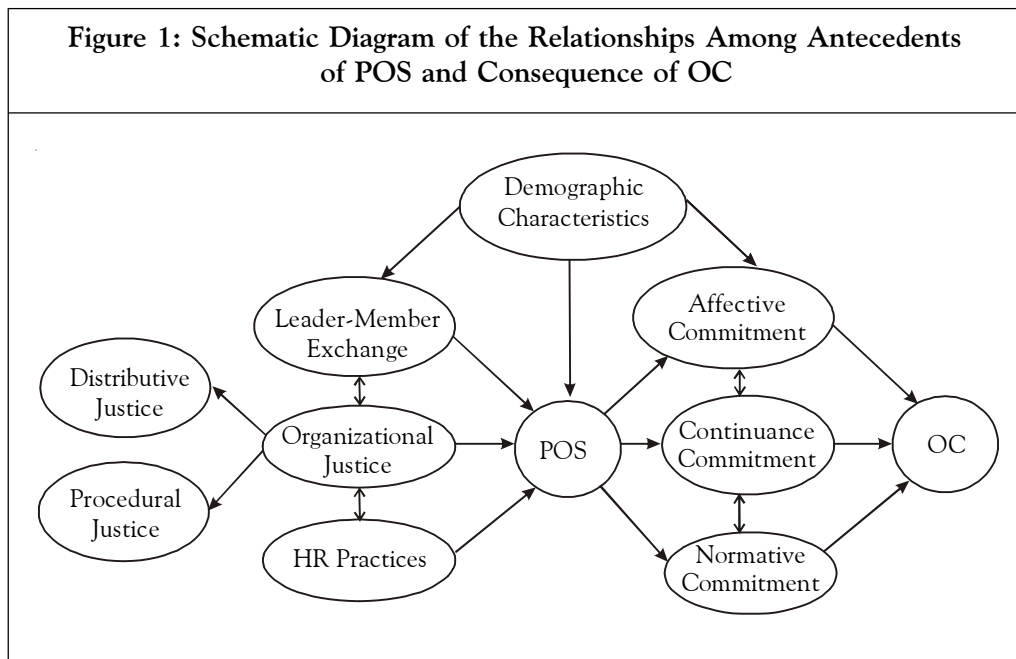
that, based on the norm of reciprocity, employees strive to repay the organization for a high level of support by increasing their efforts to help the organization reach its goals. (Eisenberger *et al.*, 1986). Psychological Contract Theory (PCT) argues that employees form beliefs about the particular types of resources that they are obligated to provide to the organization and that the organization is obligated to provide to them in return. Based on the resources promised to them and the obligations that are both communicated by the organization and implied by the norm of reciprocity, the employees form a psychological contract with the organization. The PCT emphasizes the role of the perceived failure of the organization to keep its promises as a key determinant of employees' dissatisfaction and poor performance. (Rousseau, 1989, 1995 and Morrison and Robinson, 1997).

ANTECEDENTS OF POS

On the basis of OST (Eisenberger *et al.*, 1986), three general forms of perceived favorable treatments received from the organization (i.e., fairness, supervisor support, and organizational rewards and job conditions) should increase POS. The next section develops three antecedents of POS which are expected to have an influence on the POS: the strength of the Leader-Member Exchange (LMX), perception regarding organizational justice in terms of procedural justice and distributive justice, and supportive HR practices.

LEADER MEMBER EXCHANGE AND POS

The OST has been significant in dealing with the favorable outcomes of POS for the relationship between the employee and the organization. However, POS might also strengthen the exchange relationship between employees and their supervisor. The LMX as described by Graen and Scandura (1987), characterizes the strength of the exchange relationship between an employee and his/her supervisor. Wayne *et al.* (1997) reasoned that supervisors are likely to have high expectations of employees whom the organization strongly supports. Because of this, the employees having high POS would be viewed as valuable exchange partners with whom supervisors would be inclined to develop strong LMX relationships. Supporting this contention, Wayne *et al.* (2002) study, as well as studies by Masterson *et al.* (2000) have demonstrated that POS positively influences LMX, in the same way that POS influences the exchange relationship between an employee and his or her organization. LMX influences the exchange relationship between an employee and his or her supervisor. Furthermore, because supervisors are representatives of the organization, the exchanges that occur between a supervisor and an employee can influence the employee's POS. So it is proposed in this study that the strength of the relationship between a supervisor and an employee will positively influence POS.

H_1: *LMX is positively related to POS. Specifically, stronger the LMX, higher will be the POS held by the employee.*

ORGANIZATIONAL JUSTICE AND POS

Shore and Shore (1995) maintained that the fairness of procedures that determine the amount and distribution of organizational resources should be a particularly important determinant of POS. Most public sector organizations have considerable discretion, autonomy and control concerning the fairness of policies that affect reward allocations among employees. According to organizational support theory, such discretionary actions taken for resource distribution should make a major contribution to the employees' assessment of the organization's positive orientation toward them. Organizational justice is divided in two constructs namely procedural justice and distributive justice. It is proposed in this study that the fairness with which an organization is carrying out it activities in the form of procedural justice and distributive justice will affect the employee's perceptions regarding POS.

$H_{2(a)}$: *Procedural Justice is positively related to POS. Specifically, higher the employee's perception regarding procedural justice, higher will be the employee's POS.*

$H_{2(b)}$: *Distributive Justice is positively related to POS. Specifically, higher the employee's perception*

regarding distributive justice, higher will be the employee's POS.

HUMAN RESOURCE PRACTICES AND POS

Shore and Shore (1995) suggested that human resources practices showing recognition of employee contributions should be positively related to POS. A variety of rewards and job conditions have been studied in relation to POS—for example, recognition, pay, promotions, job security, autonomy, role stressors, and training. Also research has identified a variety of rewards and favorable working conditions that are positively related to POS, such as developmental experiences allowing employees to expand their skills (Wayne *et al.*, 1997), autonomy in the manner in which jobs are carried out (Eisenberger *et al.*, 1999), and visibility to and recognition from upper-level management (Wayne *et al.*, 2002). According to the OST, HR practices in the form of favorable opportunities for rewards and job conditions serve to communicate a positive valuation of the employees' contributions and thus should positively contribute to POS.

H_3: *HR practices are positively related to POS. Specifically, higher the perception of HR practices being supportive, higher will be the POS of the employee in that organization.*

CONSEQUENCES OF POS

OST also addresses the psychological processes underlying the consequences of

POS. First, on the basis of the reciprocity norm, POS should produce a felt obligation to care about the organization's welfare and to help the organization reach its objectives. Second, the caring, approval, and respect connoted by POS should fulfill the socio-emotional needs, leading the workers to incorporate organizational membership and role status into their social identity. Third, POS should strengthen employees' beliefs that the organization recognizes and rewards increased performance (i.e., performance-reward expectancies). These processes should have favorable outcomes both for employees (e.g., increased job satisfaction and heightened positive mood) and for the organization (e.g., increased Affective Commitment (AC) and performance, reduced turnover) (Eisenberger *et al.,* 1986).

ORGANIZATIONAL COMMITMENT (OC)

In their review of organizational commitment literature, Meyer and Allen (1997) identified three distinct themes in defining commitment as affective, continuance and normative commitment. According to their three-component model of commitment, an employee can adopt to varying degrees with these three forms of commitment. Moreover they contend that one can achieve a better understanding of an employee's relationship with an organization when all three forms of commitment are considered together. All three components of OC of affective, continuance and normative commitment should be taken as separate components, rather than kinds of OC and an employee can exhibit differences in experiencing different levels of each of these components of commitment. Some employees, for example, might feel both a strong need (continuance commitment) and a strong obligation (normative commitment) to remain with the organization, but no desire (affective commitment) to continue with the organization; others might feel neither a need nor an obligation but a strong desire i.e., no continuance and normative commitment but high affective commitment, and so on. The 'net sum' of an employee's commitment to the organization, therefore, reflects each of these separable psychological states. (Meyer *et al.*, 1993).

AFFECTIVE COMMITMENT (AC)

Affective commitment, the first component of the model, is based on an employee's feelings and refers to an employee's personal attachment to the organization. It relates to how an employee feels towards his or her organization. The POS is a major causal factor in increasing the affective OC (Shore and Tetrick, 1991; Shore and Wayne, 1993; and Rhoades *et al.*, 2001). POS should also increase the affective commitment by fulfilling such socio-emotional needs as affiliation and emotional support (Eisenberger *et al.*, 1986 and Armeli *et al.*, 1998). Such need fulfillment produces a strong sense of belonging to the organization, involving the incorporation of employees' membership and role status into their social identity. POS should thus contribute to the employees' affective commitment to the organization.

$H_{4(a)}$: *POS is positively related to AC. Specifically, higher the perception of organizational support held by an employee, higher will be the AC to that organization.*

CONTINUANCE COMMITMENT (CC)

Continuance commitment refers to financial aspects related to why an employee remains with an organization, including, but not limited to, costs of leaving that organization. Essentially, it is the idea that it is more worthwhile to stay with an organization because of benefits which may accrue as a result of such things as pension or seniority rather than surrendering them by moving to another organization. (Allen and Meyer, 1990). Shore and Tetrick (1991) suggested that POS might reduce feelings of entrapment (i.e., continuance commitment) that occur when employees are forced to stay with an organization because of the high costs of leaving. So POS will affect the CC of the employee to the organization.

$H_{4(b)}$: *POS is positively related to CC. Specifically, higher the perception of organization support held by an employee, higher will be the CC to the organization.*

NORMATIVE COMMITMENT (NC)

Normative commitment refers to the extent to which an employee feels obligated to remain with the organization. Organizational socialization suggests that those employees will have higher normative commitment to their organization, who are communicated via different organizational practices that the organization expects and value their loyalty. So POS should contribute to the NC held by the employee.

$H_{4(c)}$: *POS is positively related to NC. Specifically, higher the perception of organization support held by an employee, higher will be the NC to the organization.*

MEASURES OF VARIABLES

The questions to study antecedents and consequence of POS were based on the existing valid and reliable measures and the survey consisted of total 68 questions (Annexure). Eisenberger *et al.* (1986) designed a 36-question survey, the Survey of POS, to measure the various perceptions employees may have concerning the extent to which the organization values their contributions and cares about their well being. In later research this survey was reduced to only eight items, consisting of eight questions which had the highest factor loading. In their study, these eight questions were found to be accurate measures of POS, and are therefore used to measure the POS in the current study. Early measures of LMX were used by Scandura *et al.* (1986) as a seven-item scale. In later research, Liden and Maslyn (1998) developed a 12-item scale in order to address the observation that the original scale was unidimensional. The new scale consisted of 12 questions which addressed four constructs within the relationship between employees and their managers consisting of affect, loyalty, contribution, and professional respect. These

12 questions are used in the current study to measure the LMX. Questions related to organizational justice are divided into two separate constructs: distributive justice and procedural justice. Procedural justice was measured using the 12 questions from Moorman *et al.* (1998). Distributive justice was measured using the six items from Price and Mueller (1986). To measure HR practices questions are adopted from Silbert (2005) to measure the employee's perception of promotions and growth opportunities, participation in decision making and job security, and in addition, several questions were adapted from Wayne *et al.* (1997) to measure the developmental experiences. The organization commitment scales used are adapted from Allen and Meyer (1990) instrument. In this study a total of 24 items were included to measure all of the three components of OC with eight items included for each component of OC. The Affective Commitment Scale (ACS) measured the employee's emotional attachment to, identification with, and involvement in the organization. The Continuance Commitment Scale (CCS) measured the cost associated with an employee leaving the organization and focused on why an employee had to continue with an organization. The Normative Commitment Scale (NCS) measured feelings of loyalty and obligation to remain with the organization.

DATA ANALYSIS AND RESULTS

SAMPLE AND PROCEDURE

The sample for this study consisted of teaching faculty of a large public sector university of Pakistan, i.e., University of the Punjab. A sample size of 260 teachers was drawn based on 623 teachers as the universe of teaching faculty in the university with 95% confidence level +/–5% margin of error in sampling. The sample was drawn from population based upon disproportionate stratified random sampling technique. The data were collected from different departments of the university belonging to different faculties. The questionnaire of the study was self administered by the researcher to the teachers in different departments along with a covering letter explaining the purpose of the study undertaken and encouraging the respondents to voluntarily take part in this survey. Also the respondents were informed that the purpose of conducting this survey was to analyze job related attitudes and behavior of teaching faculty and that their confidentiality was assured.

Of the 260 surveys administered, 171 were returned giving a response rate of 65.8%. Of the 171 respondents, 49.1% were male and 50.9% were female. The age of 57.3% of the respondents were 40 years or less and almost one half (49.1%) of the respondents were married. Almost three fourths of the respondents (75.4%) had permanent nature of employment. Approximately one half of the respondents (50.9%) had a designation of either lecturer or assistant professor. More than one half of the respondents (56.1%) comprised of junior faculty members and had a work experience of less than or equal to two years. Although there were 68 questions in the survey, the average length of time used to complete the entire survey was 15 minutes.

DESCRIPTIVE STATISTICS AND CORRELATIONS

Table 1 shows mean, standard deviations, and correlations between all variables analyzed in this study. The respondents reported a comparatively high level of LMX and AC, a moderate level of POS, procedural justice, HR practices and NC and relatively a low level of CC and distributive justice as suggested by the comparison of the mean of all the constructs. Hypothesis 1 predicted that LMX would be positively related to POS. The correlation coefficient in Table 1 shows that LMX (0.444**, $p < 0.01$) was significantly and positively related to POS. Therefore, Hypothesis 1 is supported. Hypothesis 2(a) predicted that procedural justice would be positively related to POS. The correlation coefficient in Table 1 shows that procedural justice (0.624**, $p < 0.01$) was significantly and positively related to POS. In fact the correlation was highest among all other variables, thus strongly supporting Hypothesis 2(a). Procedural justice emerged as a variable of this study which was most strongly related to POS and this finding was also reinforced by all other analyses done in this study. Hypothesis 2(b) predicted that distributive justice would be positively related to POS. The correlation coefficient in Table 1 shows that distributive justice (0.534**, $p < 0.01$) was significantly and positively related to POS. Therefore, Hypothesis 2(b) is also supported.

Hypothesis 3 predicted that HR practices would be positively related to POS. The correlation coefficient in

Table 1 shows that HR practices (0.596**, $p < 0.01$) was significantly and positively related to POS. Therefore, Hypothesis 3 is supported. Hypotheses 4(a), 4(b) and 4(c) predicted that all three components of OC, i.e., AC, CC and NC would also be positively related to POS when considered separately. The correlation coefficients (Table 1) show that AC was significantly and positively related to POS (0.564**, $p < 0.01$). NC was also significantly and positively related to POS (0.395**, $p < 0.01$). CC was although positively and significantly correlated (0.099*, $p < 0.05$) with POS, this correlation was very weak. Therefore, Hypothesis 4(a) and 4(c) were supported and Hypothesis 4(b) was only partially or weakly supported. So in case of Hypothesis 4(b) further analysis had to be done to significantly support or reject this hypothesis.

REGRESSION ANALYSIS

Hypothesis 1, 2(a), 2(b) and 3 stated that LMX, procedural justice, distributive justice and HR practices, respectively, would be positively related to POS. These hypotheses were tested using regression analysis for which LMX, procedural justice, distributive justice and HR practices were taken as independent variables and POS was taken as a dependent variable and the results are shown in Table 2 (adjusted $R^2 = 0.533$). Also the independent variables were regressed on POS controlling for demographic variables. So in the regression analysis not only constructs of LMX, procedural justice, distributive justice and HR practices, but also

Table 1: Descriptive Statistics (Mean and Standard Deviation) and Correlations for Variables Analyzed in the Study

Variables	N	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1. Gender	171	1.51	0.50	1.000															
2. Age	171	2.35	1.06	-0.077	1.000														
3. Marital Status	171	1.51	0.50	0.298**	-0.121	1.000													
4. Faculty	171	6.46	3.91	0.007	-0.045	0.178*	1.000												
5. Employment Type	171	1.75	0.43	0.010	0.019	-0.398**	0.112	1.000											
6. Designation	171	2.74	1.41	-0.092	0.444**	-0.084	0.040	-0.058	1.000										
7. Work Experience	171	2.42	1.44	-0.274**	0.445**	-0.249**	-0.033	0.365**	-0.049	1.000									
8. POS	171	3.35	0.68	0.214**	-0.139	0.317**	0.140	-0.172*	-0.022	-0.395**	1.000								
9. LMX	171	3.74	0.77	0.243**	0.000	0.076	-0.145	-0.167*	-0.103	-0.183*	0.444**	1.000							
10. Procedural Justice	171	3.25	0.81	0.244**	-0.029	0.103	0.162*	-0.074	-0.002	-0.289**	0.624**	0.537**	1.000						
11. Distributive Justice	171	3.07	1.01	0.213**	-0.029	-0.007	0.248**	-0.135	0.127	-0.349**	0.534**	0.323**	0.691**	1.000					
12. HR Practices	171	3.52	0.90	0.153*	-0.042	0.140	0.111	-0.070	0.052	-0.215**	0.596**	0.438**	0.619**	0.543**	1.000				
13. Affective Commitment	171	3.69	0.62	0.323**	-0.034	0.175*	-0.074	-0.091	0.044	-0.252**	0.564**	0.467**	0.400**	0.450**	0.611**	1.000			
14. Continuance Commitment	171	3.08	0.58	0.096	-0.003	-0.048	0.230**	-0.006	0.124	-0.032	0.099*	0.130	0.310**	0.446**	0.157*	0.081	1.000		
15. Normative Commitment	171	3.45	0.50	0.195*	0.112	0.116	0.001	-0.050	0.103	-0.073	0.395**	0.270**	0.254**	0.375**	0.464**	0.519**	0.202*	1.000	
16. Organizational Commitment	171	3.41	0.41	0.292**	0.027	0.114	0.073	-0.070	0.125	-0.174*	0.499**	0.413**	0.458**	0.598**	0.580**	0.765**	0.604**	0.774**	1.000

Note: **Correlation is significant at the 0.01 level (2-tailed);

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

The response categories for age were: 1 = 21-30 years, 2 = 31-40 years, 3 = 41-50 years, 4 = 51-60 years, and 5 = 61 years or above.

For Gender were: 1 = Male and 2 = Female.

For tenure were: 1 = Less than a year, 2 = One to two years, 3 = Three to five years, 4 = Six to ten years, 5 = 11 years or more.

For Marital Status: 1 = Married and 2 = Unmarried.

For Designation: 1 = Lecturer, 2 = Assistant Professor, 3 = Associate Professor, 4 = Professor.

For type of employment 1 = Temporary and 2 = Permanent.

Table 2: Regression Analysis Results with Dependent Variable of Perceived Organizational Support			
Independent Variables	Standardized Betas	t-value	p-value
Intercept	0.0000*	2.73	0.007
Gender	–0.077	–1.261	0.209
Age	–0.001	–0.015	0.988
Marital Status	0.256***	3.852	0.000
Faculty	–0.006	–0.102	0.919
Employment type	0.074	1.112	0.268
Designation	–0.032	–0.491	0.624
Work Experience	–0.177**	–2.379	0.019
Leader Member Exchange	0.133**	1.953	0.053
Procedural Justice	0.228*	2.616	0.010
Distributive Justice	0.170**	2.066	0.040
HR Practices	0.249***	3.520	0.001
R^2	0.563	–	–
Adjusted R^2	0.533	–	–
F	18.611*	–	–
Note: *$p < 0.01$, ** $p < 0.05$, *** $p < 0.001$.			

demographics were regressed on POS. Marital Status (0.256, t = 3.852, $p < 0.001$), Work Experience (–0.177, t = –2.379, $p < 0.05$), LMX (0.133, t = 1.953, $p < 0.05$), procedural justice (0.228, t = 2.616, $p < 0.01$), distributive justice (0.170, t = 2.066, $p < 0.05$) and HR practices (0.249, t = 3.520, $p < 0.001$) were statistically significant in this regression and were able to explain the variance in POS. All variables together explained a significant 56.3% of variance in POS. Regarding LMX, procedural justice, distributive justice and HR practices, β coefficients being positive indicated that higher scores of all these constructs predicted higher POS scores. Thus based upon the regression analysis, Hypotheses 1, 2(a), 2(b) and 3 were fully supported and results are shown in Table 2. Based upon review of literature, the results significantly supporting hypotheses 1, 2(a), 2(b) and 3 are as expected and prove that LMX, procedural justice, distributive justice and HR practices are positively and significantly related to POS.

MODEL OF COMMITMENT ANALYSIS

In the second stage Hypotheses 4(a), 4(b) and 4(c), which stated that organizational commitment in terms of its components of AC, CC and NC are positively related to POS, were examined by means of Hierarchical Multiple Regression (HMR) analysis for which POS was taken as an independent variable, the effect of which was studied on dependent variable of AC, CC and NC. The HMR was conducted to study the effect of POS on all three components of commitment and the results are given in a precise order using

each of the three response variables (Affective, Continuance and Normative Commitment respectively) of the commitment model separately. Given next is the HMR analysis for both sets of variables in specific order, such that each of the dependent variables was predicted by employing two sets of multiple regression independent variables. The first set of predictor variables used to predict response variable included demographic variables and then predictor variable of POS was included in the HMR model. All of the HMR analysis in this study was conducted by employing Version 14.0 of SPSS for windows.

Table 3 is summarizing the role of hierarchically entered sets of independent variables of demographic characteristics and POS in case of AC, CC and NC.

As shown in Table 3, all demographic variables analyzed in this study together explained a significant variance of 15.2% in the dependent variable of AC. Also predictor variable POS additionally explained 24% of significant variance in AC. Together both sets of independent variables explained 39.2% of significant variance in dependent variable of AC. All demographic variables analyzed in this study together explained a significant variance of 10.5% in the dependent variable of CC. On the contrary, the predictor variable POS additionally explained only 0.08% of significant variance in CC. Together both sets of independent variables explained 11.3% of significant variance in dependent variable of CC. All demographic variables analyzed in this study together explained

Table 3: Detail of Hierarchical Multiple Regression Analysis Regarding Contribution of Independent Variables Towards Explanation of Variance in Dependent Variables of Affective Commitment, Continuance Commitment and Normative Commitment					
Affective Commitment					
Predictor Variables	R^2	R^2 Change	F Change	p-value	D-W[a]
1. Demographics	0.152	0.152	4.170	<0.001*	2.096
2. POS	0.392	0.24	13.043	<0.001*	2.437
Continuance Commitment					
Predictor Variables	R^2	R^2 Change	F Change	p-value	D-W[a]
1. Demographics	0.105	0.105	2.722	0.011*	2.036
2. POS	0.113	0.008	2.573	0.011*	2.018
Normative Commitment					
Predictor Variables	R^2	R^2 Change	F Change	p-value	D-W[a]
1. Demographics	0.068	0.068	1.705	0.111	1.960
2. POS	0.209	0.141	5.359	<0.001*	2.173
Note: [a] The value of the Durbin-Watson Statistic shows that there are no significant auto correlations in the data set of the study. * Criterion for Significance: $p < 0.05$.					

a significant variance of 6.8% in the dependent variable of NC. Also the predictor variable POS additionally explained 14.1% of significant variance in NC. Together both sets of independent variables explained 20.9% of significant variance in the dependent variable of NC.

The results of HMR analysis supported the fact that higher levels of POS indicated by the respondents was indeed predictive of higher level of OC within the university. In relation to AC, increased levels of POS were highly significant in predicting the increased levels of AC. Regarding CC, increased levels of POS indicated no real significance in predicting the increased levels of CC. Regarding NC, increased level of POS was also highly significant in predicting the increased level of NC. The above mentioned results are as expected and were hypothesized in this study and provided support to the majority of theorized relationships hypothesized in the study framework as in the case of POS, thus supporting the findings of Eisenberger et al. (1986), though not in the case of CC, that increased POS will reinforce an employee's commitment to the organization and support Hypotheses 4(a) and 4(c) but not 4(b).

CONCLUSION

The findings obtained in this study lend support to two important theorized relationships elaborated in the theoretical framework. First, the study results provided support for the generalizability of Meyer and Allen's (1997) three-component model of OC in a public sector university setting of Pakistan. For instance, continuance commitment was found to be positively correlated with years of service of a teacher in the university. This finding is similar to the expectations of Meyer et al. (1993) that CC will increase with the accretion of investments by employees in an organization. For this reason, as tenure of a teacher increases in the university, he/she recognizes their input in terms of time, effort and money in that university and the increased cost of ending their employment with that particular university. Secondly, the results also supported the validity of findings obtained by Eisenberger et al. (1986) such that employees formed global beliefs to the extent to which the organization (University of the Punjab) valued their contribution and cared about their well being.

THEORETICAL IMPLICATIONS

The findings obtained in this study support the perception that POS is a variable with significant repercussions for employee behavior and attitude (Moideenkutty et al., 2001). Although POS appears to be a well researched construct, as suggested by review of literature, but very little research has been conducted on POS in the context of different cultures, with an exception of Fu and Shaffer (2001) along with others. Thus this research study has made a contribution to literature on POS in different cultures. Another noteworthy addition of this research is studying a distinctive sample, i.e., by employing a sample of Pakistani teachers, this study

examined the generalizability of findings obtained in the Western cultures in the context of South Asian culture of Pakistan. An expectation could be made that there might be differences with regard to experiences relating to POS. So it has become increasingly important and relevant to examine POS and its antecedents and consequences across different cultures, as countries differ politically, socially, economically and demographically. Likewise Westman (2005) has suggested that introducing cultural differences into research may add an additional important dimension, especially cultural differences focusing on gender and gender role ideology. This study has also made an important contribution with regard to examining the relationship of all constructs in the model with gender. Gender appeared to be a demographic characteristic that can interact with antecedents and consequences of POS, further increasing the understanding of POS.

MANAGERIAL IMPLICATIONS

As this study has been conducted in a public sector university of Pakistan, the results obtained offer quite suitable practical implications which can be adopted by the university. If the university teachers indeed develop high perception of organizational support extended towards them by the university, then such teachers will be better in dealing with and reducing job stressors and conflicts, etc. The findings obtained in this research have clarified how important it is for any organization to maintain and increase the

high initial levels of OC and POS as perceived by the employees. This study has analyzed many antecedents and consequences of organizational support such as organizational justice, supervisor support, HR practices and OC and these organizational factors were able to communicate to teachers the extent to which they were valued and supported by their university. This was in line with the findings of Moorman *et al.* (1998) and Wayne *et al.* (1997), who indicated that many organizational factors affect the employee behavior and attitude by enhancing the perceptions of support from the organization. These findings emphasize the importance of university administration paying greater attention to these organizational factors in order to make efforts to increase the perception of organizational support. With all these issues in mind, the following specific recommendations in relation to the study variables are given.

In this study, LMX was found to have a strong positive relationship with POS. This finding emphasized the fact that the department head is the organization's representative to a teacher and the actions of a department head are seen as those actions which are representative of the university and strongly impact how a teacher perceives the organization's support. In this case the actions of the departmental head become very important and university administration should make arrangements to provide regular training to its departmental heads on how to create or hold strong and unique LMXs with their subordinates in

their departments and that such exchanges should involve mutual liking, trust and respect rather than being formal and only based on contract.

In case of organizational justice, procedural justice emerged as a strongest predictor of POS in this university. On the contrary, distributive justice was not very strong though positively related to POS. These conflicting results for the two types of organizational justice shows that although teachers believe that university is fair concerning determination of rules and regulations being a public sector organization but is not very fair when it comes to distribution or allocation of resources or outcomes. This finding has a very strong bearing for the university as it should take extra steps to make the distribution of resources or outcomes such as merit pay, training opportunities and scholarships etc., more transparent and fair and such actions taken by the university will result in further high perception of organizational support by its teachers.

In case of HR practices the respondents were asked questions in relation to promotions and growth opportunities, developmental experiences, participation in decision making, and job security. This study showed that the positive perception of HR practices pursued by the university had a significant effect on POS held by its teachers. So it is recommended that the university should adopt all HR practices and its dimensions considered in this study. Teachers of the university should be provided with equal, fair and achievable promotions and growth opportunities. Also in addition to routine teaching assignments, teachers should also be exposed to challenging assignments involving developmental experiences improving teachers' skills set and preparing them for diverse future assignments. It is also recommended that the teachers' perceptions of university support will improve immensely if they are given opportunities to participate in activities involving decision making about how their jobs are to be carried out and how to improve their own working environment, etc. The university teachers should be allowed to decide on their own, their areas of research interests and should be facilitated to carry out teaching assignments in similar areas of interest to improve their learning and experience. Such autonomy in decision making will show to the teachers that the university is in fact adopting and practicing such HR practices which are indeed beneficial for the well being of its members.

The OC increased in terms of affective, continuance and normative commitment as respondents increased on career ladder, i.e., as their designation increased, i.e., teachers became more desirous of remaining with the university, felt more obligation to do so and perceived more cost of discontinuing with the university as they moved higher on career hierarchy. The underlying reason might be that teachers' commitment to their university increased as they felt that by promoting them on career hierarchy organization was showing support and investing in their

career development. Keeping in mind this finding it is recommended that the university should formulate and promote such policies and practices, where every employee should perceive equal and fair opportunities of career advancement as their years of service and educational levels increase, and failure to do so might result in decreasing levels of all forms of commitment if employee's stay with the organization increases but he/she does not get promoted over time on career ladder. So all employees should be communicated with a clear, specific, fair and achievable career development plans of the university.

The study also revealed that OC in terms of AC and NC decreased as years of service increased possibly due to accrual of negative as well as positive experiences with the university over time but vice-versa for continuance commitment. So if the university is desirous to keep its teachers affectively and normatively committed to itself even after many years of service, then it is recommended that it has to take extra steps in communicating to its teachers that their affective attachment to and loyalty to the university with the passage of time is appreciated by the university. For example AC of a teacher can be increased if he/she feels emotionally attached to the university. Such emotional and affective attachment could be created by encouraging the teacher to get involved in work tasks which are satisfying or of interest to them and providing them opportunities to increase their skills set by sharpening their research capabilities and acquiring higher

education and training, etc. Normative commitment refers to feeling of loyalty and obligation towards the university and such commitment could be created by providing teachers with benefits such as scholarships for further education and payments to attend relevant trainings, etc. Similarly, more aged respondents showed less affective and normative attachment with the organization but more of CC due to the same reason of accumulation of varied experiences over time. So university should pay extra attention towards the needs and feelings of its older and experienced teachers in order to keep AC and NC from decreasing over time.

One of the challenges facing administrators at the University of the Punjab is to develop organizational culture that value teachers and their contributions. It is recommended that simple recognition techniques that acknowledge and show appreciation for the teachers' efforts are likely to have a positive effect on teacher morale and induce positive feelings towards the university and hence should be used. Treating teachers with dignity and respect are ways to combat pessimism at little cost to the organization.

LIMITATIONS

One of the limitations of this research study arises due to the fact that the subjects included in the sample of this study belong to a particular profession of teaching only, which raises some concerns on the generalizability of the study findings to non-educational professions other than teaching. However, it is

believed that results do generalize to other teachers in the public as well as private sector universities if not all professions, since they also encounter comparable work place issues and challenges as teaching faculty of the University of the Punjab. Since this was a field study so the cross-sectional research design is a possible limitation. Another possible limitation often found in the data using survey methodology is the possibility for common method variance. However, because of the perceptual nature of this research, survey methodology was appropriate. A review by Crampton and Wagner (1994) challenges those who question the validity of self report methods. They argue that research has failed to show evidence of meaningful inflation with self-report methods and in case of constructs such as POS, the survey methodology is indeed appropriate. The correlational research design employed in this study ruled out causal inferences but since research was also cross sectional in nature, it is impossible to exclude the possibility of reverse causality. Such a limitation could be addressed in future research by examining the research model in different points of time.

FUTURE DIRECTIONS FOR RESEARCH

Future research could be conducted in professions other than teaching, non-professional employees, organizations other than a university such as Multinational Corporations (MNCs) and not-for-profit organizations and also in different cultures to examine the generalizability of findings obtained in the specific case of the University of the Punjab. Types of POS may be culture-specific and worthy of further study (Hill et al., 2004). Organizations need to be aware of the impact of cultural influences on their operations and to develop culturally appropriate strategies (Ng and Chiu, 1997; Hill et al., 2004; and Westman, 2005). Future research can be done by replicating the theoretical model used in this research longitudinally, over different points in time, to see if the hypothesized research relationships also hold in case of longitudinal research model. Future research can also focus a great deal on gender differences in experiencing POS by exploring differences in mechanisms and processes of POS development in case of male and female employees. Also in relation to gender and POS, future research can also be conducting by finding gender related organizational factors leading to POS such as flexible working hours and telecommuting, etc.

The findings of this study emphasized the fact that POS construct is indeed very important in understanding the employee behavior and work attitude. It is unfortunate that very little research has been done in Pakistan on analyzing POS and its antecedents and consequences. It is of utmost importance that future research should be conducted in the area of POS specifically in Pakistan. Research efforts should be directed towards identifying and studying the antecedents and consequences of POS specifically applicable to Pakistani work context.

In addition to examining the independent or dependent role of POS with its antecedents and consequences, it is highly recommended that a mediating and moderating role of POS should also be analyzed. The researcher has made an intentional effort in this study to stimulate other researchers to conduct research aiming at identifying antecedents and consequences of POS not only in varied work settings but also in different cultures.

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Job Satisfaction and Job Involvement as Mediators of the Relationship Between Psychological Climate and Turnover Intention

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The studies pertaining to Human Resource (HR) management in India have revealed a variety of factors that significantly affect employees' attitude towards their job not the least of which is their perception about their immediate job environment or in other words, the psychological climate. This study posits the two attitudinal variables of job satisfaction and job involvement as mediators between psychological climate and individual employee's turnover intentions. For the purpose of study, data are collected from 357 managers/executives and subject to multivariate data analysis procedures. The results showed that psychological climate is a statistically significant predictor of turnover intention. The results also ascertain that job satisfaction and job involvement are important as mediators in transmitting the influence of the predictor variables to the criterion variables.

INTRODUCTION

The increasing global spread of business and the greater participation of Multinational Corporations (MNCs) in developing markets, calls for focusing attention towards management practices in different parts of the world (Napier and Vu, 1998; and Budhwar, 2003). In this context, it is worth mentioning that among the rapidly expanding economies of the world, India holds a position of prominence (Budhwar and Boyne, 2004; and Biswas *et al.*, 2006). It is evident

therefore, that global changes have had a significant impact on the Indian economy too.

Moreover, Chauhan *et al.* (2005) observed that change *per se* is a routine affair in the contemporary business scenario; what is more important is a recognition of the fact that managerial efficacy needs to keep pace with such rapid transformations. Furthermore, it appears that in the era following the South-East Asian financial crisis of 1997-1998 (World Bank, 2001) and in accordance with the

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report published by Goldman Sachs Investment Bank (2003), India along with Brazil, Russia, and China is poised to be a major player in the world business scenario.

In continuation with the discussion about swiftly evolving economies such as India, it is necessary to examine the cultural factors that affect behavioral features of managerial effectiveness in the organizational context (Biswas, 2006). This viewpoint is further corroborated by an earlier study by Zucher (1968) wherein it is mentioned that in a cross-cultural context it is necessary to study behavioral constructs especially with the continuous growth of worldwide commercial operations.

With reference to India in particular, it has been observed that its national culture has a rich heritage which is helpful in clarifying different human actions. It is further understood that these cultural facets are deeply ingrained in the individual psyche and are relevant in positive cognition and affect individuals at the workplace (Rao and Abraham, 2003). At the same time, the indigenous culture of India has been quick to accept alien customs and mores while preserving its distinctive values and rules (Biswas et al., 2006). This has established the Indian social order as a classic example of the oriental world. In terms of crossvergent sociocultural ethos therefore, India stands as a leader in establishing the norms and practices that dominate managerial practices in the contemporary borderless business

environment (Ralston et al., 1997). In a cross-cultural framework, the above discussion indicates that the stature of India is quite elevated in the global socioeconomic map. So much so, that Varma et al. (2005) noted that India's traditional cultural systems are acting as a fulcrum of the South-East Asian business environment.

To continue, England and Lee (1974) noted that during periods of environmental turmoil, societies in emergent economies such as India tend to follow a path that leads to stability. This further implies that in a bid to maintain internal homogeneity and to acclimatize to the external changes, the society focuses on retaining certain behavioral aspects that are indigenous and at the same time give way to a certain level of novelty. Given that organizations operate within the domain of societal norms and values, it is evident that behavioral aspects of managing organizations call for further study. Based on this supposition, the objective of the current study was formulated wherein the interrelationship between four behavioral constructs were examined namely, psychological climate, affective commitment, job involvement, and organizational citizenship behavior. More specifically, the present study investigates the causal impact of psychological climate on job involvement and organizational citizenship behavior through affective commitment which acts as the mediator. The following section reviews literature related to the key variables.

THEORETICAL BACKGROUND

Before the introduction of the New Economic Policy (NEP) in 1991, the Indian business environment was discernible through the dominance of firms in the manufacturing sector. These firms, whether public or private, were usually large organizations and were marked by mechanistic processes and rigid practices (Biswas and Varma, 2007). In fact, firms belonging to the service sector such as, educational institutions, healthcare organizations, and media and communications were basically owned by the state. This was a direct consequence of the Nehruvian welfare philosophy that emphasized on pluralistic utilitarianism. The fall out of such a sociopolitical arrangement was the lack of emphasis on individual behavioral aspirations (*c.f.*, Varma *et al.*, 2005). Thus, till the privatization of the Indian economy in the early 1990s, Indian organizations were extremely bureaucratic and were characterized by one-way flow of decision making from the top to the bottom. Indeed, Hofstede (2001) observed that such managerial philosophies and practices are not uncommon in social cultures that are dominated by collectivism and high power distance norms.

However, with the liberalization of the Indian business environment managerial practices especially those related to cognitive and affective facets of individual employees at the workplace underwent major alterations. Furthermore, Human Resource (HR) practices in Indian firms have experienced a sea change, as contemporary HR policies and practices are designed in a manner that promotes individual involvement on-the-job and encourages extra-role behavior in addition to the in-role behavior of employees (Budhwar and Khatri, 2001; Pattnaik and Biswas, 2005; and Biswas, 2006). As Biswas and Varma (2007, p. 666) observed that "HR practices in India are increasingly geared towards improving the way individual employees perceive their day-to-day working environment, or the way they perceive the *psychological climate* in the workplace".

Thus, to understand the group of actions in relation to the administration of members of an organization, the appropriate literature recommends an investigation of those variables that are related to an individual's acuity *apropos* their immediate workplace atmosphere based on their everyday experiences (Schneider, 1975; and Strutton *et al.*, 1993). In this regard, it is worth noting that the relevant literature recommends the examination of the psychological climate as a primary antecedent of a variety of individual-level outcomes such as job satisfaction, job involvement, and turnover intentions (James *et al.*, 1990; Woodard *et al.*, 1994; and Parker *et al.*, 2003). This paper seeks to empirically inspect these theoretical suggestions in the context of the Indian management scenario.

Job satisfaction has been defined as "a pleasurable or positive emotional state resulting from the appraisal of one's job or job experience" (Locke, 1976, p. 1300).

Wanous and Lawler (1972) identified several different operational definitions of job satisfaction examining different facets of job satisfaction and their combined effect in providing a general understanding of the job satisfaction construct. Job satisfaction has been found to be a multidimensional construct manifesting the emotional evaluations of individuals regarding their expectations and how well they have been met. Schnake (1983) conceptualized three dimensions of job satisfaction representing intrinsic, extrinsic, and social aspects of job satisfaction. In effect, Schnake's (1983) dimensions of job satisfaction cover cognitive and affective responses made by individuals in connection to their work environment.

Moorman (1993) pointed out that job satisfaction was a significant indicator of extra-role behavior of individuals as manifested by Organizational Citizenship Behavior (OCB). In their meta-analytic review of the OCB construct, Podsakoff et al. (2000) noted that satisfaction has been frequently studied as an antecedent of OCB. Organ and Ryan (1995) in their meta-analysis referred to job satisfaction as a strong predictor of OCB. Earlier, Bateman and Organ (1983) contended that the direct relationship between job satisfaction and job performance was hazy, and the more immediate consequence of job satisfaction was likely to be OCB. The rationale provided by Bateman and Organ (1983, p. 588) was that "to the extent that job satisfaction, as was conventionally measured, reflects this positive affective state, it is more likely that more satisfied

persons display more of the pro-social, citizenship behaviors". Further support for the direct effect of job satisfaction on OCB is derived through the work of Organ (1994), who stated that job satisfaction was related to the unprompted and uncompensated actions of individuals that were studied as extra-role or OCB. Other studies that distinctly suggested the influence of job satisfaction on OCB included Farh et al. (1990), Organ (1990), and Organ and Konovsky (1989).

Additionally, literature reported that job satisfaction successfully predicted turnover intentions (Farrell and Rusbult, 1981; Price and Mueller, 1981; Steers and Mowday, 1981; Mobley, 1982; Baysinger and Mobley, 1983; and McEvoy and Cascio, 1985). Mobley et al. (1979) highlighted the fact that job satisfaction was one of the important variables in explaining turnover intentions among employees. In their meta-analytic review, Cotton and Tuttle (1986) reported a negative relationship between job satisfaction and turnover intentions.

According to literature, job involvement is a construct that arises out of interactions between individual disparity of sensitivity about the work settings and personality traits (Sandler, 1974; Ruh et al., 1975; and Schein, 1983). According to Lodahl and Kejner (1965), job involvement affects people for whom his or her job constitutes the most important portion of life. Thus, job involvement can be conceptualized as "the degree to which a person identifies

psychologically with his work or the importance of work in his total self image" (Lodahl and Kejner, 1965, p. 24). Hence, job involvement appears to be a construct that follows directly from the way individuals are affected by their immediate work environment and interpersonal relationships (Ruh *et al.*, 1975).

The intention to continue or quit an organization by an employee has been a topic of considerable interest in literature pertaining to organizational behavior, particularly in connection with organizational commitment, job satisfaction, job involvement, and extra-role behavior (Staw, 1980; Baysinger and Mobley, 1983; and McEvoy and Cascio, 1985). Given that attitudinal variables such as organizational commitment, job involvement, and job satisfaction are outcomes of appropriate or inappropriate HR practices, it is not farfetched to assume that the HR practices of an organization shall dictate an individual's decision to stay or quit an organization (Staw, 1980; Blau and Boal, 1987; Joyce and Slocum, 1984; McEvoy and Cascio, 1985; and Koys, 2001).

Furthermore, Baysinger and Mobley (1983, p. 281) observed that "the act of quitting an organization occurs at a specific point of time". While reviewing the sociopsychological perspectives of employees' intention to stay or quit his/ her employing organization, a substantial body of literature related to employee turnover indicated that the intention to quit an organization may be a significant response to stress factors arising out of incongruence between an individual's psychological perception about his/her job environment on the one hand and individual's needs and aspirations on the other, mediated by an individual's attitudinal facets such as level of involvement and satisfaction with his/her job responsibilities (Mobley, 1982).

Based on the discussion above, the following hypotheses were formulated for the purpose of empirical testing:

H_1: *Psychological climate will have a significantly positive impact on job satisfaction of individual employees at work.*

H_2: *Psychological climate will have a significantly positive influence on job involvement of individual employees at work.*

H_3: *An employee with high level of job satisfaction will exhibit lower levels of turnover intentions.*

H_4: *Job involvement has a negative and significant effect on an individual's turnover intentions.*

The four hypotheses above are presented schematically in Figure 1.

METHOD

DATA COLLECTION PROCEDURE

The respondents involved in the study were executives/managerial cadre employees from different organizations. Data was collected from a total of 357 participants through a survey questionnaire. A covering letter

Figure 1: The Path Model Associating the Latent Constructs
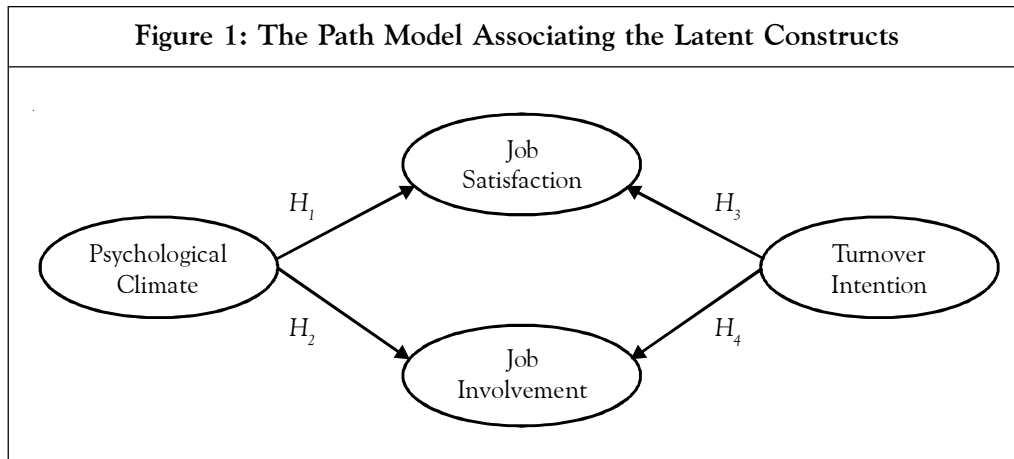
describing the reason of the study was attached with each questionnaire. This letter gave details about the voluntary and anonymous nature of the study. Furthermore, participants were assured that the responses would be used only for research purpose. The questionnaires, when completed, were returned to the researcher via mail, in pre-stamped envelopes which were made available with the questionnaires.

SAMPLE

Of the 357 participants, 180 (i.e., 50.42%) belonged to the manufacturing sector, while 177 (i.e., 49.58%) belonged to service sector organizations. Moreover, 83.9% of the survey participants were males, while 16.1% were females. The average age of participants was 36.9 years. The average weekly hour spent by the participants at work was 52.4, and their average years of work experience was 10.7. Finally, 7.3% of those surveyed belonged to senior management, 35.6% were from middle management, and 57.1% reported working at junior management levels.

MEASURES

Psychological Climate

It was calculated using the PCM as reported by Brown and Leigh (1996). This scale comprised six factors namely, supportive management, role clarity, contribution, recognition, self-expression, and challenge and included 21 items. The reliability measure of this scale was found to be 0.90.

Job Satisfaction

It was measured by using the 11-item job satisfaction instrument covering the three dimensions of satisfaction, namely: intrinsic, extrinsic, and social satisfaction as reported by Schnake (1983). Three items were used to measure extrinsic satisfaction, four items to measure intrinsic satisfaction, and four items were used to measure social satisfaction. The Cronbach's alpha for this scale was 0.90.

Job Involvement

It was measured by using four items of the Job Attitude Scale as developed and reported by Lawler and Hall (1970).

This scale measured the affective attachment of individuals with their job. The value of the Cronbach's alpha representing the scale reliability was 0.82.

Turnover Intention

Four items used originally by O'Reilly *et al.* (1991) were used as a measure of turnover intention. The Cronbach's alpha for this scale was 0.70.

indices for the key variables of this study. It may be noted that the key variables were significantly correlated; psychological climate and job satisfaction ($r = 0.63$, $p \leq 0.01$); and job involvement ($r = 0.48$, $p \leq 0.01$); similarly, job satisfaction was significantly correlated with turnover intentions ($r = -0.17$, $p \leq 0.01$) and job involvement was also significantly correlated with turnover intentions ($r = -0.14$, $p \leq 0.01$).

Table 1: Descriptive Statistics, Correlations and Reliability Indices (N = 357)							
S. No.	Measures	Mean	SD	1	2	3	4
1.	Psychological Climate	3.65	0.53	(0.90)			
2.	Job Satisfaction	3.40	0.65	0.63**	(0.90)		
3.	Job Involvement	3.52	0.60	0.48**	0.46**	(0.82)	
4.	Turnover Intention	2.78	0.73	–0.20**	–0.17**	–0.14**	(0.70)
Note: *$p \leq 0.05$; and **$p \leq 0.01$, Values in parentheses represent Cronbach alpha.							

DATA ANALYSIS TECHNIQUE

The Statistical Package for Social Science version 10.0 (SPSS 10.0) and the Analysis of Moments Structure (AMOS 4.0) were used to analyze the data. The statistical analyses that were conducted included a measurement and a Structural Equation Model (SEM). The path model based on the hypotheses emerging out of the review of literature was subjected to structural equation analysis and fit tests. Apart from the regression analysis, a variety of statistics including the normed Chi-square (X^2/df), goodness-of-fit, centrality parameters, and normed-fit-indices as provided by AMOS 4.0 (Arbuckle and Wothke, 1999) were utilized to achieve the results.

RESULTS

Table 1 presents the means, standard deviations, correlations, and reliability

In order to examine the causal linkages, multiple regression analyses were conducted on the variables included in this study. Table 2 shows the standardized regression estimates between the key constructs. As shown in Table 2, job satisfaction was significantly influenced by psychological climate (standardized $\beta = 0.76$, $p \leq 0.01$) and job involvement was significantly and positively predicted by psychological climate (standardized $\beta = 0.53$, $p \leq 0.01$). On the other hand, job satisfaction negatively and significantly affected turnover intentions (standardized $\beta = -0.22$, $p \leq 0.01$) and job involvement also negatively and significantly effected turnover intentions (standardized $\beta = -0.16$, $p \leq 0.05$).

In order to calculate the fit indices that explained the relationships between

the hypothesized paths among the latent constructs, AMOS 4.0 SEM procedures (Arbuckle and Wothke, 1999) was used.

The GFI is 0.91. The TLI is equal to 0.91, the NFI value is 0.88, and the CFI value is 0.93. With the threshold value of

Table 2: Regression Estimates

	Standardized β	CR
Psychological Climate ➜ Job Satisfaction	0.76	8.94
Transformational Leadership ➜ Job Involvement	0.53	7.59
Job Satisfaction ➜ Turnover Intention	–0.22	–2.84
Job Involvement ➜ Turnover Intention	–0.16	–2.09

The present study used the Maximum Likelihood Estimation (MLE) algorithm to determine the fit indices. Accordingly, the Goodness-of-Fit Index (GFI) and the Root Mean Square Error of Approximation (RMSEA) were reported as the absolute fit measures. According to Byrne (2001), absolute fit measures should be used for comparison between the hypothesized model and an absence of any other model. The other measures which were also reported were the Tucker-Lewis Index (TLI) and the Comparative Fit Index (CFI). These indices indicated a comparison between the hypothesized model and the model with maximum constraints. Finally, the normed chi-square value was also used as an acceptable measure of fit.

Table 3 shows the fit measures of the proposed model. For the model as depicted in Figure 1, the normed χ^2 value is 2.42.

RMSEA being 0.07, the value of RMSEA for the proposed model is 0.06. Finally, the AGFI and the PGFI values are equal to 0.88 and 0.66 respectively, thus confirming a good fit of the model.

MEDIATOR ANALYSIS

The history of mediator analysis is quite long and significant in the area of social science research (Alwin and Hauser, 1975; and West and Wicklund, 1980). In this paper, mediator analysis followed the guidelines proposed by the relevant literature in this area (Baron and Kenny, 1986; and MacKinnon *et al.*, 1995). With the aim of placing affective commitment as the mediator variable, the following two conditions were taken into account:

1. Whether the direct path from the antecedent to the consequents were greater than the paths under the condition of mediation; and

Table 3 : Fit Indices

Fit Indices	GFI	AGFI	PGFI	TLI	NFI	CFI	RMSEA	Normed χ^2
Proposed Model	0.91	0.88	0.66	0.91	0.88	0.93	0.06	2.42
Independence Model	0.37	0.30	0.33	0.00	0.00	0.00	0.21	16.75

2. Whether the direct path from the predictors to the criteria under the mediated condition was significant.

Since, condition (1) was negative and condition (2) was positive, the results showed that affective commitment is a full mediator between the predictor, i.e., psychological climate and the criteria variables, i.e., job involvement and organizational citizenship behavior. These results are presented in Table 4.

DISCUSSION

The results of the regression and the SEM procedures justifies the acceptance of the first hypothesis that is, psychological climate will have a significantly positive influence on job satisfaction. Theoretically, an individual's behavior is affected by events in the external environment and in this context individual outcomes are going to be predicted by psychological perceptions rather than objective realities. These individual outcomes also include job-related outcomes such as work performance (James *et al.*, 1978).

Interestingly, psychological perceptions of one's immediate work environment or in other words, psychological climate were once viewed as synonymous with the job satisfaction construct (Johannesonn, 1973). However, low inter-correlation between them have placed psychological climate and job satisfaction as distinct concepts which led to the formulation of the first of the present study hypothesis.

Furthermore, the implications of the acceptance of the first hypothesis is that job clarity, task control, management control, and task reward and recognition which are dimensions of psychological climate play an important role in determining job satisfaction of an employee. This viewpoint is corroborated by earlier studies, too (Todd, 1973; and Futrell *et al.,* 1976).

From a practical point of view it is important for managers to be aware of

Table 4: Analysis of Job Satisfaction and Job Involvement as Mediator Variables				
	Whether (Direct Path) > (Direct Path Under Mediated Condition)?	Whether (Direct Path Under Mediated Condition) is Significant?	Results of the Mediator Analysis	% of Explained Mediation
Psychological Climate → Job Satisfaction → Turnover Intention	Yes	Yes	Job Satisfaction is a quasi-mediator	32.97
Psychological Climate → Job Involvement → Turnover Intention	Yes	Yes	Job involvement is a quasi-mediator	18.24

employees' perceptions about work realities. It is therefore an imperative that managers design their subordinates' work responsibilities in such a manner that there are less stressors and a greater amount of challenge, rewards and recognition.

The results and analysis of the data collected for the present study also led to the acceptance of the second hypothesis which stated that psychological climate will have a significant and positive impact on job involvement. In this study, psychological climate was conceptualized at both the unit-level as well as at the individual-level. At both levels, the communality lies in that managerial policies, practices, and processes are based on the same individual's psychological perception (Schulte *et al.*, 2006).

In this connection, job involvement is conceptualized as the extent of an individual's psychological identification with his/her job. Hence, the acceptance of the second hypothesis stands conceptually justified. The theoretical implication of this statement is that the amount of involvement an individual will have with his/her job will depend upon the affirmative strength with which he/she psychologically perceives the various facets of his/her job and job environment.

Additionally, a positive view of an employee's immediate work environment would build up both discretionary as well as non-discretionary role perceptions. It would make work more meaningful and rewarding for the individual employee. The above discussion clearly impresses the theoretical underpinnings of the acceptance of the second hypothesis.

In this context, managers should be especially attentive towards framing subordinates' performance requirements and standards. Subordinates should perceive that their job is innovative and challenging leading to process clarity and greater identification with the job or in other words, this would lead to a heightened level of job involvement.

As evident from Table 2, the regression result proves that the third hypothesis that job satisfaction will have a significantly negative effect on turnover intention stands true. This outcome in fact, has been endorsed by earlier studies (Freeman, 1978; and Shields and Price, 2002). The implication of this result is that the complexity of the work environment, if perceived in a favorable light would increase an individual's job satisfaction. Thus, job satisfaction forms a central factor in whether an individual identifies with his/her job and by extension, with his/her organization. Thus, greater an individual is extrinsically, intrinsically, and socially satisfied with his/her job, greater will be his/her level of organizational identification and commitment. Evidently, such an attitude would egg the individual to continue with the organization and restrain his/her turnover intention.

From a practical viewpoint, managers should create such an environment through job designs and managerial processes such as organizational communication and human resource policies and practices so as to make employees access information easily, reduce stress, and on the whole make the whole work experience more pleasurable

and fruitful. This in turn, would constrain the employees from looking for employment options elsewhere and thus diminish their intention to quit the current employment.

Finally, the fourth hypothesis of the study that is, job involvement shall be a significantly negative predictor of turnover intention also stands approved. Theoretically, this implies that when employees get familiar with the nuances of their job responsibilities, they start relating themselves to it. Under the circumstances, they are involved with their in-role and extra-role requirements in equal measures. In such a situation, it becomes difficult for an individual to break from the routine and engage themselves in another workplace setting. Since these employees perceive themselves to be in a favorable position, they wish to maintain their *status quo*. As such, turnover intentions of these employees become low or negligible.

Besides, the implications of accepting the fourth hypothesis lies in the fact that job content facets of an individual's work life forms a more important characteristic than any other group or organizational level contextual factor. This contention was earlier recommended for further investigation by Campbell and Campbell (2003).

Indeed, turnover intentions reflect a degree of dissatisfaction and disenchantment on the part of the individual. Given the contemporary turbulence in the global economic environment, lack of proper information, rumours, and negative anticipations may actually reduce job satisfaction and job involvement of employees. This may increase their turnover intentions and thus create a band of transient employees.

In this connection, it is important for the management to maintain an open system of communication and promulgate shared decision making procedures so as to allay unexplained apprehensions, channelise employee attitudes and endeavors towards a more fruitful path of person-organization goal congruence, and reduce turnover intentions thereby exemplifying better policies and practices of human resource management.

SCOPE FOR FUTURE RESEARCH

It was felt that there are certain areas arising out of the present study that may be addressed by future research. Firstly, the proposed model should be tested separately in manufacturing and service sector firms. This is because, immediate work environment differ significantly in organizations between these two sectors. Hence the predictive characteristic of psychological climate may vary across the sectors. Secondly, the current study took into account two major attitudinal variables that is, job satisfaction and job involvement. Attitudinal variables have historically, showed marked difference when grouped by gender. Hence separate models based on gender should check for the mediational capabilities of job satisfaction and job involvement. Finally, future studies may also take into account the construct of organizational citizenship behavior which is a non-discretionary component of work.

CONCLUSION

Hence one may conclude that with the psychological climate proving to be a significantly positive predictor of an attitudinal factor like job satisfaction, it further underscores that support and sincerity in supervisor-subordinate and peer-related relationships enhance an individual's level of job satisfaction. Cohesion among organizational members is also an important underlying factor in increasing an employee's job satisfaction. Essentially, these factors of psychological perception improve individual's job satisfaction by augmenting their social satisfaction. Apart from social satisfaction, the present study also took into consideration intrinsic and extrinsic factors of job satisfaction. Indeed, the results of the present study shows that innovativeness and challenge, external and internal recognition of work, and managerial impartiality all of which represent dimensions of psychological climate lead to boost individual job satisfaction level. This contention is supported by previous literature, too (Montes *et al.*, 2003).

It is thus conclusive that the results indicating support for a positive influence of psychological climate on job satisfaction points at the fact that the managerial processes must be clearly defined so as to be precisely discerned by the employees. This precision in definition of processes refers not only to overall management policies but also, to an employee's immediate job-related details that would lead to an intensification of role and goal clarity and instill in the individual a greater sense of psychological fulfillment in discharging his/her role responsibilities. In this process, employees will also be able to develop sense and meaning-making out of their work and work environment.

Finally, as a conclusion it is suggested that employers should create policies and practices that encourage participatory decision making and improve the sense of employee ownership of business. This would further improve individual's propitiation with their role and its requirements. However, a rider here is that tin the process of favorable job designing that magnifies job satisfaction and intends to reduce turnover intentions should factor cultural aspects of social life. Organizations are after all, a part of the overall societal framework and rules and norms should be in keeping with accepted cultural mores.

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Politics and Workplace: An Empirical Examination of the Relationship Between Perceived Organizational Politics and Work Performance

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Workplace politics is a reality of organizational life and one of the options for those who wish to influence decisions. Its basic objective is to protect and enhance the self-interests of an individual. In earlier literature, organizational politics have been construed in negative terms by employees revealing dysfunctional outcomes for individuals, groups or organizations. This study empirically evaluates the degree of Perceived Organizational Politics (POP) and its influence on job satisfaction, organizational commitment, job involvement, job stress and turnover intentions. 300 questionnaires were distributed among the participants of various management courses of a renowned institute of business administration. The respondents were mid-career employees representing a variety of business organizations in Pakistan. In all 256 (85%) usable responses were obtained. Correlation analysis and analysis of variance showed that POP was negatively related to job satisfaction, organizational commitment and job involvement, and positively associated with job stress and turnover intentions.

INTRODUCTION

It has been generally believed that behavior in organizations is often political in nature but there is lack of evidence in this area and many antecedents and consequences of organizational politics are still to be explored. There may be three types of reactions of employees within a politically abused organization. Firstly, a strong coalition or group may emerge in an organization in which the overall organizational goals are neglected and the group's or lobby's goals are safeguarded. Secondly, some people may not be the part of this coalition but they go along ahead. Thirdly, in such organizations, there is biasness in pay and promotion decisions. Most of the studies in this context are conducted in western culture and not one can ignore the fact or existence of politics in work settings. In this study, we are concerned with the perceptions of employees' in relation with behavior of

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others which typically reveal their performance.

In Pakistan, use of political behavior is common. It is mentioned in employees' talks about the use of power, authority and biasness of decisions. However, the frequency of use of organizational politics in work settings and its perceptions may differ from person to person or place to place. There is a need for more comprehensive and integrative attempts to conceptualize the process of politics in organizations. Potential attitudinal and behavioral consequences of such perceptions have also been sparsely investigated. The researchers are curious about knowing how employees feel about political climate and its relationship with various work attitudes which are determinants of the performance of employees in organizations. The specific purpose is to determine the nature and strength of relationship between perceived organizational politics, job satisfaction, organizational commitment, job stress, job involvement and turnover intentions. Our focus in this study is not on hard measures of performance (i.e., economic or financial indicators), but on different work attitudes, work stress and turnover intentions.

LITERATURE REVIEW

Organizational politics is an integral aspect of organizational life and relates to power, authority and influence. Power is defined as an attempt to influence others (Pfeffer, 1981; and Cobb, 1984) and ability to mobilize resources, energy and information on behalf of a preferred goal or strategy (Tushman, 1977). Literature revealed few references on workplace politics in 1960s, but the discipline emerged forcefully and got the attention of many researchers before 1980. Most of this work was at a conceptual and theoretical level. There were no significant empirical studies before 1980s that could have some practical implications (Gandz and Murray, 1980). Organizational politics have been defined in different ways by different researchers.

Pettigrew (1973) defined company politics as the byplay that occurs when one man or group of men wants to advance themselves or their ideas regardless of whether or not those ideas would help the company. Mayes and Allen (1977) define politics as the use of influence for ends or means that are not sanctioned by organizations. Bies and Tripp (1995) and Cobb (1986) have approached it as an extremely broad social phenomenon. Pfeffer (1981) defined organizational politics as "the study of power in action". This kind of definition includes all influence processes that occurs in work settings and workplace involves a market place in which individuals and groups interact to exchange outcomes (Blau, 1964; Rusbult and Farrel, 1983; and Rusbult et al., 1988). Although an organizational culture is comprised of many elements, the political aspect is the most crucial one as it is adverse to most organizational concerns (Riley, 1983).

Altman et al. (1985) argued that the intent of organizational politics is to protect or enhance an individual's self interest and to further another person's

or a group's interests or goals through legitimate, as well as, non-sanctioned means. Political behavior and the use of power affect almost every important decision in organizations (Pfeffer, 1981). When asked to talk about political behavior in the workplace, employees typically describe it in negative terms and associate organizational politics with self-serving behavior that promotes personal objectives usually at the expense of others (Vigoda, 2000a). Kacmar and Ferris (1991), and Ferris and Kacmar (1992) have argued that the higher the perceptions of politics in the eyes of an organization's member, the lower that person's eyes are on the level of justice, equity and fairness.

Organizational politics and organizational support refer to one's perceptions of the organizational market place as a whole (Cropanzano *et al.*, 1997). When an individual engages in political behavior, he or she is behaving in a self-serving way. As the setting becomes more, political stress level rises further. On the other hand, when politics is absent, the market place is more favorable. Those individuals who understand or can control political dynamics respond less negatively than those who lack understanding and control (Ferris *et al.*, 1993; and Bozeman *et al.*, 1996). Similarly, two field studies by Drory and Romm (1990) posited that this occurs as higher the status of individuals, they are in a better position to shape and benefit from decision-making process. The individual's perceptions of politics are more important than the actual presence of organizational

politics. This is because individuals respond to what they perceive and not necessarily to what is objectively real (Weick, 1979; and Ferris *et al.,* 1994). Analyzing the organizational antecedents of perceived politics is useful for a more comprehensive understanding of the work environment. An individual who is in a political setting may have a belief that hard work will not be consistently rewarded (Cropanzano *et al.,* 1997). Individuals are more likely to have a positive evaluation of an organization when their goals are being met rather than when their aspirations are (Hulin, 1991). Organizations with higher level of politics are not concerned much with the personal needs of subordinates. In keeping with the employees' attitudes toward their work, (job satisfaction, organizational commitment and job involvement)these also seem to be related to the perceived presence of politics (Cropanzano *et al.,* 1997). Lower perceptions of politics result in higher employee morale and higher quality feedback environments are associated with lower perceptions of organizational politics (Rosen *et al.*, 2006).

Political behavior may be used to predict important work outcomes (Cohen and Vigoda, 1999). Political involvement increases job satisfaction, organizational commitment and participation in decision making. The negative relationship of political participation with performance shows that strictly political involvement seems to have negative consequences for behavior and attitudes at work. It is possible that political behavior has different effects in different cultures.

Various performance variables are related to perceptions of organizational politics, but differ substantially across sectors and are higher in public than in private sector (Bodla and Danish, 2008).

Behavior of people at work is as important as their feelings (Randall *et al.*, 1999). Various characteristics of the organization and the job are associated with perceived politics and politics, in turn, predict various outcomes. People don't react to politics in the same way. Those who understand or can control political dynamics respond less negatively. Higher status individuals are found in a better position to shape and benefit from political decision making and it has a less deterious impact on the attitudes of high status individuals. The individuals who perceive their organizational environment to be highly political but are reluctant to leave the organization, engage in political behavior as a mechanism of control through which their situation can be more bearable. On the other hand, employees who choose to stay with the organization (although they are dissatisfied) might engage in lesser political behavior, such as absenteeism, as responses to a highly political environment (Harrell *et al.*, 1999).

A number of studies have found perceived politics to predict various organizational outcomes including psychological states such as job stress and burnout; employee attitudes such as job satisfaction and organizational commitment; withdrawal and negligent behavior such as turnover intentions and neglect; and employee performance such

as self-reported performance and supervisor-rated performance (Poon, 2006). Perceived politics might also act as a moderator for relationships. Trust in the supervisor is positively related to employee willingness to help coworkers among employees perceiving low levels of organizational politics, but not among those perceiving high levels of organizational politics. Job ambiguity, scarcity of resources and trust climate are significant predictors of perceptions of organizational politics. Perceptions of organizational politics, in turn, mediate the effects of these situational antecedents on job stress, job satisfaction and turnover intentions. Specifically, employees who perceive high levels of politics in their workplace report higher levels of stress, lower levels of job satisfaction and higher levels of intentions to quit than do employees who perceive a low level of politics (Poon, 2003).

Perceptions of organizational politics can also play a role of a mediator in the relationship between leadership style and employees' performance. Vigoda (2007) examined organizational politics as a possible mediating factor between transactional and transformational leadership on one hand and formal and informal performance in terms of organizational citizenship behavior of employees on the other. Organizational Citizenship Behavior (OCB) is a special type of work behavior that can be defined as individual behavior that is beneficial to the organization and is discretionary, not directly or explicitly recognized by the formal reward system. He found that high

levels of internal politics negatively affects the level of performance. The findings support a negative relationship between transformational leadership and employees' perception of organizational politics and a positive relationship between transactional leadership and the perception of organizational politics. The results supports Mintzberg's (1973) contention that the organizational politics left unchecked can damage an employees' performance.

In a recent study, Rosen *et al.* (2009) examined the role of emotions in mediating the effects of perceived politics on unfavorable employee outcomes. They proposed that frustration translates employees' perceptions of politics into lower levels of performance and increased organizational withdrawal (i.e., turnover intentions) through a mediational path that involves job satisfaction.

HYPOTHESES

Ferris *et al.* (1989) and Drory (1993) found that perceptions of politics were negatively related to job satisfaction and organizational commitment. This negative relationship was also verified by Vigoda and Kapun (2005) and in a latesr study by Bodla and Danish (2008) in both public and private sectors. They suggested that employees are sensitive to political decisions made in their environment and react in various perceptual and behavioral ways. However, Parker *et al.* (1995) found that work place politics were not related to job satisfaction in any significant way. Cropanzano *et al.* (1997) also found empirical evidence about the effect of

perceptions of organizational politics on job involvement. Hence, it is proposed that:

H_{1a}: *Perceptions of organizational politics are negatively associated with job satisfaction.*

H_{1b}: *Perceptions of organizational politics are negatively associated with organizational commitment.*

H_{1c}: *Perceptions of organizational politics are negatively associated with job involvement.*

Gilmore *et al.* (1996) proposed that politics is one source of stress and conflict in the work environment. Ferris *et al.* (1996b) supported a strong relationship between organizational politics and job anxiety and argued that there was a great deal of similarity between patterns of politics and likelihood of stress. Studies of Dierendonck *et al.* (1998), Vigoda (2002), and Vigoda and Kapun (2005) supported this relationship. So it is hypothesized that:

H_2: *Perceptions of organizational politics are positively associated with job stress.*

Cropanzano *et al.* (1997) argued that individuals who perceived their organizations as political in nature, were inequitable in their behavior of promoting aspirations of only its powerful members and might be encouraged to leave it physically and also psychologically. So, we it is hypothesized that:

H_3: *Perceptions of organizational politics are positively associated with turnover intentions.*

RESEARCH METHODOLOGY

SETTING AND RESPONDENTS

The respondents in this study are all public and private sector employees studying in evening or part time classes in management courses in a large business institute in Lahore. The reason in choosing this setting is to gain wide representation of industries since the respondents work in different organizations during the day. On the basis of previous studies, an average sample size of 300 respondents is selected. Data is collected through self-administered questionnaires. The sample is heterogeneous and represents the views of hundreds of employees from many organizations. Such study setting was used by many researchers in their studies of organizational politics (e.g., Gandz and Murray, 1980; Cropanzano *et al.*, 1997; Randall *et al.*, 1999; Poon, 2003; and Vigoda and Kapun, 2005, etc.). The sectors which are represented specifically include manufacturing, energy (gas, electricity and water), financial services, education sector, health sector, telecommunication, information technology, civil services, agriculture and marketing. Both men and women participated in this study representing the public, as well as, the private sector. 300 questionnaires were distributed during class timings with the permission of the Director of the institute. Participation in this study was voluntary. Overall, 253 questionnaires were returned of which 256 were usable, thus comprising of 85% response rate. The pilot study was done before distributing original questionnaires

and some items of the questionnaires were localized according to the requirements of the study.

RESEARCH TOOLS

Our focus in this study is not on hard measures of performance (i.e., economic or financial indicators) but instead on work attitudes that include job satisfaction, job involvement, organizational commitment, job stress and turnover intentions. These are dependent variables and perception of organizational politics are independent variables.

Perceptions of Organizational Politics

Perceptions of organizational politics are the degree to which respondents view their work environment as political and therefore unjust and unfair (Ferris *et al.*, 1989). Based on previous studies, a shorter version of 9-item scales was applied to test this variable (Kacmar and Ferris, 1991; Kacmar and Carlson, 1997; Vigoda, 2000a and 2000b; and Vigoda and Kapun, 2005). Likert scale from 1 (strongly disagree) to 5 (strongly agree) was used. A higher score meant higher perception of organizational politics. Reverse scoring was done where needed. Questions are given in Appendix A for all items.

Job Satisfaction

Job satisfaction is a positive emotional state that arises when people appraise their job or job experiences (Locke, 1976). Respondents were asked to indicate how satisfied they were with their current job, co-workers, supervisors, current salary, opportunities for promotion and work in general on a 6-item scale developed by

Schriessheim and Tsui (1980) but with some amendments. The scale for these items ranged from 1 (strongly disagree) to 5 (strongly agree). Cohen and Vigoda, (1999), and Vigoda and Kapun, (2005) used this scale in their studies.

Organizational Commitment

The strength of an individual's identification with and involvement in a particular organization is characterized by three factors: (a) strong belief in and acceptance of the organizational goals and values; (b) a readiness to exert considerable effort on behalf of the organization; and (c) a strong desire to remain a member of organization (Mowday et al., 1979). A shorter version of six items from the attitudinal Organizational Commitment Questionnaire (OCQ) by Porter and Smith (1970) was used on Likert scale from 1 (strongly disagree) to 5 (strongly agree). A higher score meant a higher organizational commitment. Reverse scoring was done where needed.

Job Stress

According to House and Rizzo (1972) job stress is described as "the existence of tensions and pressure growing out of job requirements, including the possible outcomes in terms of feelings or physical symptoms". Folkman and Lazarus (1991) and Edwards (1992) have defined stress as the subjective feeling that work demands exceed the individual belief in his/her capacity to cope. To measure iob stress a 4- item version of the original scale by House and Rizzo (1972) was used that was tested by Vigoda (2002) and Vigoda and Kapun (2005) in different studies of

organizational politics. The respondents were asked to report how much they agree with the items on Likert scale from 1 (strongly disagree) to 5 (strongly agree). A higher score meant a higher level of job stress.

Turnover Intentions

Farrel and Rusbult (1992) defined turnover as job movement within and across organizational boundaries, as well as by a variety of cognitive activities that preceded leaving. There are empirical evidences that workplace stressors such as politics elicit job dissatisfaction and in turn turnover or intent to leave the organization (e.g., McKenna et al., 1981). A 3-item scale originally developed by Vigoda and Kapun (2005) was used on Likert scale from 1 (strongly disagree) to 5 (strongly agree). A higher score meant higher intentions to leave the organization or department.

Job Involvement

Consistent with the previous research job involvement was defined as the extent to which an individual identified with his or her job (Lodhal and Kejner, 1965). A 6-item version of JIS was used with some amendments to measure this variable. Likert scale from 1 (strongly disagree) to 5 (strongly agree) was used. A higher score meant higher involvement in the job.

RESULTS

Fully completed questionnaires were coded and entered into SPSS package in a tabular form. The reliabilities of all scales ranged from 0.71 to 0.80. Means and standard deviations were found and data

were analyzed using Pearson's product-moment correlation coefficient (r) which indicates the degree these variables are linearly related in a sample. Pearson's product-Moment correlation consists of the covariation divided by the square root of a product of the standard deviations of two variables. In this study, effect size indices range from small (–0.084) to large (–0.616) which is shown in Table 1. This coefficient indicates the degree that low or high scores on one variable tend to go with low or high scores on another variable. A negative sign with coefficient shows that relationship exists but it is negative. As the square of correlation coefficient interprets the strength of the relationship, it gives the proportion of criterion variance that is accounted for by its linear relationship with the predictor. We can conclude that 30% (0.548^2) of variance of job stress, 29% (0.540^2) of the variance of organizational commitment, 8% (0.277^2) of the variance of turnover intentions, 38% (0.616^2) of the variance of job satisfaction, 19% (0.434^2) of the variance of job involvement is accounted for in the perceived organizational politics. r is calculated by the following formula:

$$r_{xy} = \frac{S_{xy}}{S_x S_y} = \frac{\sum (x_i - \bar{x})(y_i - \bar{y})}{\sqrt{\sum (x_i - \bar{x})^2 \sum (y_i - \bar{y})^2}}$$

There is a strong relationship (significant at 0.01 level) among different variables. Perceptions of organizational politics was negatively related to job satisfaction, organizational commitment, job involvement and positively associated with job stress and turnover intentions. However, its relationship with turnover intentions (0.277) is not as strong as that of job stress (0.548), organizational commitment (–0.540) and job satisfaction (–0.616). On the other hand, organizational commitment has highest mean (3.54) and lowest standard deviation (0.62) as compared to job stress (0.76). Job stress is negatively associated

S. No.	Variables	Mean	SD	1	2	3	4	5
1.	Perceptions of Organizational Politics	3.11	0.73					
2.	Job Stress	3.02	0.76	0.548(**)				
3.	Organizational Commitment	3.54	0.62	–0.540(**)	–0.371(**)			
4.	Turnover Intentions	3.01	0.88	0.277(**)	0.411(**)	–0.373(**)		
5.	Job Satisfaction	3.18	0.74	–0.616(**)	–0.456(**)	0.583(**)	–0.390(**)	
6.	Job Involvement	3.30	0.60	–0.434(**)	–0.194(**)	0.528(**)	–0.084	0.422(**)

Table 1: Means, Standard Deviations and Correlations Among Study Variables ($n = 256$)

Note: ** Correlation is significant at 0.01 level.

with job satisfaction and job involvement, and positively associated with turnover intentions. The relationship between turnover intentions and job involvement is not of much significance (–0.084) although negatively associated. These relationships can also be shown through graphical representation in Figure 1. Figure 1 shows positive relationships with perceived organizational politics in case of job stress and turnover intentions, whereas negative relationship with commitment, job satisfaction and job involvement. This is obvious from the positive and negative slopes of responses.

While the significance test of the correlation can be computed from ANOVA, F-test evaluates whether the means of different variables differ significantly from each other. The significance of each variable is given in Table 2. The test is significant for job stress, $F(2,254) = 109.23, p < 0.01$ which is located in column labeled sig. The test is also significant for organizational commitment, $F(2,254) = 104.558, p < 0.01$, turnover intentions, $F(2,254) = 21.180, p < 0.01$, job satisfaction, $F(2,254) = 155.183, p < 0.01$ and job involvement, $F(2,254) = 58.834, p < 0.01$. In this way, hypothesis $H_{1a}, H_{1b}, H_{1c}, H_2$ and H_3 are accepted. F-value of job involvement and turnover intentions is less as compared to job stress, organizational commitment and job satisfaction. F is calculated by the following formula:

$$F = \frac{r^2/1}{(1-r^2)/n-2}$$

$$t = \sqrt{(F)}$$
$$t = \frac{r(n-2)}{(1-r^2)}$$
$$df = 2$$

Figure 1: Relationship Among Different Variables
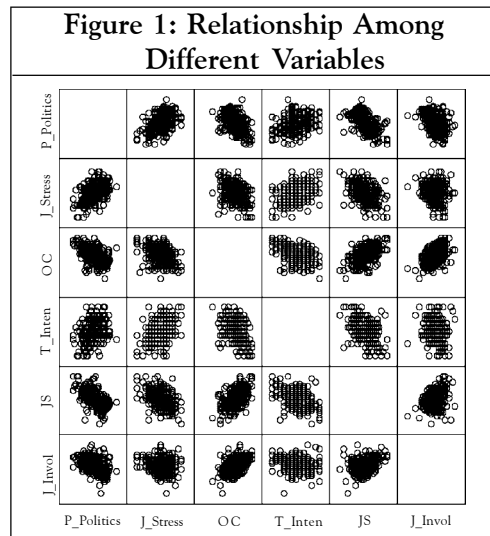
DISCUSSION

This study examined the relationship between organizational politics and a series of work-related outcomes in different Pakistani organizations. Five hypotheses were tested about the relationship of the perceptions of politics on several perceived performance indicators in the workplace such as job satisfaction, organizational commitment, job stress, turnover intentions and job involvement. Consistent with previous studies, the study confirms a significant relationship between organizational politics and all of the above mentioned variables. The study indicates that employees in every type of organization whether it is public or private, small or large, view their work environments as political in nature, and thus unfair and

Table 2: Analysis of Variance						
Variables	**R**	**R^2**	**Adj. R^2**	**SE**	**F**	**Sig.**
Job Stress	0.548	0.301	0.298	0.637	109.234	0.000*
Organizational Commitment	0.540	0.292	0.289	0.527	104.558	0.000*
Turnover Intentions	0.277	0.077	0.073	0.845	21.180	0.000*
Job Satisfaction	0.616	0.379	0.377	0.588	155.183	0.000*
Job Involvement	0.434	0.188	0.185	0.541	58.834	0.000*
Note: * $p < 0.01$.						

unjust. This finding is important for public administrators and policy makers for better understanding of organizational culture. In this way, they can cope with the consequences of politics to boost their performance of politically plagued organizations by introducing transparent and merit based hiring policies. The findings are also consistent with the work of Vigoda and Kapun (2005) who tested similar hypothesis empirically with some difference in Israeli culture, but they did not consider job involvement as one of the performance indicator. As suggested by Whicker *et al.* (1993), a political environment influences the continuity of goals and policy in public administration and thus, may also affect employees' performance. Formal criteria rather than actual performance or productivity is given deep consideration in public organizations while compensating employees. In the private sector, it is more likely that employees are rewarded for excellence and outstanding achievements. The support for all the hypotheses is much in line with previous knowledge and strengthens the relationship that was suggested between organizational politics and a variety of job performance variables. Such studies include works by Ferris and Kacmar (1992), Witt *et al.* (2004), Vigoda and Kapun (2005) and others. According to our findings, politics and perceptions of politics do affect performance in any type of organization regardless of sector or industrial composition.

Firstly, the study empirically tests some ideas in the South Asian context that have been tested previously in different cultures, mostly the western one. There is scant number of studies in Asia on organizational politics. Secondly, organizational politics have been tested simultaneously in heterogeneous and comparatively large samples of employees related to more than ten sectors consisting of both public and private organizations. The data for this study is original and was not collected in a specific organizational domain. Rather, the sample is very heterogeneous and represents the views of hundreds of employees from many organizations. This in itself is an extension of previous studies that collected data in specific organizations. Our strategy may also be treated as another way to extend the generalization of theory in the field. Finally, there are number of variables that have

been tested together in the same study. There have been studies in the past that dealt with job stress and politics (e.g., Cropanzano *et al.,* 1997), but they did not include a test of turnover intentions as an outcome of such job stress due to organizational politics. As to our knowledge only Vigoda and Kapun (2005) tested different variables related to employees' performance at work. They also included burnout, negligent behavior and absenteeism, but ignored job involvement.

From a practical perspective, research suggests several approaches to control the potential dysfunctional consequences of perceived politics in organizations. First-line supervisors are best positioned to address the negative effects of organizational politics. In general, increasing employee understanding reduces the effect of politics in organizations. Empirical evidence indicates that increasing employee participation in decision-making and enhancing manager-employee goal congruence are two specific supervisory practices that decrease the impact of politics on work outcomes. Our results suggest that supervisors and managers might need to consider different work attitudes and train employees on how to operate in a political climate. To define and communicate organizational goals clearly as well as giving them opportunities to participate in decision-making might help reduce the negative impact of organizational politics. We suggest that proactive attention to help young employees understand organizational

politics might increase their commitment to the organization.

The limitations of this study should also be noted. First, the survey-based data consists of 75% male respondents and only 25% of female respondents. If we could have more female respondents, the results would differ. In the same way, public sector employees are only 38% and private sector 62%. Second, the study is based on data that was collected in one culture, the Pakistani one. Finally, while the examination of politics in organizations began about four decades ago, it continues to attract scholarly attention from various perspectives even today. It seems that even as research accumulates in this arena, there are many other questions that remain unclear and await discussion and empirical examination across organizations, sectors, time and cultures. Thus, this article is another attempt to uncover the linkage between politics and performance in organizations from non western context.

CONCLUSION

This study empirically examines the relationship between perceived organizational politics and different attitudes and behavior of employees at work. It was found that perceived organizational politics are negatively related to job satisfaction, organizational commitment and job involvement and positively associated with job stress and turnover intentions. The findings are important for public administrators and policy makers to cope with the consequences of politics in order to

enhance the performance of organizations by introducing transparent and merit based hiring policies. The employees understanding of culture and participation in decision-making, especially those of young employees reduce the effect of politics in organizations. It is possible that a multicultural sample could provide much more reliable knowledge about differences in politics perceptions and their relationship with organizational performance. Therefore, future studies should explore this option more thoroughly for wide generalization. In addition, it may also be useful to extend our view and to examine the relationship between politics and gender or politics and sectoral composition. Moreover, job tenure may also be a considerable variable to judge the perceptions of organizational politics.

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APPENDIX A

Questionnaire

Dear Sir/Madam,

Thank you for sparing your precious time to fill this questionnaire. It is being distributed to you purely for academic purpose and all responses will be confidential. Your unbiased choices will be highly appreciated to make this research valuable.

SECTION A

Personal Profile

Please indicate the appropriate choice by selection in parentheses

1. Gender   (a) Male   ( )   (b) Female   ( )

2. Age   (i)   20 or less   ( )
        (ii)   20-24   ( )
        (iii) 25-29   ( )
        (iv) 30-39   ( )
        (v)   40-49   ( )
        (vi) 50-59   ( )
        (vii) 60 and above   ( )

3. Marital Status   (a) Married   ( )   (b) Single   ( )

4. Sector   (a) Public   ( )   (b) Private   ( )

5. Industrial Composition / Sector
        (a) Health   ( )
        (b) Manufacturing   ( )
        (c) Energy (gas, oil, etc.)   ( )
        (d) Financial services   ( )
        (e) Education   ( )
        (f) Telecommunication   ( )
        (g) Any other (write the name) ————————————

6. Establishment size
        (i)   Less than 25 employees   ( )
        (ii)   25-99   ( )
        (iii) 100-199   ( )
        (iv) 200-499   ( )
        (v)   500 or more   ( )

7. Job tenure in this organization
        (i)   Less than one year   ( )
        (ii)   1-2 year   ( )
        (iii) 2-3 year   ( )
        (iv) 3-5 year   ( )
        (v)   5-10 year   ( )
        (vi) More than 10 years   ( )

8. Position   (a) Managerial/Supervisory   ( )   (b) Non Managerial/Non-supervisory ( )

APPENDIX A (CONT.)

SECTION B: Perceptions of Organizational Politics					
Please indicate how much you agree or disagree with the following statements about your organization and work	**Strongly Disagree**	**Disagree**	**Neither**	**Agree**	**Strongly Agree**
1. Favoritism rather than merit determines who gets ahead around here.					
2. Rewards come only to those who work hard in this organization.					
3. People in this organization attempt to build themselves up by tearing others down.					
4. If coworkers offer to lend some assistance it is because they expect to get something out of it, not because they really care.					
5. There has always been an influential group in thisdepartment that no one ever crosses.					
6. Since I have worked in this department I have never seen the pay and promotion policies applied politically.					
7. People here usually don't speak up for fear ofretaliation by other individuals.					
8. I have seen changes made in policies here that only serve the purposes of a few, not the work unit or organization.					
9. Promotion in this department generally goes to high performers.					
SECTION C: Job Stress					
Please indicate how much you agree or disagree with the following statements about your organization and work.	**Strongly Disagree**	**Disagree**	**Neither**	**Agree**	**Strongly Agree**
10. I work under a great deal of tensions.					
11. If I had a different job, my health would probably improve.					
12. I get irritated or annoyed over the ways things are going here.					
13. I seem to tire quickly.					
14. I am willing to put a great deal of effort beyond that normally expected in order to help this organization be successful.					
15. I am proud to tell others that I am part of this organization.					
16. I really care about the fate of this organization.					

APPENDIX A (CONT.)

SECTION D: Organizational Commitment					
Please indicate how much you agree or disagree with the following statements about your organization and work.	**Strongly Disagree**	**Disagree**	**Neither**	**Agree**	**Strongly Agree**
17. I feel very little loyalty to this organization.					
18. For me this is the best of all possible organizations to work for.					
19. I find my values and organization's values very similar.					
SECTION E: Turnover Intentions					
Please indicate how much you agree or disagree with the following statements about your organization and work.	**Strongly Disagree**	**Disagree**	**Neither**	**Agree**	**Strongly Agree**
20. I often think about quitting.					
21. I will probably not stay with this organization for much longer.					
22. Lately, I have taken an interest in job offers in the newspaper.					
SECTION F: Job Satisfaction					
Please indicate how much you agree or disagree with the following statements about your organization and work.	**Strongly Disagree**	**Disagree**	**Neither**	**Agree**	**Strongly Agree**
23. I am satisfied with my current job.					
24. I am satisfied with my coworkers.					
25. I am satisfied with my supervisors.					
26. I am satisfied with my current salary.					
27. I am satisfied with opportunities for promotion.					
28. I am satisfied with my work in general.					
SECTION G: Job Involvement					
Please indicate how much you agree or disagree with the following statements about your organization and work.	**Strongly Disagree**	**Disagree**	**Neither**	**Agree**	**Strongly Agree**
29. I am very much involved personally in my work.					
30. The major satisfaction in my life comes from my job.					
31. The most important things that happen to me involve my work.					
32. I'm really a perfectionist about my work.					
33. I live, eat and breathe my job.					
34. Most things in life are more important than work.					

Supplier Base Management
in the Indian Automotive Industry:
Conceptual Framework
and Empirical Analysis

Roger Moser* and Sina Wohlfarth**

This paper presents a framework for supplier base management and provides a case study-based analysis of the Indian automotive industry. It combines elements of relationship and network theories from different research streams to develop a three-level supplier base management framework including a dyadic, supply chain and network perspective. The case study analysis enables the determination of specific characteristics and challenges of supplier base management in India and the identification of major development stages among Indian automotive suppliers.

INTRODUCTION

Two major developments in the global automotive industry are the increasing importance and integration of suppliers into the value creation process and the rise of emerging markets such as India or China (Dyer, 1996; Christopher and Juttner, 2000; and Humphrey, 2003). The growing importance of suppliers for Original Equipment Manufacturers (OEMs) and the increasing interdependence among the key players in the automotive industry are a result of the shift in the value creation process, with suppliers accounting for the

projected 77% of the total value creation in 2015 (Mercer Management Consulting and Fraunhofer Gesellschaft, 2004). New requirements are set by customers characterized through higher quality expectations and a wide array of individual customer wishes. With life cycles of new models having been reduced from ten years in the past to six years today, the innovative ability of organizations remains a key success factor. However, the increasing pressure on costs and efficiency is still driving the OEMs and suppliers within the automotive industry. To facilitate the process of innovation and

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achieve the objectives of cost reduction and providing quality, OEMs are focusing on differentiating and strengthening their brands and capabilities. Therefore, brand management has become increasingly important while large parts of the production and development processes are being handed over to suppliers. The Japanese manufacturers, led by Toyota, have shown that close relationships with suppliers, including extensive information exchange and direct assistance to suppliers, are a source of strategic strength within this competitive industry environment (Langfield-Smith and Greenwood, 1998). OEMs and suppliers are turning to new forms of inter-organizational collaboration, in which the management of external supplier resources is an essential task for improving the overall costs in automotive production (Gottschalk, 2007). Researchers and practitioners confirm the demand and development of partnership-like collaboration between OEMs and suppliers that reaches far beyond the traditional hierarchical relationships (Zahn and Hülsmann, 2007). These new partnerships shall be characterized by trust, common goal-setting, supplier integration, and inter-organizational cooperation. In the course of this development, the number of suppliers will be reduced concentrating on fewer relationships with higher attention directed to suppliers' performance in terms of quality and delivery. Associated with this development of closer relationships,

the idea of supply networks is frequently named as a means to remain competitive in the global automotive industry. A network perspective encompasses the holistic integration of all suppliers to combine resources as well as increase flexibility and adaptability of the value creation process (Zahn and Hülsmann, 2007).

Within these prospective networks of OEMs and suppliers worldwide, emerging markets, such as India, China, and Eastern Europe, play a significant role. While the established markets in the US, Europe, and Japan experience stagnation, these emerging markets are growing remarkably, offering large potential markets and low-cost production facilities for OEMs and suppliers alike (Mercer Management Consulting and Fraunhofer Gesellschaft, 2004). Today, the Indian automotive industry is already the ninth largest automotive industry in the world with a compounded annual growth rate of 18% in production within the last five years (Frost and Sullivan Growth Consulting, 2007). Major drivers of growth are the high GDP growth and increasing disposable income. In addition, the current low penetration of car ownership and an ongoing shift from two wheelers to four wheelers are expected to further accelerate the new car sales in the coming years. In order to exploit the growth opportunities, all major OEMs are now present in the Indian automotive industry. However, when the global automotive manufacturers entered the Indian market in the mid-1990s, they faced the

challenge of establishing a supply base that met their requirements, while complying with tight regulations on local content. The component manufacturer industry consisted of a large number of small-scale companies due to previously established small-scale industry policies. As a result of the protective nature of these policies, the suppliers lacked technological capabilities and were characterized by non-competitive productivity and quality levels (Okada, 2004). In the light of local content requirements and high import tariffs preventing a more extensive use of global imports, many manufacturers called upon their global suppliers to establish manufacturing facilities in India, while others started building up a local supplier base.

In both cases, the demand for specific supplier management practices adapted to the characteristics of the Indian market was raised. In addition to the fact that supplier management, in general, is a field that requires continuous research, very little is known about the progress Indian suppliers have made since the liberalization of the Indian market at the beginning of the 1990s and whether they have become competitive in terms of global standards. The paper, therefore, analyzes the current nature of supplier management in India and investigates the development of local suppliers since the entry of global companies into India by analyzing supplier management on the basis of a theoretical framework derived mainly from marketing research.

In the light of increasing network awareness among researchers and practitioners, criticism was raised against research on buyer-supplier relationships that had previously focused on single relationships only (Olsen and Ellram, 1997). Consequently, an embedded perspective of relationships in networks was introduced (Salancik, 1995; and Wilkinson and Young, 2002). However, many studies still focus on either the dyadic or network level leading to a lack of integrated research projects on inter-organizational relationships (Andersson, 1992). This paper addresses this research gap by integrating aspects of supplier relationships and supplier management on different levels, viz., the dyadic, chain, and network levels.

The objectives of the paper are two-fold:

- To develop a framework for supplier base management integrating a dyadic, supply chain, and network level; and

- To provide a description of supplier management practices in the Indian automotive industry.

The remainder of the paper, therefore, is organized as follows. First, we present the theoretical background and subsequently develop a supplier base management framework on the basis of relationship and network theories. We then describe the applied case study methodology and provide the detailed case study analysis to exemplify our

framework in the context of the Indian automotive industry. Finally, we summarize our findings, discuss the limitations, and offer suggestions for further research.

THEORETICAL BACKGROUND

DEMARCATION OF TERMS

Relationship management with suppliers at different levels represent the unit of analysis in this paper. Within literature, a few common definitions on supplier management can be found. According to Lamming (2005), during the 1990s, the term supplier management was frequently used by the purchasing strategists when referring to the growing field of relationship management in purchasing. The management of individual relationships with suppliers is still an essential activity of supplier management (van Weele, 2005) and will therefore, be the first central element for the understanding of supplier management in this paper. In the following, relationships between buyers and suppliers are referred to as supplier relationships. When analyzing the term relationship two perspectives can be identified, whereas the behavior-oriented field of research defines a relationship merely as a sequence of interrelated interaction processes, the attitudinal line of research focuses on the partners' attitudes and classifies a relationship as true when both parties perceive it as such. Generally, an inter-organizational relationship can be described on the basis of all formal and social ties between two organizations.

In literature, supplier management is also defined as supplier base management (Goffin et al., 1997). This approach considers the activities directed towards the design of the overall supply base and can be put into the context of the ideas of supply chain management and the emerging perception of supply networks, which aim at integrating and optimizing inter-organizational processes within chains and networks (Lambert et al., 1998). Thereby, a network is composed of several supply chains (Harland, 1996) and refers to "a network of firms engaged in manufacturing and assembly of parts to create a finished product" (Choi and Hong, 2002). Within this thesis, the management of supplier relationships as well as the design of the overall supply base is included into the definition of supplier management, as these aspects are perceived as complementary to one another. A common definition in the area of networks was presented by Jarillo (1988) who defined strategic networks as "long-term, purposeful arrangements among distinct but related for-profit organizations that allow those firms in them to gain or sustain competitive advantage vis-à-vis their competitors outside the network". Similar network characteristics were found by Sydow (1992), who added the view of complex, reciprocal and cooperative relationships as constitutive elements of networks.

Therefore, it has become apparent that supplier relationships as well as supply networks are essential elements in the

context of supplier base management. However, it has to be clarified why both perspectives are necessary to describe supplier base management and how these different notions are linked together.

DYAD VERSUS NETWORK: WHY BOTH PERSPECTIVES ARE APPROPRIATE

The relevance of both relationships and networks for the analysis of supplier base management observed in practice can also be argued on the basis of the existing literature. For a long period of time, the focus of research was on the dyadic relationship between two companies (Andersson, 1992). This is comprehensible as the immediate exchange relationship is "the fundamental building block of all business transactions" (Cox, 2004) and therefore, has to be studied thoroughly. Moreover, several studies state that in practice the dyad and chain paradigms are still the center of attention and perceptions. However, according to Gadde and Snehota (2000), "to understand the interactive nature of customer-supplier relationships […], the scope of analysis needs to be broadened. Each relationship is interdependent with a number of other relationships, together forming a network." Andersson (1992) argues similarly by stating that "in order to understand the dynamics of distribution networks […], there is a need for thick, longitudinal descriptions for single and clustered connected relationships."

Thus, in the following sections selected theories from the area of relationship research as well as network research are introduced to gain a basic conceptual understanding of relationships and networks. This forms the basis for the supplier base management framework developed in this paper.

THEORETICAL FOUNDATIONS OF EXCHANGE RELATIONSHIPS

DEVELOPMENT OF THE RELATIONAL EXCHANGE

An overview of the literature on dyadic exchange theory can be found in Möller and Wilson (1995), who show that early work on dyadic exchange relationships paid more attention to the single transaction than the overall relationships between the two parties. During the 1980s, this perspective shifted to the relevance of exchange relationships and the comprehension that a relational exchange evolved over time and should therefore be viewed on the basis of its history and prospective future (Dwyer *et al.*, 1987). The relational view emphasizes the competitive advantage that relationships can create (Dyer and Singh, 1998). This perspective is adopted in this paper by following an integrated approach to supplier relationships that acknowledges the development process of relationships as well as influencing factors on relationships. The significance of the management of supplier relationships within the automotive industry has been outlined above. At this point it should be

noted that several theoretical approaches to exchange relationships referred to in this paper are based on marketing literature, despite the goal of analyzing relationships between suppliers and manufacturers. However, marketing research provides conceptual work for understanding basic processes of relationships and, therefore, forms a valuable basis for the analysis of supplier relationships (Olsen and Ellram, 1997).

TRANSACTION COST ECONOMICS

An influential theory on exchange transactions from the field of economics is the transaction cost theory. The main focus is put on the analysis of alternative generic forms of governance. These governance structures are mainly viewed as contractual arrangements among exchange partners to coordinate their activities (Windeler, 2005). Originally, 'market' and 'hierarchy' were defined as two opposite forms of governance structure. Later, Williamson introduced "hybrid modes—various forms of long-term contracting, reciprocal trading, regulation, franchising, and the like—in relation to these polar modes" (Williamson, 1991), which close relationships or networks can be attributed to. According to this classification, inter-organizational relationships combine elements of market-based coordination and hierarchical structures. Isuues, such as which form of governance structure is selected and how the arrangement is implemented, are explained by attributes

of transactions (Ménard, 2004), whereby the overall goal is the minimization of transaction costs. These depend on the specificity of investments, the strategic importance of the transaction, the uncertainty involved, and the frequency of transaction (Picot *et al.*, 1999). It has to be noted here that the terms 'transaction' and 'transaction cost' are broadly formulated, containing the processes of execution as well as initiation, settlement, and control of the transaction. The basic assumptions of the theory are the bounded rationality of actors and opportunism (Picot *et al.,* 1999). Several critical issues have been raised against the transaction cost theory. The pure focus on costs neglects on the one hand social interdependencies and aspects such as trust, on the other hand, possible positive outcomes of cooperation between the two parties. Considering the comparative-static approach, which focuses on single transactions between two exchange partners as units of analysis, the theory lacks dynamic properties explaining the development of inter-organizational relationships and networks (Windeler, 2005). However, in the course of this paper, transaction cost theory will serve as a theoretical foundation when analyzing economic and contractual arrangements on a dyadic level. This is in accordance with Williamson (1995) who stated that "transaction cost economics and embeddedness reasoning are evidently complementary in many respects." The four transaction characteristics influence the level of

transaction costs and, therefore, the selection of the appropriate governance. For supplier management, this implies that the choice of supplier relationship design can vary depending on influencing factors such as the strategic importance or frequency of transactions. Within the following framework, these influencing aspects will be accounted for when analyzing the nature of the dyadic relationship. The transaction characteristic of specific investments can be an indication of the interdependence of two parties and will also serve as a measure within the framework.

THE POLITICAL ECONOMY FRAMEWORK

An early prominent approach within the relationship theory that emphasized the relational perspective is the political economy framework established by Stern and Reve (1980). Since then, many researchers suggest this approach when analyzing buyer-supplier relationships (Krapfel Jr. *et al.*, 1991; Nidumolu, 1995; Izquierdo and Cillan, 2004; Golicic and Mentzer, 2005; and Duffy, 2008). The framework was developed in order to integrate the channel literature, which was until then fragmented into an economic and behavioral approach, focusing either on costs and channel design derived from microeconomic theory and industrial organization analysis or on power and conflict features based on social psychology and organization theory. The combination of these elements within inter-organizational research is the key

contribution of the political economy framework. On the highest level, the approach distinguishes between the distribution channel, referred to as the internal political economy, and the channel environment, the external political economy. In the context of supplier management, the internal political economy captures the individual supplier relationship, whereas the external political economy represents the supply chain and network. By emphasizing the influence of the external on the internal economy, the theory serves as an appropriate basis for the conceptualization of multiple levels of supplier management. The second contribution is made by dividing the internal political economy, thus the supplier relationship, into two further categories, viz., economic and socio-political forces captured by the 'economy' and 'polity' categories. Duffy (2008) extends the work of Stern and Reve (1980) by introducing the category of relationship climate and a definition of measures for each category, which are outlined below. This enables the operationalization of the previously abstract theory (McIvor and Humphreys, 2004) and provides useful insights for supplier management. However, it has to be added that Duffy (2008) focuses on the internal political economy, therefore excluding environmental forces.

• The structure of internal economy captures the level of coordination and integration between the parties and is broadly defined by the joint activities,

resources, and information flows established among the buyer and supplier.

- The structure of internal polity is a measure for the degree of interdependence within the relationship. For an extensive approach to interdependence two criteria are put forward: the level of total interdependence, also referred to as mutual dependence, and the degree of dependence asymmetry among the two parties. Both are viewed as key factors for analyzing the nature of a relationship; and

- The relationship climate, used to analyze the degree of cooperation and conflict within the relationship, is captured by the elements of trust, commitment, relational norms, and functional conflict resolution methods.

The theory provides valuable insights into the nature of supplier relationships by distinguishing interaction elements from dependency issues and the relationship climate. It is an interesting theory for an empirical analysis as it acknowledges the interrelationship of all the elements. In practice, especially in a very competitive industry like the automotive industry, supplier management activities must be analyzed in the context of dependency issues. Elements of trust and commitment are frequently named as elements of the new

forms of relationships between buyers and suppliers and should, therefore, also be captured by the analysis. Therefore, several of the measures determined in the political economy framework, such as joint activities, physical and informational exchange as well as dependency, trust, and commitment, are integrated into the framework developed in this paper.

THE IMP INTERACTION MODEL

A further influential approach is the interaction model developed by the European marketing researchers linked to the International Marketing and Purchasing (IMP) Group.[1] The central units of analysis within the model are interactions and relationships, which make it an ideal conceptualization for the analysis of supplier relationship management. The model describes a recursive interplay between interactions and relationships, which means a relationship results from interactions and simultaneously influences new interactions (Ford et al., 2003). Therefore, in line with the notion of relationships as parts of a greater network, interactions can only be understood in the context of the existing relationship. For supplier management, this implies that any single action with a supplier is influenced by the established relationship, while each interaction affects the relationship. For describing a dyadic relationship, the researchers identified four variables of

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[1] The IMP Group was formed in 1976 by researchers from five European countries with the aim of studying industrial marketing and purchasing in Europe. The group's most important concept is the 'interaction approach', which focuses on interactions between buyers and sellers within business relationships.

analysis (Sydow, 1992; and Möller and Wilson, 1995):

- The Interaction Partners: These can be organizations as well as individuals as representatives of organizations.

- The Elements and Process of Interaction: Exchange elements within the interaction include products and services, information as well as financial and social transfer. The interaction process itself is further divided into two basic procedures, viz., exchange and adaptation processes. While the exchange activities can be described in terms of resource and social exchanges, mutual adaptations are relationship-specific investments to ensure inter-organizational 'fit'.

- The Environment: This variable captures the context within which the interaction takes place. Several theories propose differing views on the key features of environment, of which the network perspective is the most novel approach (Möller and Wilson, 1995).

- The Relationship Atmosphere: This dimension accounts for historically established aspects of conflict and cooperation, power and dependence, and trust and commitment (Gadde and Hakansson, 2001), representing the state of a relationship.

In addition to the establishment of these four variables, the IMP Group developed an approach to describe the second variable, the interaction process, in more detail. As a result of short-term exchange activities and adaptations, interdependence emerges among organizations (Sydow, 1992), which characterizes the long-term relationship behavior and quality. In order to conceptualize the broad term of interdependence three dimensions of a relationship are established. These are activity links, resource ties, and actor bonds (Ford *et al.*, 2003).

Activity links emerge when two organizations relate their activities in such a way that efficient activity structures are established. Generally, this is achieved over time as a result of repeated interaction in the form of 'day-to-day rationalizations' (Ford *et al.*, 2003). Links are mostly developed between systems, routines, or procedures and are related to both the physical exchange of products or services and the communication and administrative functions.

The development of activity links and—in the long run—relationships involves investments and the combination of resources, which are referred to as resource ties. At the beginning of a relationship, a lot of time is spent in learning about the counterpart's processes, attitudes, or technologies. Furthermore, in order to take advantage of the external resources of the other party, adaptations are made by introducing specific equipment or working practices in line with the resources of the business partner.

The underlying motivation is the knowledge of the fact that a single company does not have sufficient resources on a stand alone basis and is dependent on external resources.

In addition to connected activities and combined resources, the level of interdependence of the two parties is influenced by subjective social aspects, defined as actor bonds. In the course of the relationship, the actors develop a common history based on the experiences made throughout the relationship. Social, cultural, and technological distance between the actors throughout the first interactions has to be bridged by learning and teaching each other about the requirements, goals, attitudes, values, and offerings each party directs and provides to the relationship. Once the actors have become acquainted with each other, mutual understanding, trust, and commitment can evolve.

The IMP approach aims at providing an understanding of the nature of supplier relationships. This makes it a relevant theory within this paper. Supplier relationships and therefore, also supplier management in the automotive industry can be very complex and involve several common activities and resource exchanges. As illustrated above, the OEMs are more and more dependent on supplier resources. First-tier suppliers are often widely integrated into product development processes of OEMs or design specific tools for an individual customer. By defining activity links, resource ties,

and actor bonds, the approach enables the conceptualization of these diverse activities and tasks within the automotive industry. The outlined measures of interdependence proposed by the IMP Group are used in the case studies to describe and analyze the dyadic relationship management within the analyzed organizations.

The theories on relationships provide important theoretical insights into the development and elements of supplier relationships and form the basis for the dyadic level of analysis on supplier management. The political economy theory as well as the IMP interaction model explicitly integrates the relationship environment into the framework, thereby emphasizing the contextual influence on relationships. Recently, the environment is illustrated as a network of combined organizations, which will be argued in more detail in the next segment.

THEORETICAL FOUNDATIONS OF NETWORKS

In network literature, researchers have consistently criticized the deficient theoretical base of network research, stating the non-existence of a discrete network theory (Salancik, 1995; and Windeler, 2005). However, a variety of theories from economic, social, and organizational sciences can serve as sources for the analysis of networks. The following two influential theories are introduced, which form the basis for further contextual understanding of

supplier base management in supply networks.

An Organizational-Sociological Network Approach: Theory of Structuration

Early work on networks can be found in the area of sociology and psychology, where researchers studied the processes between two and more individuals or groups. During the 1970s and 1980s, this work was applied to relations among organizations, which, in recent decades, has led to a focus on the logic of open systems and a relational conception of organizations (Scott, 2004). As already outlined earlier, relational theorists view units as inseparable from the transactional contexts within which they are embedded (Emirbayer, 1997). One of the most prominent theories within this research field is Giddens' Theory of structuration (Giddens, 1984). Emphasis is laid on social relationships and interactions among organizations as the constitutive elements of inter-organizational networks (Windeler, 2005). The development of a network can be explained through the recursive interplay of the network structure and the actor behavior. Thus, the structure guides the behavior, while the behavior shapes the structure. This enables the theory of structuration, in comparison to static approaches to structure, to appropriately depict the dynamic properties of networks and the procedural production and reproduction of networks (Windeler, 2005), which provides a suitable basis for the analysis of supply networks in the dynamic

automotive industry. Within the developed framework, the network structure and network members serve as measures within the network dimension of analysis.

An Interaction-Based Network Approach: Industrial Network Approach

A network approach developed in the area of industrial goods marketing is the industrial network approach, which Sydow (1992) refers to as the most distinct network theory. It is based on the work of the IMP Group, who adapted the ideas of social exchange theory to dyadic business relationships and networks (Andersson, 1992; and Anderson et al., 1994). The main units of analysis are inter-organizational relationships, which are not understood as independent dyads, but are contingent upon other relationships within the network (Dubois and Pedersen, 2002). The connections between relationships lead to direct and indirect effects, referred to as 'primary and secondary functions'. While primary functions are a result of the dyadic interaction between two exchange partners, secondary functions emerge due to other relationships, which is why they are also called 'network functions' (Anderson et al., 1994; and Dubois and Pedersen, 2002). In the light of these intense relations, the question of network boundaries is frequently discussed, which is solved in the industrial network approach through the concept of 'network horizons', which encompasses the extent of an actor's individual view of the

network (Anderson *et al.*, 1994). Another central concept within the industrial network approach is the network position of an actor, which depends on the actor's total set of relationships offering resources and activities and defining the reputation, rights, and obligations of an organization (Ford *et al.*, 2003). In the following, this will be integrated into the analysis of the supply chain, where OEMs are often described as the focal actors exerting power over suppliers. As a network is, on the one hand, constituted by relationships and, on the other hand, creates relationships itself through the network functions, the development or change of relationships results in either stabilization or destabilization of the network (Anderson *et al.*, 1994). This illustrates one of the main contributions of the industrial network approach and highlights similarities to Giddens' theory of structuration: the emphasis is laid on dynamic characteristics of networks (Andersson, 1992). The approach is able to capture the effects of change within network actors and establish relationships on an organization's network position (Sydow, 1992). Moreover, the aspect of time is accounted for, as experience of actors is assigned a significant contribution to efficiently and effectively linking activities and resources within the network (Dubois and Pedersen, 2002). Experience will also be of importance during the case-study analysis. Contrary to many traditional approaches which focus on specific transactions while

excluding the context, the industrial network approach captures contextual effects through the embeddedness of organizational relationships into a relationship network. It is, therefore, a suitable approach for the analysis of supplier management in the automotive industry as the industry is increasingly being described in terms of networks.

The presented network theories are important elements to understand how the supply network structure influences the interactions between the two parties (Salancik, 1995). For supplier management, this implies that activities and relationships between buyer and supplier are influenced by the network in which they operate. They also stress the dynamic development and change of networks, which will have to be considered when analyzing the development of supplier management in India over time. For example, if the number of suppliers in the network is reduced to fewer, preferred suppliers, the supplier management will adapt to this by establishing closer relationships with these suppliers. The network theories have also shown that the network members shape the network through their behavior, which implies that activities within supplier management can influence the design of the supply network.

Based on the properties of relationships and networks derived from the theory, a framework has been developed to describe supplier management.

A FRAMEWORK FOR SUPPLIER BASE MANAGEMENT

Here, a framework is presented with which supplier base management can be described and analyzed. Basis for the framework is the theories already outlined earlier. The fundamental structure of the framework, viz., the dyadic, chain, and network levels, was derived from the understanding that relationships and actions between two parties can only be captured and understood appropriately by considering the context. This structure enables the capturing of supplier base management in the automotive industry, which simultaneously manages direct supplier relationships, exerts influence on sub-suppliers, and manages the whole supply base. The distinction between these levels can also be found in Harland (1996) and Choi and Hong (2002).

On each level, several dimensions of analysis have been identified. The level of relationship connectedness between two organizations captures supplier management on the dyadic level, chain authority and centralization analyze management activities and external factors on the chain level and network dynamics identify supplier management on the network level. The level of relationship connectedness is further divided into three sub-dimensions, viz., formal connectedness, physical connectedness, and social connectedness (Figure 1).

The choice of these dimensions can be attributed to the following considerations. Network dynamics were identified as an essential property of networks within theory and are essential for the analysis of developments in the

Figure 1: Supplier Base Management Framework
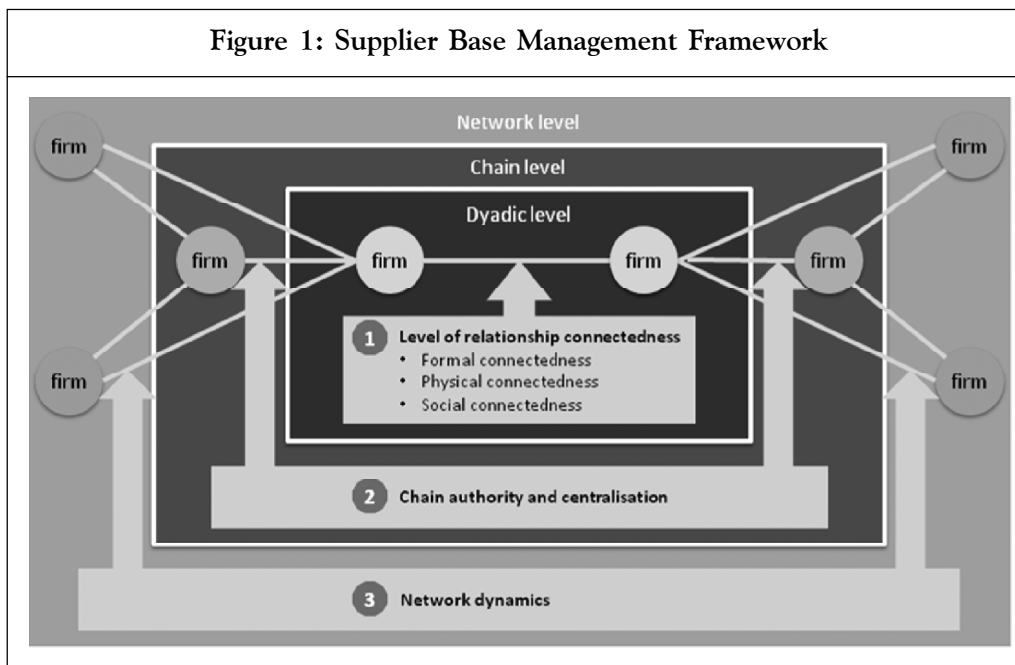
Indian supplier base over time. Chain authority and centralization refer to the existing power and dependence structures in the automotive industry, while the level of relationship connectedness was determined as an umbrella term for a broad range of dyadic aspects of supplier management derived from relationship theories and buyer-supplier literature.

Level of Relationship Connectedness

Within this dimension, the focus is set onto the specific relationship between two parties and the tightness of coupling between them. Three sub-dimensions capture different aspects of interdependence, which are derived from the relationship theories and literature analyzing relationship closeness.

Formal connectedness is concerned with contractual and formal arrangements between the two organizations. While many relational frameworks do not include this perspective, it forms the basis on which the relationship can evolve. Contractual arrangements are the center of study within transaction cost economics. Thereby, contracts are a means of handling opportunism and overcoming the absence of trust. However, they can also be viewed as tools for defining production requirements, expected behavior, and quality levels (Batt and Purchase, 2004). Measures for describing the formal connectedness in the case studies include the length and explicitness of contracts as well as the degree of formalized rules and procedures.

Physical connectedness captures two elements of interdependence defined by the IMP Group: resource ties and activity links. Similar aspects can be found in the political economy framework, which names physical exchange and joint activities as elements of relationships. The most important transaction characteristics in the transaction cost theory are specific investments, which can create dependence and interdependence. Therefore, measures for analyzing physical connectedness will be relationship-specific investments like adaptations, which are defined as an element of close relationships by Woo and Ennew (2004). Brennan and Turnbull (1998) defined adaptations as "behavioral or structural modifications, at the individual, group or corporate level, carried out by one organization, which are initially designed to meet specific needs of another organization". In addition, the degree and form of assistance given to the supplier throughout the relationship will be investigated, which is specified by Burt *et al.* (2003) through supplier training, quality audits and process evaluations, provision of tooling, and support for problem solving. In literature, several of these issues are often summarized under the term supplier development. Finally, joint activities in areas such as R&D, production, logistics, and quality assurance are examined. In literature, joint product development is frequently mentioned as a characteristic for close relationships (Goffin *et al.*, 2006; and

Ploetner and Ehret, 2006). In this context, suggestions for early supplier involvement are raised (Bidault *et al.*, 1998).

Social connectedness, which captures the relationship atmosphere or climate in the IMP model, is also referred to as actor bonds. Woo and Ennew (2004) use the term relationship atmosphere to summarize the factors such as 'trust' and 'commitment', which are probably the most common and frequently cited approaches to characterize close relationships (Moberg and Speh, 2003; and Ploetner and Ehret, 2006). Izquierdo and Cillán (2004) assign trust a prominent position by stating that "without minimum conditions of mutual trust, the relationship will not be viable". However, trust and commitment can only be established through open and regular communication. Therefore, the forms and degree of communication will be further discussed within the analysis. When describing partnerships and close relationships, many researchers state that the shift evolving in inter-organizational relationships has already reached so far that 'supply chains compete, not companies' (Christopher and Juttner, 2000). In the case analysis, this statement is tested for its practical relevance.

To summarize, analysis of supplier management on the dyadic level focuses on how formal arrangements are designed, whether specific investments and adaptations are executed, and what relationship atmosphere is established.

Chain Authority and Centralization

The dimension of chain authority and centralization is located on the chain level, which has been established in addition to the dyadic and network level as it is a prevailing notion among practitioners and researchers. Vertical and hierarchical structures emerge among organizations in the presence of a focal organization (Jahre and Fabbe-Costes, 2005). In the automotive industry, this position is often taken by the final assemblers who wield power and influence over direct and indirect suppliers (Zahn and Hülsmann, 2007). This is in line with the idea of the network position which can be found in the industrial network approach. It also encompasses the issues of dependence and power outlined in the political economy framework, with dependence defined as a firm's need to maintain the relationship in order to achieve desired goals (Frazier, 1983). Adapted from Choi and Hong (2002), the dimension analyzes the degree of power and authority the manufacturer exerts over the members of the supply network. Therefore, two measures are defined: the distribution of supplier-selection competence and coordination of design activities among the members of the supply chain.

Network Dynamics

This dimension analyzes supplier management practices on the network level. As argued earlier, "every relationship should be viewed as being part of a network" (Anderson *et al.*, 1994).

In theory, the political economy framework as well as the IMP interaction model explicitly defines the exchange environment as an essential influencing factor and necessary analysis dimension. Furthermore, the two network theories have shown the dynamic properties of networks, giving rise to the need for capturing the dynamic nature and changing contextual conditions within which supplier management operates. Accordingly, this dimension analyzes dynamics in supply networks. The theory of structuration identifies the interaction between network structure and network members as driver for network development. Thus, measures for the network dynamics are on the one hand the network structure depicted through the number of levels in the network and the quantity of organizations within each level, on the other hand, the network members themselves, characterized by their size, origin, and technological capabilities. To give consideration to the dynamic aspects, these measures are analyzed over time.

The following outlined framework provides an objective basis and guideline for the case analysis of two organizations in the Indian automotive industry.

METHODOLOGY

CASE STUDY RESEARCH

Supplier base management deals with a wide range of activities, social interaction, and decision making in a complex business environment. To describe and investigate the nature of supplier base management and understand the underlying interactions and relationships, a qualitative research approach can be appropriate (Ellram, 1996). In the context of this paper, the use of case study research is, therefore, proposed (Naslund, 2002). Yin (2003) defined a case study as, "an empirical inquiry that investigates a contemporary phenomenon within its real life context, especially when the boundaries between phenomenon and context are not clearly defined." Supplier base management in the emerging Indian automotive industry and the specific influencing factors have not yet been identified in detail, calling for a case study approach to analyze the 'how' or 'why' questions involved (Yin, 2003). Moreover, case study research is a suitable means for capturing the dynamic properties of supplier base management in which the practices are constantly changing and evolving (Voss *et al.*, 2002).

Within the process of case study research, "theory development prior to the collection of any case study data is an essential step in doing case studies" (Yin, 2003). Therefore, theoretical propositions derived from theory and literature guide data collection and analysis. For this reason, the framework outlined above was developed based on the identified theoretical insights and guided the following case study analysis by providing a template for the empirical evaluation. Another initial consideration is whether to choose a single- or multiple-case

design. To increase the external validity, a dual case study approach was selected (Yin, 2003). As such, two case studies are provided, analyzing the supplier base management—the first one on one of the Indian plants of ABC Ltd., the largest and most important subsidiary of the ABC Group in India; and the second one on the biggest automotive component manufacturers in India, and the Indian assembly plant of the ZYX Group. Although both plants are situated in the network of a global player operating in the Indian automotive industry, several differences can be identified between these two, especially in the area of managing suppliers. An analysis of these differences and possible reasons are investigated through case study method.

DATA COLLECTION AND ANALYSIS

For the two case studies, multiple data sources were used, viz., a semi-structured interview, a questionnaire, public information, and press releases. Within both organizations, the purchasing manager of the respective plant was identified as the key person for information on supplier base management. This is in line with Voss *et al.* (2002), who state the possibility of concentrating on one 'key informant'. To achieve comparability, the same interview outline was used for both organizations. Voss *et al.* (2002) argue that "research design in operations management should pay attention to what processes and systems are to be studied". Therefore, within the interview outline, the broad field of

supplier base management was structured by identifying central episodes, like the supplier selection process, which, on the one hand, contain several actions and, on the other hand, are building stones within longer sequences and relationships. The questionnaire was developed to obtain quantifiable information in addition to the interviews which concentrated on qualitative issues. Public information and press releases supplemented the information gained during the personal conversation, following the demand for using multiple sources of evidence (Yin, 2003). The case study analysis was conducted on two levels: To gain insights into each case individually, within case analyses were performed before the results were compared in a cross-case analysis. The examination and categorization of information was guided by the theoretical framework developed in the previous segments, enabling the analysis of supplier base management on the basis of the different theoretical propositions and categories. Finally, common patterns as well as differences between both case studies led to general conclusions on supplier base management in India.

CASE STUDY ANALYSIS

The case study on ABC Ltd. concentrates on direct suppliers of key production parts for the engine system, which covers products ranging from rather conventional single cylinder pumps to complex module systems. The ZYX plant sources two parts locally, viz., the seats and door trim panels. The management of suppliers of these

parts is the central unit of analysis of the second case study. Both parts are sourced from a large-scale global organization that was already active in the Indian market when the ZYX plant started its operations only recently. Although both examined companies are majority-owned members of a global player operating in the Indian automotive industry, several differences can be identified between these two companies, providing an opportunity for analyzing the effects of organizational features on supplier management. While the ABC Ltd. was established a few decades ago, the ZYX plant was opened only recently. In addition, the organizations represent members of different tiers and segments within the automotive industry. The ZYX Group, as a high-quality automotive manufacturer, operates in the upper and premium segment, while the ABC Group, as the first tier supplier, serves customers in all the price segments. Despite these differences, an adequate basis for comparison and generalization is provided. For the two case studies, multiple data sources were used, viz., a semi-structured interview, a questionnaire, public information, and press releases. The examination, categorization, and analysis of information were guided by the developed conceptual framework. Next, the paper focuses on the results of the cross-case analysis.

LEVEL OF RELATIONSHIP CONNECTEDNESS

Regarding the contractual arrangements with the suppliers, ABC Ltd. has adapted its practices to the Indian way of only discussing at the beginning and then issuing a formal purchase order as contract. The ZYX plant, on the contrary, concluded all its outline agreements with the suppliers before making orders. The duration of the contractual agreements also differed between these two organizations. While the ABC Ltd. offered the supplier planning security for a few years by providing projected part volumes and explicit prices for a certain allocation over this period of time, the contract duration of the ZYX plant and its suppliers is based on the model lifetime. However, explicitness regarding quality and technological requirements is achieved by ABC Ltd. as well as the ZYX plant during the supplier selection process. In addition, both companies include explicit price reduction targets in their contractual arrangements. At the ZYX plant, the suppliers have to explicitly state and prove that they are able to comply with the procedures and processes of the ZYX plant.

Regarding physical connectedness, investments into supplier development emerged as a central aspect of supplier management in both companies. In comparison to Europe, where specific expertise is higher and the availability of appropriate machines and equipment is guaranteed, the larger companies in India must give input and develop. However, there are differences among the kind of investments. While the ABC Ltd. provides a high degree of general

assistance regarding manufacturing and working techniques to the suppliers, the ZYX plant focuses on specific training for the use of the ZYX plant's tooling and equipment as the suppliers have a higher overall development level. At ABC Ltd., new technologies and processes are suggested by process and quality employees from ABC Ltd. when they inspect supplier premises during the initial discussions, the first sample release, or in the training sessions. Considering adaptations made on both sides, in many cases suppliers of the ZYX plant have to invest specifically into processes, equipment, and technology. This can be attributed to the continuous aim of the ZYX plant at using the most up-to-date technology and to the high complexity of products that are delivered to the ZYX plant, while the ABC Ltd. sources several simple standard parts which do not require specific investment on supplier side. The quality standard for cars of the ZYX Group manufactured in India is the same as in every other country, which is an essential aspect to consider when evaluating the supplier management of the ZYX plant. No compromises are made regarding quality, which was one reason to select two global suppliers with a high level of experience. For both companies, joint activities seem to be of minor importance.

Finally, the form of social connectedness is analyzed. In terms of communication, ABC Ltd. as well as the ZYX plant exchange information frequently with suppliers. However, it seems as if communication is more transparent at the ZYX plant due to the high level of attention attributed to quality. Quality managers have weekly meetings with suppliers, where quality reports and other issues are discussed. Regarding trust and commitment, ABC Ltd. and the ZYX plant both confirm that trust is established with suppliers. Both also state that there are varying degrees of closeness among different supplier relationships, which seems to be more pronounced at ABC Ltd. While ABC Ltd. has a few suppliers whom they can trust on their process and technical know-how, commitment, and integrity, there are also suppliers with less technical capabilities whose services are utilized to remain competitive in conventional products. Close suppliers are given preference when launching a new product, giving the suppliers the opportunity to increase their business with ABC Ltd. On the contrary, differences in relationship closeness among suppliers of the ZYX plant derive mainly from varied degrees of product development cooperation. An essential aspect emphasized by both is the fact that supplier relationships are viewed as business relationships, which can be substituted once performance deteriorates or an alternative offer is available. This aspect should be taken into account when evaluating the current hype towards partnerships in literature. This is also true for the choice of selecting either Indian or foreign suppliers. Indian suppliers do not enjoy any preference; they are selected

only when they possess the required technological capabilities and offer the products at a cheaper price than anyone else. Throughout the ZYX plant case analysis, it became apparent that quality is the most important underlying requirement for suppliers of the ZYX plant. Only those suppliers who fulfill high standards and technical criteria can become the potential suppliers and participate in the price negotiations, where price then becomes the decisive factor. This is seen as the reason why XYZ has not so far chosen Indian suppliers for local supply but rather continued with global organizatons having the proven technical capabilities and international experience.

CHAIN AUTHORITY AND CENTRALIZATION

Within this dimension, the position of the ABC Group as the first tier supplier within the supply chain and the position of the ZYX Group as the final assembler have to be considered. The objective of the analysis was to determine the perceived degree of influence of ABC Ltd. on the supplier selection process and the degree of authority the ZYX plant exercises over its suppliers. As such, the supply chain of the ZYX plant can be characterized as centralized, whereas ABC Ltd. has a rather decentralized relationship with its customers and suppliers. The ZYX plant exerts considerable influence on the selection of sub-suppliers. Taking the seat suppliers as example, the seat assembler receives the order and is responsible for

selecting the seat cover supplier. However, the seat assembler can only choose among suppliers which were previously approved by the ZYX plant. On the contrary, ABC Ltd. is not restricted by customers when selecting suppliers. One reason can be derived from the nature of the part that is sourced. For example, seat coverings like leather pertain to the brand-making elements which are of high importance for a high-quality brand like the ZYX Group. As outlined above, brands are receiving increased attention and OEMs keep their influence high for these kind of activities within the value creation process. As a first-tier supplier, ABC Ltd. may not only receive pressure from its customers, the OEMs, but also exert authority over its suppliers. Indeed, regarding the coordination of design activities, ABC Ltd. gives detailed design specifications to its suppliers. Moreover, control is exercised when monitoring supplier performance. Similarities between both cases can be identified for a related issue of control, viz., the influence of the respective Group headquarters in the home country. Decision making is, therefore, in some ways restricted within the subsidiaries in India. Not only supplier selection is influenced, but also the whole way of working, the norms, and attitudes are affected by the ABC Group and the ZYX Group. However, the ZYX plant seems comparatively better integrated into the global ZYX network. This might be attributed to the fact that the ABC Group has developed competencies in India over time, whereas the ZYX Group

has not yet established as much business activities in India.

NETWORK DYNAMICS

Network dynamics can be identified in both cases, even though a limited research basis was available for the ZYX plant due to the fact that it was only recently opened. It was clearly shown that the existing structures can never be taken as a guarantee for the future, making it necessary to constantly challenge and improve the *status quo*. Within the supply network of ABC Ltd., several major developments can be identified. ABC Ltd. has continuously reduced its number of suppliers within engine systems and aims to further reduce the supply base while simultaneously increasing the percentage of preferred suppliers within the supplier network. In addition to the change in total numbers, the network members are also changing dynamically. Focusing on bigger suppliers who are able to take up more business and who are willing and capable of investing and expanding enables the exploitation of economies of scale. In addition, the percentage of Indian suppliers within the supply base has risen in the past five years from 80% to approximately 85%. These changes within the supply network of ABC Ltd. illustrate the general developments within the automotive industry and can be seen as a reaction to the competitive pressures and constant price reduction efforts. When comparing ABC Ltd. and the ZYX plant, their different histories in India as well as their current positions have to be considered. While ABC Ltd. has been operating in India for a few decades, the ZYX plant has only recently started its operations in the country. While ABC Ltd. has established relationships and developed Indian suppliers with whom they work in the future, the ZYX plant has chosen global suppliers with established businesses in India to ensure quality and technical capability. Whether Indian suppliers, at some time in the future, attain a technical standard that meets the requirements of the ZYX plant should be followed closely.

RESULTS

The case analysis has provided broad and detailed insights into the nature of supplier base management practices in the Indian automotive industry. The developed framework enabled the capturing of supplier base management on three levels, viz., the dyadic, chain, and network level. By choosing two large-scale global organizations operating in the Indian market, supplier base management was analyzed from the perspective of foreign companies that have to manage their supply base in India. Moreover, out of these two organizations, as one happens to be an automotive manufacturer, while the other is a first tier supplier, significantly varying conditions were identified for these companies. Based on the findings, four propositions addressing the description of supplier base management, special characteristics, challenges, and problems of supplier base management in India as well as

developments within the supplier base management and the nature of Indian suppliers are made.

First of all, costs were identified as the decisive factor for the selection between alternative suppliers, reflected in the fact that although partnerships with suppliers were aimed at, supplier relationships were mainly viewed as business relationships which could be substituted in the case of a better offer. Quality targets, technological requirements, and price reductions were explicitly addressed within the formal arrangements. In addition, processes and quality levels were tested thoroughly throughout the supplier selection process and with high frequency during the relationship. Although quality is not only a decisive factor for selecting and evaluating suppliers in India, it was observed as an especially important factor for supplier base management in India. Thus, the first proposition is determined as:

Proposition 1: *Quality measures as well as cost considerations are the overarching factors influencing activities and decisions of the supplier base management in India.*

Secondly, it was observed that Indian suppliers did not even reach the price negotiation phase of the supplier selection process of the ZYX plant because they were not able to fulfill the necessary quality and technical requirements. At ABC Ltd., where the necessity of supplier development provided by the global companies operating in India has been acknowledged, extensive supplier development processes were identified. Thereby, supplier development does not only encompass relationship-specific support to suppliers, but the provision of assistance for overall business process improvements, including manufacturing processes, working techniques, or management capabilities. This results in the second proposition:

Proposition 2: *Indian automotive suppliers are characterized by a continuing deficit in terms of technological capabilities, quality performance, and overall management processes. Thus, there is a dominant need for supplier development in India which should be an essential focus for all actors involved in the automotive production and supplier base management in India.*

Thirdly, the comparison of ABC Ltd. and the ZYX plant has shown that there are significant differences among the first tier suppliers in India and suppliers in the following tiers. Within the first tier, the entrance of large-scale, global suppliers such as Lear into India, or joint ventures between Indian and global first tier suppliers such as Tata Johnson Controls has taken a leading position in the development of this first tier. As a result, technical and managerial development has already proceeded and high-level suppliers are available. On the contrary, the second or the third tier mainly comprises a large number of small-scale companies with restricted resources that are, on an average, not competitive on a global scale in terms of technical capabilities and overall economic

development. The fact that Indian suppliers account for 85% of total suppliers at ABC Ltd. indicates that most of the suppliers in these tiers are Indian with few global suppliers in the market. A third proposition is, therefore, determined:

Proposition 3*: A stronger differentiation between first tier suppliers on the one hand and second- or third tier suppliers on the other hand is required to improve the supplier base management.*

Finally, as observed in the supply base development of ABC Ltd., the first tier suppliers are aiming at reducing their supplier base in the following years. Associated with the process, they are shifting to larger suppliers with whom closer relationships will be established. In addition, there will be an increased demand of subassemblies performed by second tier suppliers requiring increased capabilities. This leads to the fourth proposition:

Proposition 4: *A consolidation process among the second and the third tier automotive suppliers in India will happen during the next 10 years.*

CONCLUSION

This paper provides a first integrated theoretical and empirical analysis of supplier base management in India by combining elements from marketing research with an empirical approach found in purchasing literature. Based on the developed framework, important aspects of supplier base management have been analyzed, which led to the determination of specific characteristics and challenges in India and the identification of major developments among Indian automotive suppliers.

In line with the four propositions developed in the paper, global manufacturers and suppliers in the Indian automotive industry must acknowledge their role to actively foster supplier development. Thereby, they will have to concentrate especially on the second and the third tier suppliers. To be successful in the prospective large-scale Indian market, first, a competitive supplier base has to be developed through investments. The process of supplier development can only be achieved on the basis of a long-term perspective and should aim at an overall development with special focus on process technology and manufacturing capabilities to increase quality levels. For small-scale Indian suppliers, the increasing demand for larger suppliers with sufficient resources and technological capabilities raises the need for expansion and collaboration with other suppliers, domestic and foreign in origin. This may lead to a further internationalization within the Indian automotive industry when the second tier suppliers repeat the processes of the first tier suppliers and enter into joint ventures with foreign organizations to improve technological capabilities and expand resources. The advantage of being domestic suppliers is no more helpful to Indian suppliers. It has become clear that Indian suppliers do not enjoy any preference and can be substituted at any

time. Instead, the decisive factors remain price and quality.

LIMITATIONS OF THE STUDY AND SUGGESTIONS FOR FURTHER RESEARCH

A limitation of this paper is the small sample of the two organizations which were analyzed. In order to increase the external validity of the findings, the sample should be expanded by including further automotive manufacturers and first tier suppliers. This will allow for comparisons among direct competitors. Within this study, divergent trends might have emerged due to the fact that organizations from different production stages were analyzed, viz., an OEM and a first tier supplier. A further limitation is the strong focus laid on the respective interviews with the two organizations. Direct observation of the researchers within the companies concerning supplier base management would broaden the perspective and provide further information on the analyzed issues. In addtion, the findings could be improved by including the perspective of the second tier suppliers in the analysis, thereby verifying the statements made by the interviewees.

Possibilities for further research are seen in extending the analysis from solely foreign organizations operating in India to large Indian automotive manufacturers such as Tata Motors or Mahindra & Mahindra to identify differences in supplier base management between foreign and local companies. To further determine special characteristics of supplier base management in India, the supplier base management within a multinational organization in India could be compared with its supplier base management activities in the home country. Moreover, to specify the development level including technological capabilities and quality provision of Indian suppliers, additional quantitative research should be conducted. Based on the proposed differentiation among suppliers, the structure of the second and the third tier will be an important field for future research, including the nature of products delivered or educational profiles of the labor force. To analyze the dynamic processes within the Indian supplier bases more closely, longitudinal studies are proposed.

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An Investigation of Intragroup Conflict and Its Impact on Employees Performance in Pakistani Banking Sector

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Organizational conflict has always been an area of concern for organizational behavior research. Increased competition, modern technology and workforce diversity has made it more difficult for the researchers to predict functional and dysfunctional level and behavior of conflict and subsequently its impact on employees performance. The environment and culture, in which organizations are working, are the critical factors which need to be considered while analyzing the relationship. In Pakistan the business environment is changing due to globalization, increased direct foreign investment, enhanced utilization of information technology and more diversification causing dissension and suspicion among employees. Therefore, the objective of this study is to investigate the intra group conflict and its impact on employees' performance. The sample of this study consisted of 300 employees working in different commercial banks in Pakistan. An adapted questionnaire was used to collect data regarding demographic information, task conflict, relationship conflict and employees performance. The collected data then analyzed using the correlation and regression techniques. The results illustrate that both relationship and task conflict have a significant impact on employees' performance and negatively related to it. A high level of intragroup conflict has insupportable impact on the employee performance.

INTRODUCTION

Conflict is functional or dysfunctional and its impact on organizational performance is still an ongoing deliberation. Organizational behaviorists are continually working on the relationship of organizational conflict and employees' performance across the world. But most of them now agree that conflict is necessary for organizations. According to Robbins (2005) there are three approaches to or school of thought of organizational conflict. Initially people considered conflict bad and dangerous for

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the organization and they thought that it should not be built within the organization; this was a traditional or conventional approach to conflict. Humanistic approach to conflict argued that when people interact with each other, chances of conflict are most likely. However, it should be resolved immediately. According to the interactionist approach, conflict is necessary for the organization; however, whether it is functional or dysfunctional depends upon its type and level. Michael and Wayne (2001) discuss that conflict cannot disappear nor can it be ignored; it is an unavoidable truth for the organizations.

Putnam (1997) points out that conflict assists in expanding the organizational outlook, understanding the complicated situations and builds a mechanism to solve the organizational problems. It is also helpful in communication improvement and organizational development. De Dreu and Vliert (1997) suggest that conflict should not be curbed because it can reduce performance, quality of decisions, communication, creativity and innovation among the group members. Jehn (1995) discusses two types of intragroup conflicts, i.e., relationship conflict and task conflict. Relationship conflict is disagreement about values, personal interests and norms and arises due to interpersonal incompatibility and ill feeling among individuals. On the other hand, task conflict is about resource allocation, jurisdictional ambiguity and implementation and interpretation of rules and procedures. It is a result of disagreement regarding the decision contents, resources,

viewpoints, ideas and opinions. Pelled (1996) concludes that noticeable demographic characteristics like age, gender, ethnicity and tenure are positively related with relationship conflict because of the self-categorization mechanism. Stephen and Julia (1995) find out that the combination of personal characteristics and the requirements of the environment in which individuals are working, are the determinants of their conflict behavior.

A vast variety of literature is now available about the behavior and dimensions of intragroup conflict, i.e., task and relationship conflict. Similarly studies have also investigated the interrelationship between intragroup conflict and employees' performance. But no such noticeable attempt is available in our environment. In Pakistan the business world has benn experiencing a revolutionary change in all the sectors of the economy for the last few years. The change and growth is more prominent and visible in the service sector, where the competition and the horizon has increased due to liberal government policies and increased direct foreign investment. As a result, they are more diversified in terms of investment and workforce. The leading service industries that have shown tremendous growth are: telecommunication, education, financial and banking. However, this situation has emerged as a quandary for the employees, on the one side they are attracted and benefitted by this change, whereas on the other side this new competitive world has broken the existing social network among them and results

in severe incongruity. This scenario has prompted to investigate the new working environment in Pakistan, i.e., the interrelationship between behavioral characteristics and performance. More specifically the objective of this study is to analyze the intragroup conflict and its impact on employees' performance. For this purpose, one of the most flourishing industries of Pakistani service sector is selected, i.e., banking industry.

LITERATURE REVIEW

Organizational conflict is inevitable due to competition among various groups for the scarce resource and decisive power or influence. Appelbaum *et al.* (1999) defined conflict as a phenomenon that aroused due to social interaction and entailed a tussle over resource allocation, power and status, values and priorities. De Dreu and Weingart (2003) analyzed the relationship between team performance and intragroup conflict, i.e., task conflict and relationship conflict. They found a negative and insignificant relationship between task and relationship conflict and team performance. The results also showed an unsettling effect of the intragroup conflict on team performance and the relationship conflict was more dysfunctional than task conflict.

There was evidence in the literature that conflict could help management in analyzing the work performance of groups and might result in greater motivation and devotion to achieve organizational objectives. Esquivel and Kleiner (1996) expressed that work teams can get

a competitive advantage by understanding and managing different types of conflicts successfully. Janssen *et al.* (1999) presumed that task and relationship conflicts had an independent effect on the group or team performance. Amason (1996) argued that task conflict helped in better understanding of the problems being faced because it provided an opportunity for the group members to share their views which was a positive aspect of decision making. Therefore, moderate task conflict had a proclivity for better decision making. Many studies concluded that relationship conflict was normally non-creative and unproductive for the groups and task conflict could be creative and productive in some of the situations. On the one hand, relationship conflict was hard to manage and created pressure on the group members and on the other hand task conflict though productive, led to dissatisfaction and anxiety (Jehn, 1995, Amason, 1996 and Friedman *et al.*, 2000). Recently Medina *et al.* (2005) also pointed out that higher level of task conflict could produce relationship conflict within the group; they argued that disagreement among group members regarding some task could create negative emotions and hence results in the generation of relationship conflict.

De Dreu and Weingart (2003) predicted that a complex organizational environment conflict had strong negative correlation with team performance, whereas task and relationship conflict had weak negative correlation with team performance in less complex tasks. Simons and Peterson (2000)

described that relationship conflict could limit the information processing ability of the group because most of the time they spent their abilities on personal disagreements rather than on group objective. Whereas on the other side task conflict gave an opportunity to group members for sharing their views, critically evaluating different alternatives leading towards better decision making and improved performance. Passos and Caetano (2005) explained that there was no significant relationship between the team's performance and satisfaction and intragroup conflict. Ayoko and Hartel (2006) observed that task conflict could arise within a group despite having the same objectives and ambition about the task. This type of conflict could generate or result in better performance or could lead towards greater disagreement about the completion of the task. As the relationship between intragroup conflict and employees' performance was still under discussion, Hofstede (1991) provided a new dimension to this relationship, according to a study, the effect of intragroup conflict on team performance was to some extent dependent on cultural values of a country. Lira *et al.* (2006) debated that group cohesiveness and potential could moderate the relationship between task conflict and performance and effectiveness.

Since there is no conclusive evidence from the literature regarding the relationship between intragroup conflict i.e., relationship conflict and task conflict

and employees performance, and since the degree of the influence of these conflicts on performance can vary across cultural values, the following hypotheses were developed on the basis of the above literature.

H_0: *Task conflict has no significant impact on employees' performance.*

H_1: *Task conflict has a significant impact on employees' performance.*

H_0': *Relationship conflict has no significant impact on employees' performance.*

H_1': *Relationship conflict has a significant impact on employees' performance.*

METHOD

The objective of this study was to analyze the intragroup conflict and its impact on employees' performance. To analyze the relationship among variables, data was collected from employees of different private and public sector commercial banks operating in Pakistan. The sample size of the study consisted of 300 employees from different managerial level of organizational hierarchy. The sample was divided in two broad categories, i.e., male and female. A self-administered questionnaire was used to collect the data from the respondents. The questionnaire comprised of four parts. The first part consisted of demographic attributes like age, gender, education and marital status. In the second part, items were related to task conflict and respondents were asked to indicate the task conflict on a 5-point Likert scale anchored by 1 for 'None';

2 for 'Few'; 3 for 'Occasionally'; 4 for 'Frequently'; and 5 for 'A lot' (Jehn, 1995) A four-item scale was used to assess the task conflict (Jehn, 1995; Friedman *et al*., 2000; Simons and Peterson, 2000; De Dreu and Weingart 2003; Jehn, *et al*., 2003; Passos and Caetano, 2005; and Medina *et al*., 2005). The Cronbach's alpha for this study was 0.833. The respondents were asked to consider the amount of task- or work-based conflict he/she experienced in the work place. Whereas the third part of the questionnaire comprised of items related to the importance of relationship conflict and the employees had to mention their responses on a six-point response format anchored by 1 for 'Strongly Disagree'; 2 for 'Disagree'; 3 for 'Least Disagree'; 4 for 'Least Agree'; 5 for 'Agree'; and 6 for 'Strongly Agree'. For relationship conflict measurement, the study used Cox's five-item scale focusing on the relationship among the employees (Cox, 1998, Friedman *et al*., 2000; Medina *et al*., 2005) and reliability index for this study was 0.85. Fourth part of the questionnaire consisted of items related to employees' performance and for measuring employee performance, a 17-item scale was adopted from Lusch and Serpkenci (Lusch and Serpkenci 1990 and Stathakopoulos, 1998), the Cronbach's alpha for this study was 0.86. The respondents were asked to rate themselves from 1 for 'Below my peer' to 5 for 'Above my peer'. The questionnaires were distributed among 500 employees conveniently, out of which 315 responded (Response rate of 63%), 300

questionnaires were complete in all aspects and included for the analysis. Before the questionnaire was filled by the respondent, the purpose of the questionnaire was explained. Proper instructions were written on the questionnaire but further instructions were given to the respondents in order to fill the questionnaire properly. In order to analyze, regression and correlation tests were performed and for this purpose SPSS was used.

RESULTS AND DISCUSSION

This study is an investigation of intragroup conflict and its impact on employees' performance. The sample size of this study was 300 employees, working in different commercial banks, out of which 76% were males and the remaining were females, 64% were married and 36% were singles. Participants had different age groups, 56% were 20-35 years old, and 29% were 35-45 years old and the remaining were above 45 years of age. Only 51% have completed their postgraduate studies and 49% were graduates. They are attached to different commercial banks (public, private and foreign sectors), 16% were from public sector banks, 77% from private sector banks and 07% from foreign banks. About 78% of the employees got formal training form their banks and 22% never got any training form their banks. About 50% of the employees had below five years' experience and 26% had five to ten years experience, while 24% employees had more then 10 years experience.

A t-test was applied to analyze the difference of perception between male/ female and married/singles employees regarding task and relationship conflict and the impact on their performance, no significant difference is found between the two genders. However, there is a significant difference of perception between married and single employees about relationship conflict. One-Way ANOVA test was performed to analyze the perception of employees of different age groups about intragroup conflict. Although no significant difference is found among the employees of different age groups, however, respondents with age above 45 years are more concerned about relationship conflict than respondents of other age groups. To find out the relationship between employees' performance and task and relationship conflict, correlation and regression analyses were performed.

The results in Table 1 reveal correlation among all the variables. It summarizes the

values of Pearson's correlation and their significance. It is quite evident from the results that employees performance is negatively correlated to task conflict as the value of Pearson's correlation coefficient is –0.709 and the relation is significant ($p < 0.05$). The relationship between employee performance and relationship conflict is also negative and significant as Pearson's correlation coefficient is –0.758 ($p < 0.05$). Both independent variables have a significant impact on the employee performance. However, relationship conflict has a higher coefficient of correlation than task conflict which depicts that employees consider relationship conflict more significant to their performance than task conflict.

Table 2 reports the results of regression analyses with the values of $R^2 = 0.584$ and the F-statistics = 208.901. The results reveal that the model is significant ($p < 0.05$) and there is a strong relationship between independent and

Table 1: Correlation Matrix of Employees Performance, Task and Relationship Conflict				
Variables	No. of Respondents and Significance Level	Employee Performance	Task Conflict	Relationship Conflict
Employee Performance	Pearson's Correlation	1	– 0.709**	– 0.758**
	Sig.(2-tailed)		0	0
	N	300	30	300
Task Conflict	Pearson's Correlation	–0.709**	1	0.873**
	Sig. (2-tailed)	0	0	0
	N	300	300	300
Relationship Conflict	Pearson's Correlation	–0.758**	0.873**	1
	Sig.(2-tailed)	0	0	0
	N	300	300	300

Table 2: Multiple Regression Coefficients					
Dependent Variables	Constant	Task Conflict	Relationship Conflict	R^2	F-statistic
Employee Performance	4.526	–0.122	–0.322	0.584	208.901
	(0.086)	(0.048)	(0.042)		
	(52.475)	(–2.572)	(–7.635)		
	0.000	0.011	0.000	–	0.000
Note: Standard Errors in Parenthesis; t-Values in square brackets; p-Values and F-Statistics in Italics.					

dependent variables. The independent variables of the study account for more than 58% variation in the dependent variable. When the variables were compared on an individual basis, both the variables were significant ($p < 0.05$). The regression coefficient for task conflict is –0.122, which suggests that employee performance is sensitive to task conflict and reduces by 12% due to it. The regression coefficient of relationship conflict is –0.322 in this model and significant, which means that it decreases employee performance by 32%. The model is overall significant ($p < 0.05$) and both independent variables are significantly important to employee performance, though with varying degree of importance. The results describe the understanding of employees about intragroup conflict and its effect on their performance. Though relationship conflict is the most critical factor towards employee performance, they are giving substantial weight to task conflict as well.

DISCUSSION

From the above results it is evident that there is no significant difference between male and female employees' perception towards task and relationship conflict and their impact on performance. However, perception of married employees is different from unmarried. The results of correlation and regression analysis suggest that task conflict has negative and significant relationship with employee performance as indicated by Pearson's correlation coefficient (–0.709), which shows the significance of this variable to employee performance. On the basis of these results, we reject the null hypothesis H_0 (Task conflict has no significant impact on employees' performance) and accept the alternate hypothesis H_1 (Task conflict has a significant impact on employees' performance). The results of correlation and regression analysis for relationship conflict reveal that it also has a negative and significant relationship with employee performance with Pearson's correlation coefficient –0.758. On the basis of these results we reject null hypothesis H_0' (Relationship conflict has no significant impact on employees' performance) and accept alternate hypothesis H_1' (Relationship conflict has a significant impact on employees' performance). The results also suggest that relationship conflict is more dysfunctional than task

conflict which is in line with the results of earlier studies.

The results of this study are also consistent with the study conducted by De Dreu and Weingart (2003) who analyzed the relationship between team performances and intragroup conflict, i.e., task conflict and relationship conflict. They found a negative relationship between task and relationship conflict and team performance. The results also showed that relationship conflict is more dysfunctional than task conflict. Simons and Peterson (2000), argued that the extremely high level of task conflict sometimes leads to a reduced member satisfaction and commitment to the team. However, the results of this study are slightly different from the results of earlier studies in a way that respondents of this study perceive that both task and relationship conflicts are dysfunctional and negatively affect their performance. So they must be managed and curtailed for better employees' performance.

CONCLUSION AND RECOMMENDATIONS

This study is carried out to measure the effect of intragroup conflict, i.e., task and relationship conflict on employees' performance. Attempt is made to find out the importance and relation of each type of conflict to employee performance. Difference between male and female employees perception is also examined. From the results it can be concluded that task and relationship conflicts have negative and significant impact on employees' performance. However,

employees give more importance to relationship conflict than task conflict. The results also suggest that there is no notable difference between male and female employees perception towards this interrelationship. However, married employees consider relationship conflict more dysfunctional to their performance as compared to single ones.

The results of this study can be useful for the banking industry in Pakistan which has been facing a tremendous growth in the last few years. Number of new entrants both from the domestic and foreign origin increase the competition among the firms, volume of transaction is increasing and the range of the service. As a result, working hours of the banking industry has also increased. Consequently, intragroup conflict is becoming a more common phenomenon. Employees are experiencing more occupational stress and banking firms are facing more turnover. These results can be beneficial for the employers and are also useful for regulatory institutions. Since we have found that employees consider both task and relationship conflict as critical factors that can decrease their performance, so it is recommended that managers should encourage low to moderate level of task conflict so that employees can give their suggestions and take part in the decision-making process, which in turn helps to resolve task conflict. Otherwise, task conflict can lead towards relationship conflict and high level of intragroup conflict not only reduces the employees' performance, it is also dangerous and dysfunctional for the whole organization.

From the above results it is also recommended that organizations in Pakistan should devise strategies to resolve and take care of both types of intragroup conflicts more cautiously because we have more emotionally charged environment. Any kind of disagreement can lead to higher task and relationship conflict. A better conflict management can be done by assigning clear responsibilities and authorities, by allocating appropriate resources and an adequate mechanism of resource utilization with transparent system of accountability. Counseling should be provided to employees to resolve their work related issues by paying special attention to the nature and level of conflict in a view to improve conflict management. Open discussion on task related issues can be helpful to restrain task conflict and to curb relationship conflict.

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Case Study

Modernization of Railway Stations in India: A Case for Public-Private Partnership with Special Reference to New Delhi Railway Station

*Anand K Sharma**

Though not a new paradigm, Public-Private Partnership (PPP) is still in its infancy as a model for development in India. However, the newly obtained economic dynamism in the wake of liberalization and globalization has prompted Indian policy makers to consider PPP to expedite the process of development by redeveloping large public properties mostly located in the heart of almost every city in India. Many such projects are in the planning stage and it is in this context this case study is prepared on the New Delhi Railway Station to highlight the benefits that can be achieved by redeveloping it through PPP. The very fact that such a huge volume of development cannot be supported by public fund alone necessitates a serious consideration for PPP model. This case is an analysis of how a PPP model can be implemented to redevelop the railway station situated in the prime location of India's capital, New Delhi. The most important aspect of PPP is that it ensures benefit for all the stakeholders, namely, government, private partners and public at large.

INTRODUCTION

Some of the metro city railway stations of Indian Railways handle passengers in the range of 100-200 million per annum. Most of the railway stations are located in the middle of the cities and offer enormous scope for redevelopment.

Ministry of Railways (MOR) has taken up the initiative to redevelop major railway stations into world-class stations benchmarked with the world's best stations. Especially, after the record performance of its operations in the recent years; the railway is plush with new found capital and funds from improved operations.

These projects are to be executed with private sector partnership by leveraging the real estate development potential in the air space above the station and on railway land around the station. Key objective of these projects is to provide

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superior services to railway passengers at the stations by converting the latter into urban icons and standard-bearers of the cities.

Construction, maintenance and management of facilities at the stations which are being remodeled, is to be done on the basis of Design, Build, Finance, Operate and Transfer (DBFOT) basis.

Twenty-two railway stations including New Delhi, Howrah, Chennai, Mumbai CST, and Bangalore have been selected by the MOR for development into world-class stations. Development will be in phases.

Phase I: Six stations—New Delhi, Patna, Jaipur, Agra, Howrah and Chennai, of which New Delhi is the first station to be taken up.

A high powered committee under the chairmanship of Member Engineering, Railway Board, is monitoring the implementation process. Planning Commission is assisting the Ministry of Railways in the implementation process. Services of separate international consultants in Architectural and Technical, Financial and Legal fields are being arranged for the project development.

Model bid documents and Concession Agreement approved by the Government of India will be used in qualification and bidding process for the bidders. The model documents for Qualification of Bidders and Request for Proposal, and Model Concession Agreement for other than Railway Sector, have been defined and are available for public consumption. Model Concession Agreement for

world-class station projects is under preparation.

CURRENT STATE

New Delhi Railway Station (station code NDLS) is one of the main railway stations in Delhi, and is one of the largest stations in India. The station is located in the center of the city and it borders Rajiv Chowk (Connaught Place). Connaught place is the Central Business District (CBD) of Lutyen's New Delhi. The Station is located in the following manner:

Towards North: Desh Bandhu Gupta Marg crossing the station yard and platforms via the Paharganj Road Over Bridge (ROB).

Towards East: Bhav Bhutti Marg.

Towards South: Connaught Place.

Towards West: Chelmsford Road.

Access to the Station: Paharganj and Ajmeri Gate side; Presidential and VIP entrance through State Entry Road which connects the Station to the Connaught Place.

ISSUES

- Station building towards Paharganj side is old and several modifications have been carried out on the same, these however, do not give a holistic view of the platform and are more like patchworks.

- Ajmeri Gate facilities are newer, however, traffic has jumped manifold on this side and this has become the main station entry.

- At present, New Delhi station is handling, on an average, 0.35 million passengers per day

who arrive/depart by 256 trains including 78 suburban trains. Increasing passenger numbers are expected to go upto 0.70 million.

- The trains also carry luggage and parcel in brake vans attached to the trains. Most of the activities at the station are managed by MOR's employees with some peripheral services that have been outsourced.

- NDLS is a landmark in terms of a location, however, it is not impressionable as first point of entry to the city for many of the passenger.

- Ensuring the smooth running of rail operations until the station redevelopment is completed with minimum diversion.

- Relocation of various commercial and other facilities may result in involvement of unwanted third parties who can impact the project, which has to be taken into account.

- Public actors – MOR, local government play the key roles.

- Lines of demarcation between various sector networks (Delhi Development Authority (DDA), Private Players, MOR) is important as joint decision making and not joint fact finding has to be the goal.

- There are many encroachments including 12 temples and 3 mosques within the proposed 86 hectares.

VISION

Ministry of Railways has come up with an intent about this project. This Project envisages redevelopment of the existing NDLS Station to provide modern world class passenger amenities with adequate capacity to accomodate the growth of next several decades.

One of the prime intents includes redevelopment of the surrounding railway land, extending from Chelmsford Road on

Figure 1: NDLS Masterplan
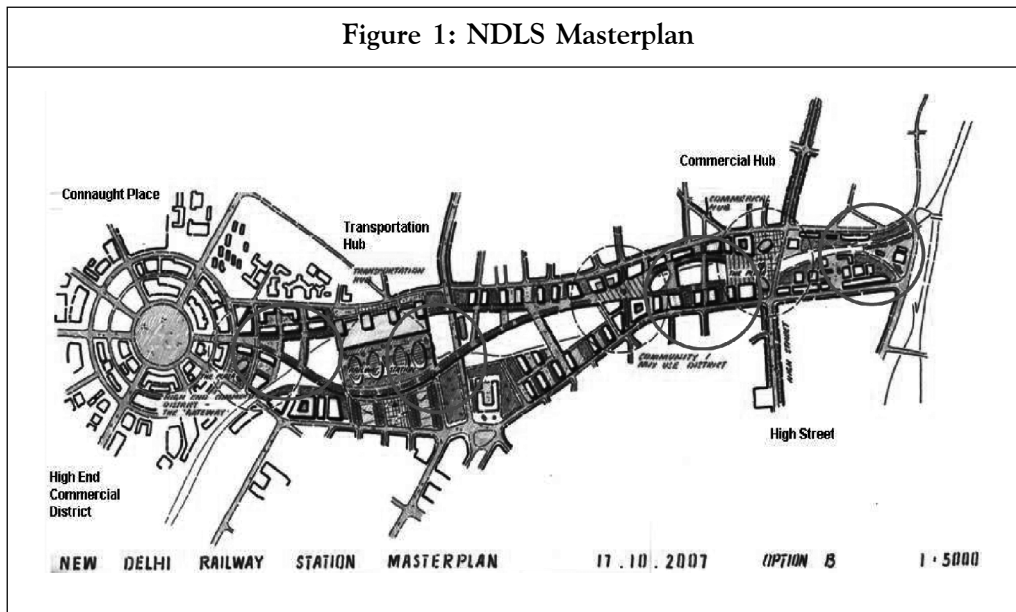
the west reaching Bhav Bhutti Marg on the east and from Khari Baoli Road in the north to Connaught Place in the south, measuring approximately 86 ha.

Of these 86 ha, about 49 ha of land area is covered by tracks at station and yard. The airspace above such tracks and rest of the land will be considered for utilization while developing the Master Plan. A number of buildings (residential, office, rest houses and other ancillaries) located around the station on railway land would be relocated in the Master Plan in order to redevelop the entire area as the locus of a modern vibrant city. The Master Plan of the project is explained with the map in Figure 1.

NDLS is well-connected to other modes of transport from both east and west sides. The station has intermodal transfer with city bus service and underground Delhi Metro. Delhi Metro's proposed new underground high-speed airport link intends to connect the New Delhi Railway Station to the Indira Gandhi International Airport.

A monorail system being planned by the state government will also have connectivity with this Station. These future developments will make the Station one of the most important intermodal passenger transport hubs in the country.

The Delhi Integrated Multi Modal Transit System Ltd. (DIMTS) is planning an elevated monorail link that would cross the Station in east-west direction along the Desh Bandhu Gupta Corridor which will be another interchange with the Station at Ajmeri Gate side. It would

also implement a high capacity bus system proposed to be routed to the east and south of the Station, although without any direct interchange with the Station. The southern route would connect Rajendra Nagar to Pragati Maidan. The eastern route would follow the eastern Ring Road to connect Moolchand and Jahangirpuri. The Monorail system would link Delhi University and Pulbangash via Ajmeri Gate and Delhi Gate.

WHAT IS A WORLD-CLASS RAILWAY STATION?

World-class station development and expansion comprise:

- High quality station infrastructure and property development;
- Phased development to cater to growth;
- Project conception, execution with minimum traffic disruption;
- Timely completion;
- Synergy and harmony with surrounding urban infrastructure;
- Ease of intermodal transfer; and
- Generation of non-tariff revenue and its sharing.

World-class station management comprise:

- Managing station during construction and after development;
- Operation and maintenance as per global standards and requirements;

- Passenger services as per global service quality requirements;

- Segregation and management of parcel traffic; and

- Traffic management in circulating area.

FEATURE OF THE PROPOSED REDEVELOPMENT

The Master Plan being finalized for the Project would have the following features:

- Redevelopment for the 86 ha of railway land and its integration with the city connecting different sides via a pedestrian elevation and landscaping.

- Distinct zones for commercial, transport, residential and community usage.

- Relocation of existing structures such as railway offices, rest houses, services buildings, residential quarters, etc., on the railway land.

- Redevelopment of station terminal with new track beds, platforms and buildings. Twelve existing, 4 under construction and 2 new platforms will have uniform 26 coach length in a parallel alignment.

- Rationalization of rail yard and ensuring smooth operations and minimum traffic interruption.

- A three level main station terminal:
  - First Floor Level: Departure hall will house waiting areas, ticketing, operational offices and retail outlets.
  - Ground Level: Platform level, boarding and alighting from trains only.

  - Basement Level: Arrival hall connecting to the transport interchange on Ajmeri Gate side and exits to the two sides of the Station along with some retail outlets.

- The entire station terminal, including its front and rear façade and roof is being architecturally designed. The concessionaire will have to follow the same architectural plan, the concessionaire has the flexibility to bring in design elements based on the broad architecture.

- There will be elevated vehicular drop off on either side of the station so that passengers arrive directly at the departure level.

- Separate parking lot facility for cars, buses and public vehicles.

- Entire parcel handling will be centralized to an underground area and the parcel movement from one platform to another will be through mechanized conveyors placed under the platforms.

- The passenger and operational area at the station terminal: 2,50,000 sqm floor area. About 1,00,000 sqm of commercial floor area will also be integrated with the station terminal.

- About 1,50,000 sqm of floor area of operation related buildings will come up in the residential community zone.

- Total commercial development permissible will be in the range of 4,00,000-6,00,000 sqm, out of

which 1,00,000 sqm will be integrated with the station terminal and rest will come up in the two commercial zones.

- Improvements in city roads connecting the station and reconstruction of some existing flyovers are also expected to be part of the redevelopment project.

ILLUSTRATIVE INTERNATIONAL PROJECT: BEIJING SOUTH RAILWAY STATION

Commissioned by the MOR, China, the Beijing South Railway Station is designed by Terry Farrell in collaboration with the Tianjin Design Institute. The brief also required intermodal passenger interchange between metro, bus, car and taxi transport, and associated facilities. The design and master plan of the proposed scheme creates an urban link with the surrounding cityscape in response to the Beijing Planning Grid. A landscaped pedestrian axis spine maximizes the sense of approach and creates public amenity spaces to integrate the station within the urban fabric.

WHY PPP FOR RAILWAY STATION MODERNIZATION?

In the 11th Five Year Plan, the Railways is looking at a total investment to the tune of Rs. 251,000 cr of which Rs. 90,000 cr is to be raised through internal generation and Rs. 60,000 cr could be expected by way of budgetary support and the rest would be raised using extra budgetary resources of which about Rs. 70,000 cr is expected to be raised through PPP.

Different PPP areas identified for PPP development of world-class railway stations and commercial utilization, take a lot of importance as these would be an area to attract private participation with ease and could be an excellent way of raising funds for the other expansion projects. With each large world-class railway station costing in the range of Rs. 5,000 to 8,000 cr clearly, the budgetary resources are not available with the railways and this being a non-core activity would be best handled via PPP.

Another reason why PPP is required for world-class railway stations is the absence of the design experience in designing, constructing and maintaining world-class railway stations.

Most of the existing railway stations are primitive, congested and lack good amenities. They are ill-designed and there is space constraint and no clear demarcation between the arrival and departure concourse and circulating areas. Platform No. 1 is overcrowded and utilized even by railway offices and due to lack of adequate waiting lounges, passengers are kept waiting on the platforms itself. Parcel and catering services are handled on the platform which adds to the congestion. Also most of the food stalls are present on the railway platform which complicates matters. Also there are issues of lack of access control and unauthorized vending.

There are no proper passenger guidance systems and passengers face difficulty in even getting accurate information about arrival and departure information, especially in case of delays. There is also no proper connectivity to other modes of transport which causes difficulties to passengers.

All these issues indicate the deficiencies in the design of the stations which seem to neglect the convenience of the passenger.

People compare these stations with well-designed world-class stations in other parts of the world when they travel abroad. Also with air travel becoming more affordable, a lot of train users are availing flight services. They see a sharp contrast between the airports and railway stations. The overall experience of traveling would draw more people away from the AC I and AC II tier services of railways to low cost airlines, and the reduction of AC fares by railways is unlikely to draw those passengers back as they would demand better facilities not only in the train but also at stations.

Airport is seen as a gateway to a country. But still there are many tourists who travel by rail to visit most of the tourist destinations in India. However, the existing stations do not do the function of being an introduction to the city that they are in or even provide a pleasant experience to the traveler. This would have to be changed if the railways are to appear as more passenger-friendly, present a good image of the cities of India and also attract higher fare paying passengers to their premium AC services, which could provide a cross-subsidy to meet the social obligations, allowing to serve the less profitable routes and provide service to the masses.

In order to meet the demands of the upmarket traveler expecting superior service and also to have better passenger services without draining the exchequer, world-class stations would have to be designed, developed and maintained via the PPP route.

WHAT'S IN IT FOR THE INDIAN RAILWAYS?

The project involves a commercial redevelopment in the range of 400,000 to 600,000 sqm of which 100,000 sq m has to be integrated with the station terminal and rest will come up in the two commercial zones created in the Master Plan. It also involves a rationalized railyard for efficient operations.

Such a project also involves externalities like improved city roads connecting the station and reconstruction of some existing flyovers.

Globally there has been a revival of the railways as they are the most efficient and environmentally friendly means of transport. While this is a welcome development, currently there is a huge deficit of rail infrastructure. To put it, with the GDP elasticity of transport demand being about 1.25, the demand for transport has been growing at between 10-12%. Such a project aims at meeting such demands with extended facilities.

Also, in view of the demands from other sectors, not all of this investment can come from public resources. It is in this context that the role of the private sector becomes important as it can infuse a fresh lease of capital.

To add more, the Indian Railways is not new to PPPs. Several joint venture SPVs have been formed with participation of strategic investors to execute a number of port connectivity projects.

BENEFITS: INDIAN RAILWAYS

- Ensuring regular cash flows to execute investment hungry projects and thus to avoid long delays in execution of projects.

- Railways will benefit by taking advantage of efficient operations of private players in areas which are not its core competence and hence reduce the risk of losses if it ventures on its own.

- Indian Railways benefits by getting access to modern methods of mechanized maintenance of its railway stations.

- Railways would be able to attract passengers who are currently travelling by road and air. The improved ambience and quality of service would help in attracting more passengers to their premium services like the first class AC and second class AC services.

- Railways will be able to focus on the core operating activities while outsourcing the non-core activities like architecture and hygienic design.

- Also there is a scope for big non-core revenue stream.

"CII welcomed the partnership with the private sector, opening up yet another avenue for industry to participate in the growth of Indian Railways. The Minister announced PPP schemes to be launched for attracting an investment of Rs. 100,000 cr over the next five years for developing world class stations, rolling stock and other logistics" (*Mint*, February 26, 2008).

BENEFITS: PUBLIC/RAILWAY PASSENGERS

Such a project promises a lot of benefits for the public as well:

- Access to good infrastructure.
- Potential entertainment factor in the form of shopping malls, food plazas, etc.
- Better connectivity to different nodes through different modes.
- World-class information system for passengers' guidance.
- Hygienic design such that they provide place for space and control.
- Cleaner environment through sustainable waste management practices.
- Operation and maintenance as per global standards.
- Synergy and harmony with the surrounding ecosystem in the form of better roads and improved architecture.
- Efficient segregation and maintenance of parcel traffic so that it does not interrupt the passengers.
- Better and cleaner cloak rooms and waiting rooms.
- Sealing off of presently open and porous railway platforms.
- Scanning of luggage to ensure safety of passengers.
- A clear method for determination and periodical reset of charges that need to be regulated, e.g., parking.
- Direct vehicular access to the concourse. Escalators and lifts to

enhance access to station platforms.

- Ticket counters and other amenities designed to facilitate passenger movement.

WHAT'S IN IT FOR THE PRIVATE PLAYERS?

Public-Private Partnerships have been successfully used to unlock the commercial value of various public assets and services, e.g., hotels and tourism assets, real estate, and telecom terminals. In this regard, there are a number of reasons for a private player to be a part of this project.

BENEFITS: PRIVATE PLAYER

The New Delhi Railway Station modernization is a very large project and is estimated to cost around 6,000 to 7,000 cr only for the railway station and the commercial property is valued at about Rs. 10,000 cr according to a news report (*LiveMint*). Even with a conservative estimate of a Return on Equity (ROE) of 16-17%, this would be very attractive to the private players even on an individual project basis. The private players see a lot of benefit in this and this can be seen by the number of players who are bidding for the project. Most players see this as a natural extension of their existing business; this is especially true about Real Estate players. In case of the New Delhi Railway Station the property is located in the most central commercial hub of the city and is planned to be developed as an extension of Connaught Place which is an existing popular commercial destination with a lot of prime shopping area. The railway station itself handles about 350,000 passengers and this is expected to go up to 700,000 passengers, add to this there would be non-passengers who would visit the station for dropping or receiving the passengers. This would ensure a large number of footfalls which would reduce the risk and increase the profitability of any commercial venture, leaving the private player with an immense profit-making potential.

Considering that there are 24 stations which have already been identified and that this list could go to 50, this being the first station, the private player who executes this project could leverage on this experience for the other projects and also would possibly get a better score in technical round due to the experience gained in this project.

This is a DBFOT model which gives a great deal of flexibility, autonomy and also responsibility to the private player which would allow the private player to leverage the design and project execution experience worldwide.

The station continues to be operational during the construction period which is a great project management challenge that can be leveraged by the player for future projects.

The private player has autonomy to exploit the commercial spaces to their advantage and maximize the revenue, and the bid is structured to be a revenue sharing arrangement which gives a good room to be innovative and for earning substantial profits from the commercial property development.

PROSPECTIVE PRIVATE BIDDERS

Based on the reports and other sources, the prominent international private

players who have shown interest in the project are:

1. Russian Railways
2. Deutsche Bahn AG
3. China Railways
4. Italy Railways

These players have entered into partnerships with local infrastructure

Table 1: Financial Strength of Private Players	(in Rs. cr)
RESERVATION CHART (Consortiums for the New Delhi Station upgrade ranked by technical score)	
Consortium	**Net Worth**
DB Realty Pvt Ltd. & Deutsche Bahn AG (subsidiary company of German Railways)	68,461.98
Trif Infrastructure Pvt Ltd. & Grandi Stazioni SPA (Italy)	12,740.00
KMC Constructions Ltd. & China Railways 18 Bureau Group	3,418.39
GVK - Mitsui - Lington	76,100.00
Reliance Infrastructure, AAA Comm Pvt Ltd., Aeropuertus y servicious (Mexico)	38,060.00
Indiabulls Real Estate Ltd. & GS Engg.	9,203.40
Maytas Infra, VIE (Austria)	3,538.38
DS Construction & Russian Railways	2,42,848.20
DLF - LOA - ITNL Consortium & AWB Infrastructure	10,802.00
L&T Transco Pvt Ltd.	9,526.12
EMAAR Properties, MGF Land Ltd. & Gammon Infrastructure Ltd.	45,756.54
Sadbhav - SREI - Galfar	1,100.00
Source: Business Standard	

players and following (Table 1) are the consortiums that have been created to bid for the project for NDLS modernization.

CHALLENGES IN THE PPP MODEL

- Clear specification of outputs.
- Segregation of services to be carried out by the private concessionaire from the ones to be retained by Railways.
- Credible system of managing the interface.
- Measurability and verifiability of the concessionaire's responsibilities.
- Public actors—MOR and local governments to play key roles.
- Peripheral Actors may intervene suddenly.
- Combined and integrated investment program is converted to a set of loosely linked projects due to fragmented decision making process.
- Joint decision making is difficult to achieve due to clash in motives of

stakeholders such as MOR, DDA and private players.

- The commercial development has to be subservient to the station need and serve commuter interest; there may be scope for misinterpretation.

- Termination clauses—*force majeure*, by MOR (default by concessionaire).

- What will be the burden on the user—how much will be passed to the public.

THE CONCESSION AGREEMENT

- This is a Design, Build, Finance, Operate and Transfer (DBFOT) model at the cost and risk of the concessionaire. All the construction done will be the property of the Indian Railways.

- Mentioning the exact area that Indian Railways is passing onto the private body. This should be very accurate including access to airspace.

- Concession Period to be mentioned—this is the period where the concessionaire is authorized to carry out the activities detailed out in the contract and Request for Proposal (RFP). Indian Railways based on the then prevailing policies and considerations, can look at extending the period or the concessionaire should transfer all the land and properties back to the Indian Railways.

- The nature of the activities and facilities that can be allowed at the Project site.

- All the construction quality and standards have to be maintained as set out in applicable codes. This is very important as the facility will be used by the public.

- During construction, the activities should not in any way affect the operations of the New Delhi Railway Station.

- Completion Period to be Mentioned—this is period where the concessionaire should complete all the construction activities.

- *Force Majeure* Event to be specified in unambiguous terms.

- Termination Clauses

    a. Unlawful behavior by the people employed by the private party; and

    b. Failure to perform by the awarded party to carry out activities as agreed upon in the contract.

If there is termination, then all the assets will be transferred back to Indian Railways.

- Dispute Resolution Clauses

- Arbitration Clauses

ISSUES WHICH ARE IMPORTANT TO BE HIGHLIGHTED IN THE CA

- Take care of conflicts of interests.

- Optimizing construction and maintenance management—get maximum gains out of private player participation to realize its maximum benefits in the construction and maintenance.

- Required service levels to be laid down to the extent possible. The

emphasis is on defining the type of service and performance standards required.

- Covering the revenue risk and revenue sharing (premium sharing)—by ensuring traffic and footfall guarantees in the railway stations—this covers tariff fixing/ user fee. This could be in the form of levy of additional user charges by increasing the train fares. In case of granting additional land rights given to the private company, part of the funding for the project could come from this route and the dependence on surcharge could be lesser.

- Having a good revenue model to ensure the project is viable to the private parties and ensure bankability of the project and reduce risk perception.

- Enforceability of the agreements and realization of penalties.

- Providing suitable review and assessment guidelines which will help chart out mid-course corrections.

- Political risk can reach crippling levels if the industry is not protected from arbitrary government decisions.

- The existing encroachments like the temples and mosques in the premises.

- The continuing operation of the station during the construction period.

CONCESSION AGREEMENT: SOME RECOMMENDATIONS

- This redevelopment project envisages a huge challenge in carrying out construction activities without unduly disturbing the public, railway staff, passengers, train operations and above all the environment.

- Concession Period to be mentioned—Since this is a vast area of land involving significant investment (approx Rs. 6,000 cr) with an ROI of around 15-17%, the concession period is to be around 30 years.

- In view of a vast prime area of land in New Delhi available for the private player to use for commercial activities (this is not the railway station O&M), the private player should be able to give high premiums for Indian Railways.

- The nature of the activities and facilities that can be allowed at the Project site can be as under:
    - Shopping Complex/Shopping Plazas/Shopping Malls;
    - Departmental Store, Discount Store, Hypermarket;
    - Restaurants, Fast Food Stalls, kiosks;
    - Offices, Banks, ATMs;
    - Computer Training Centers;
    - Showrooms for Consumer goods like garments, electronics/ electrical items;
    - General utilities, etc.

- Completion Period to be Mentioned—Can be 3-4 years in view of the enormity of the project.

- Special body to be instituted to settle 'All Disputes and Resolutions' in a fast and efficient way if the project is to be realized soon. This is also one of the major bottlenecks in the country that inhibits private participation.

- Outcome-based performance measurements for gauging the performance of the private player could be in the form of independent assessment of passenger convenience by a neutral/regulatory body. This is important to ensure that the passenger convenience is maintained at the forefront. There should be adequate flexibility to impose penalties and force the private player to take corrective action in a suitable time period.

- User charges for the passengers in the main railway station area have to be specified and agreed upon.

- The private player should be allowed to be innovative and get higher profits from the commercial area development as a reward for the risk that he takes.

- Periodic review of the agreement, every five years which would reduce the risk to the private player and hence bring down the costs. This will also allow for greater flexibility to both parties and would allow for better revenue realization for the railways and greater profits for the private players.

This case was prepared by using the data collected from primary and secondary sources. Secondary sources of the data are listed below:

1. *International Railway Journal*, May 2007 and February 2008.

2. *Business Standard*, August 7, 2008.

3. *Mint*, February 26, 2008.

4. Railway Board, RFQ for selection of Bidders for re-development of New Delhi Railway Station.

5. Railway Board, Project Information Memorandum: Qualification of Bidders for redevelopment of New Delhi Railway Station.

6. Interview with Mr. Sushant Kumar Mishra, Executive Director, Railway Board, New Delhi.

7. Anil Kumar Gupta, IIMB(2006), Public Private Partnerships in financing projects on Indian Railways.

8. Cherian Thomas and Ravi P V, Public-private partnerships in Indian Railways.

9. Sushant Kumar Mishra, Development of Railway stations through PPP.

10. Ranganathan V and Anand K Sharma, IR Finances: Milking the hybrid cow.

11. Draft Concession Agreement: Development of Commercial Spaces at 7 Stations of DMRC Line III.

Annexure

Questionnaire Used for Interview with Mr. Sushant Kumar Mishra, Executive Director, Railway Board (Ministry of Railways)

- Why was DBFOT model chosen? Since this project is on the service offered to the end customers, how is the performance measured (e.g., output-based performance)? Are there any other existing PPP models in or outside India that you are trying to emulate?

- How do you intend to utilize the airspace above tracks? Will this be the first of its kind in India? This effectively would mean that it will be serving mainly electric trains. Are there similar stations around the world (other than Underground)?

- Are there guidelines on the user charges and rate of return limitations?—The clarification document says that it will be fixed. Can some of the fees be eliminated? MOR can specify the control pricing on certain core facilities and leave the profitability to the private party.

- Is the commercial property being developed in the purview of any restrictions? Is additional vehicular traffic load due to commercial space development and potential delays to passengers?

- Unlike Airports, the number of people traveling by trains will be huge and the number of footfalls would also be many times more, so there is an assured revenue possibility almost equivalent to a mall. Has the government committed any assurance on the number of footfalls?

- Was auction design considered? Were any auction experts consulted? Revenue can be maximized for MOR with proper design? Is the auction/bid process according to the international standards followed by WB/ADB? What will be the revenue sharing model? How much is the estimated revenue to MOR from this project?

- Can the deal be separated into 'Railway station development' and 'Commercial space development' to maximize the benefit? This is because private players who have no expertise in railway station operations can also bid for commercial space development (like malls?).

- What has been the technical advice from Terry Fanell & Partners? Can the Feasibility Report made by them be shared? Has the concession agreement been decided?

Annexure (Cont.)

Questionnaire Used for Interview with Mr. Sushant Kumar Mishra, Executive Director, Railway Board (Ministry of Railways)

- Have you factored in litigations and other impediments involved in re-locating of a number of buildings around the station on railway land?

- A monorail has also been planned from the same station? How are things been planned for that? There is a metro station also at CP. Won't this affect the retail operations of this station? Do they also have similar plans?

- This project has a very stringent timeline. What is the total timeline of the project?

- How is the review mechanism structured? Is there a mechanism to re-draft or re-negotiate the deal based on a planned review mechanism? Is there a penalty clause in the agreement based on deficiency of services? Who is the arbitrator for this engagement?

Book Reviews

Made in India : A Study of Emerging Competitiveness

At the dawn of Liberalization, Privatization and Globalization era, popularly known as LPG era, even corporate giants in India were shivering out of fear. Their fear was that there would be a competitive environment in which they would be required to operate that they were not used to till then. With the total transformation from license raj to liberal policies of the government, corporate from abroad might commence their operations in India, compete with Indian companies and beat them hollow in the competition. This was the primary reason for their serious fear. Some of them went into oblivion; many survived the competition while others emerged as winners in the game. Scholars engaged in research studies on organizational culture in the country, prepared to examine the factors that contributed to their success, strategies the winners followed to withstand the competition and other related aspects. Subir Roy, a financial journalist, undertook a study of some of the globally competitive industries and brought out the publication with a catchy title, "Made in India: A Study of Emerging Competitiveness". The publication is based on a research that he carried out taking nearly one decade. An initial impression on the title of the book might remind the readers of a pop song. But it is more entertaining to the scholars and the practicing managers who are interested in organizational culture, policies and practices in Indian industry, rather than music lovers.

The author chose to study some of the key sectors like software, pharmaceuticals, biotechnology, and dairying and milk products. He also took a close look at some of the firms like Bharat Heavy Electricals, Reliance Industries, Sundaram Brake Linings, Sundaram Fasteners, TVS Motors, Tata Steel and General Electric to understand their style of management to remain competitive.

The Indian companies experienced a sudden change in the business environment. As the trade barriers were removed, entry of foreign companies to operate in the Indian market forced the firms to adopt a style of management that would enable them to become more efficient. As the concept of competitiveness gained wide currency, the firms benchmarked themselves against

the best practices globally followed. It became imperative that a competitive firm benchmarks against cost, quality and productivity. The Indian companies have had competitive advantage over others in anything that is knowledge-based. Acquiring high skills has been easier and that too cost-effective.

The Indian software companies always had a set of major advantages over their overseas competitors. Some of the major players entered into this field much ahead of many others under the name 'automation'. Further, availability of skilled software professionals for a lesser cost to the companies helped the sector grow. However, the slowdown in the US economy in the beginning of this century did affect them adversely. In spite of economic slowdown in the US the world was moving fast in the field of information technology. In order to take advantage of this, the Indian players changed their style of management ably supported by proper leadership styles. The study brings out the changes made in this direction by TCS. The emergence of BPOs and IT enabled services also contributed to Indian companies retaining competitiveness in this sector.

Indian pharmaceuticals have made a major impact in the global market. Two of them, Dr. Reddy's Lab and Ranbaxy, have emerged as the major global players. Their efforts to penetrate through the global market commenced with manufacturing and exporting bulk drugs in 1980s. The pharmaceutical industry had to face serious regulations imposed by the Indian Government through Patent Act. The Act recognized process patent rather than product patent and it became an impediment to the growth of the sector.

The author has looked at Dr. Reddy's Lab that adopted the policy to concentrate on R&D efforts. They focused on developing new drugs and got them approved by the American Regulatory Body, Food and Drug Authority, to enter the US market. The author highlights the success story of the two major players in India and the factors that contributed to their success.

The author after studying the sectors and firms, draws a set of conclusions. The policy initiatives of the Government need to be further taken forward in order to create a business environment in which globally competitive companies could grow. Restructuring the public sector undertakings and eliminating unproductive controls need to be given a serious thought. The companies need to possess the right type of entrepreneurial leadership and effective management practices to remain globally competitive. The study on sectors that remained globally competitive is more focused on certain companies in each of the sectors, but one cannot generalize the results the author has brought out. Many players, particularly medium and small-sized, still struggle to survive, particularly in IT. The new US government would determine the fate of BPOs and IT enabled services outside the US. Americans blame the Bush administration for encouraging American companies to invest in India, China and other Asian countries to gain tax benefit that resulted in job loss and growing unemployment within their country. The serious question that cannot be answered is what would be the fate of Indian BPOs and companies rendering IT enabled services, if the next regime reverses this policy.

The success stories from TVS group of companies, Reliance Industries, Larsen & Toubro and others, narrated offer lessons that could be emulated by others. TVS adopted Japanese management practices with emphasis on quality and customer orientation. Larsen & Toubro adopted the strategy of ensuring stakeholders' delight to emerge as winners in the global competition. Bharat Heavy Electricals, a public sector company, had the advantage of leaders who headed the company with the vision to make the enterprise grow, besides the strong support of the government policies. Their efforts to emerge as competitive have yielded the results and the path they adopted offer lessons to others.

The study has brought out the role of government policies in making the Indian companies become global players. It also brings out the issues related to the interface between Industry and technical as well as management schools. Government intervention and participation of various professional bodies of the Indian industries would be very much needed to establish an effective and meaningful interface. If these efforts gain momentum and the lessons that the author has brought out in his book are utilized, Indian firms would undoubtedly emerge as stronger players in the global market. Anyone who reads this book would close it with a feeling that doctoral students who work on business strategy and related topics, would certainly refer to Subir Roy's work.

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Coping with Toxic Managers, Subordinates... and Other Difficult People: Using Emotional Intelligence to Survive and Prosper

By Roy H Lubit

Toxic managers are a reality in organizational life. As we progress up the ladder we encounter individuals with a wide range of personalities. Toxic managers interfere with the development of social capital by their narcissistic, unethical, aggressive or rigid behavior. One's ability to deal with such difficult people is what makes the difference between star performers and average performers. The basic premise of the book is that, the better you understand how specific types of toxic managers view the world and what motivates them, the better you will be able to influence them to behave in ways that enable you to do your work and survive your hours at work.

Trained in Psychiatry at Yale, Dr. Lubit earned his Ph.D. from Harvard on Organizational Learning. He researched on Organizational Behavior at Columbia Business School and taught at City University of the New York's Zicklin School of Business. The author has strong backgrounds in management consulting, psychiatry and academia. Drawing on his extensive experience as both a mental health professional and organizational consultant, Dr. Lubit offers concrete advice as well as ways to better understand with whom you are dealing.

The book is divided into six parts and 30 chapters in total. Each part is devoted to one specific theme like narcissistic managers, unethical managers, aggressive managers, rigid managers, impaired managers and lastly how to develop and harness emotional intelligence. Differentiation between different types of toxic managers is crucial as interventions can be planned accordingly. Hence, these five major categories of toxic managers have been further classified based on their personality traits and behavior.

Part I talks about narcissistic managers. This has further been classified into three main types like grandiose managers, control freaks and paranoid managers. While grandiose managers seek other's admiration, control freaks want to invasively micromanage, and paranoid managers want others to give them enough information to reassure them that the other person doesn't intend to hurt them. Each chapter not only tries to explain a particular type of toxic quality by describing the personality traits, probable causes that develop these traits and case studies, but also gives emotional intelligence approaches of handling such individuals and tips for senior management and human resources.

Part II deals with unethical managers which further includes antisocial managers and unethical opportunists. Antisocial managers have been described as someone who find breaking rules fun and they do so because it provides thrill. They lack in conscience and are relatively immune to remorse, guilt and anxiety. Unethical opportunists often sell themselves under pressure. The easier way of guarding against such individuals is screening at the hiring stage itself. For this the author has suggested Behavioral Event Interviewing, and the Hare Psychopathy Checklist Screening Version have also been shared.

The author has further divided Part III into seven chapters covering a theme of major concern, which is aggressive behavior. It covers all the major categories of aggressive behavior like ruthless managers, bullying managers, homicidal managers, sexual harassment, chauvinists, volatile managers and frantic colleagues. The last two chapters talk about underpinnings of aggression and how to survive aggression by strengthening one's defenses. The small caselets given not only enables understanding and recognizing such individuals, but also tickles the mind to think of ways of managing oneself when surrounded by such managers, subordinates or peers. The author has very neatly summarized in tabular forms wherever possible. For example, when he attempts to describe the types of aggressive behavior he lists out the primary traits, the objective driving that particular behavior and also ways of surviving them. An illustration of the same could be of volatile managers, who have grandiose self-image and are exploitative. The primary objective of such individuals is that they want to be admired. A way of surviving

such an individual could be providing them admiration and gently letting them know that their behavior is destructive. Where the author has devoted one chapter to sexual harassment, he has not only gone into emotionally intelligent ways of handling it, but has also talked about the underpinnings of such behavior. The author talks from the perspective of men and how they too can be victims of such harassment while throwing light on the cultural aspect also. As the author brings out the causes that drive aggressive behavior, he has aptly explained it from Freud's perspective, social learning theory and the frustration aggression model.

We often use the term, rigid personality, when we come across an individual who is usually inflexible and unwilling to change. Here the author has devoted one complete part (Part IV) to such people and has delved into the different flavors of rigid managers by further classifying them into compulsive, authoritarian, oppositional, passive-aggressive, control freaks and dictatorial managers. This has been done on the basis of the way they approach tasks, the force driving the rigid behavior, self-image and how each treat their respective superiors or subordinates. While compulsive managers tend to believe that there is only one right way of doing things and experience discomfort in doing things in new ways, they end up being controlling type. Similarly oppositional managers have the habit of rejecting every suggestion as they feel their autonomy is being threatened. These people have a moderate self-image and they get easily annoyed when challenged. Well-thought out suggestions have been given for dealing with such individuals. For instance, with oppositional managers who

are angry, touchy and oppose every decision, one should avoid being argumentative and make them feel a part of every decision. A psychiatric assessment, executive coaching or therapy could also be done to see if depression is the underlying factor driving such a behavior.

The theme of Part V, impaired managers, is very informative as it covers many aspects and social issues or problems effecting the general health and growth of society. Here the author has covered issues like Attention Deficit Hyperactivity Disorder (ADHD), anxiety disorders, emotional trauma, burnout and alcohol or drug abuse. Each chapter is well-equipped with data and some medically known ways of treating them has also been shared. The detailed description of the symptoms or characteristics helps the reader in recognizing it in self or others. However, since the issues covered are so relevant and commonly observed, it makes one crave for some more information with respect to overcoming such problems.

The last part (Part VI) of the book talks about ways of developing one's own emotional intelligence. As the whole book talks about ways of dealing with different types of toxic managers, in this last part the author tries to bring our attention to enhancing one's own personal competence to better weather the stress so that one doesn't become toxic to others.

Author's background is demonstrated in terms of the design, easy flow and structure of the book. The book is worth appreciating in terms of creating an in-depth understanding of the existence of so many toxic qualities and the primary motives driving the toxic behavior. However, at times one might wonder what is new and additional in terms of dealing with such toxic individuals. The book is quite tempting and engaging as it sustains the interest of the reader. However, the word 'toxic' perhaps doesn't go well while discussing a range of negative personality traits like rigid, aggressive and others, as no individual can be labeled as completely toxic. After all, each one of us is a combination of both positive and negative qualities.

In sum, this is a readable and easy to comprehend book that skilfully tackles the complicated topic by presenting the psychological aspects of toxic behaviors in a manner that is easily understandable. The book will also help senior managers to manage toxic subordinates and offers valuable insight that can help those in today's business world besides helping one to recognize the toxic behavior in self. Drawing on his extensive experience, Lubit offers proven advice for subordinates, colleagues and superiors alike as one learns what is really driving the toxic manager or subordinate and how to cope with it.

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Management Skills for New Managers

By Carol W Ellis

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In today's fast changing environment, the organizations that will survive will be learning organizations. Competitive advantage is not static. Organizations cannot place themselves in particular strategic postures in an industry and stay there for all time to come, but have to evolve and adapt to new situations. This ability to adapt depends on the amount and kind of learning that takes place continuously in the organization and how effectively new managers can apply these learnings in their jobs. The modern manager provides an atmosphere of empowerment by letting workers make decisions and inspiring people to boost productivity. It is managers' responsibility to foster a workplace culture in which people can maximize and maintain their level of work performance. To do so, it is essential that managers must learn management skills for the growth and development of the organization as well as of themselves. Coaching is a concept of employee development borrowed from athletics. The modern manager coaches employees of the organization to develop teamwork, which effectively fulfills their needs and achieves organizational objectives. Research has shown that lack of information and feedback rank consistently high among workers as a leading cause of poor performance. How to unleash the true potential of employees is a challenge most corporate face. One way is through coaching. So coaching has become a necessary technique for performance improvement.

This book, 'Management Skills for New Managers', is based on the American Management Association's top selling course. It is a must read for all new managers. This book is good for new managers and also a good read for those who are making their first entry into management. Whether you work for a nonprofit educational institute, or the government or own business and have employees in that business, the skills introduced in this book will help you to become a more effective manager. This book helps managers to define their role, communicate effectively, manage and develop staff performance by motivating, delegating and coaching them. This book can be used more as a workbook with little theoretical background.

This book has eight chapters. The first chapter deals with the trends in the business environment. The role of today's manager in an everchanging environment—as a Leader, Director, Contributor, Coach, Facilitator, Observer, Innovator and Organizer, the ways to create the right environment—the one that will help you to achieve the results you want through others and obstacles to creating the right environment—are discussed in the first chapter. The second chapter focuses on effective communication with staff, what managers

need to communicate, how to communicate, what are the components of communication and what are the methods for communication. The chapter also helps us to know how to use e-mail effectively, as the use of e-mail as a form of business communication is on rise and also focus on how to run effective meetings. The third chapter focuses on performance management, goals and plan of performance management and how to set objectives, well written objectives which follow the format of: SMART, where S stands for specific, M for measurable, A for attainable, R for relevant and T for trackable. The fourth chapter deals with the four phases of learning models and its description. How to use model to manage direct reports phases has been explained with the help of cases. The fifth chapter deals with motivation, motivation with coaching and delegating. How to motivate direct report, what are the motivational factors and how to identify motivating factors in individuals The sixth chapter deals with delegation for growth and development: what are the benefits of delegating and what tasks can be delegated and also how to make delegation successful. The seventh chapter deals with coaching for performance. It answers what is coaching, why coaching continues to grow in importance, in what situations will manager coach and how to set up

coaching session. This chapter also explains the benefits of coaching and six steps coaching model. The last chapter helps in pulling plans together and applying the tools and techniques learnt in this book.

This book helps to understand the seven required interactive skills for managers so that they can develop knowledge and comfort in working with their direct reports. In addition to giving little theoretical information, part of this book can be used as a workbook to enable managers to learn and apply skills such as communicating new role, coaching for improved performance, delegating work and managing the performance of each one of their direct reports.

This book lacks theoretical part. Strong theoretical background would have definitely made understanding better for new managers.

Overall, it is an accessible and friendly book introducing the newly promoted managers to all the skills and information they need to excel in their new role.

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AMDISA is the founder-member of global Management Network INTERMAN which hosts a Global Management Forum every four years. The venues for earlier forums were Geneva (1986), Montreal (1990) Barcelona (1994), Chicago (1998) and Bangkok (2002).

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