

# THE TOURIST VALORIZATION OF THE ACCOMMODATION FACILITIES ON THE E-75 MOTORWAY IN THE REPUBLIC OF NORTH MACEDONIA FOR THE DEVELOPMENT OF TRANSIT TOURISM

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#### **Abstract**

Hospitality has contributed to a huge increase in the global economy, precisely through the provision of basic accommodation and food services. The importance of hospitality today is portrayed as a leading economic contributor in world and national economies in terms of added value, capital investment, employment and tax contributions. Hence, it is important to conclude that the hospitality offer is formed exactly according to the potentials of the designated country for the development of selective types of tourism. According to this, transit tourism as a selective type of tourism, is one of the strongest economic facilities in the tourist offer of each country, as well as in the offer of the Republic of North Macedonia. The fact that a huge number of foreign tourists' transit through our country during certain periods of the year annually confirms the statement that the country has a large touristic transit function. It is assumed that with the realization of all transit corridors the Republic will become more frequent in tourist terms.

**Key words:** hospitality, hotel, transit tourism, tourists, North Macedonia, valorization

#### 1. Introduction

Defining the concept of transit tourism, means a set of terms and phenomena which appear as a complex reflection of all relevant factors related to the movement of tourists through certain places, regions or countries towards their particular tourist destination, where their retention with a certain goal ranges from a few minutes to one or more nights. Accordingly, although the Republic of North Macedonia is a relatively small country, precisely its central Balkan position is the one that enables significant circulation of tourists by interlacing the roads from local, regional, national and international significance with



potential value for creating transit tourism. But for North Macedonia to have the possibility of attracting transit tourists, first, the country must have the basic base for the development of transit tourism, which is accommodation. Hence, in this paper the research is focused on the analyzing the accommodation facilities on the E-75 motorway, and since every tourist potential needs to be valorized, the accommodation facilities will be valorized in order to determine their competence for attracting transit tourists.

# 2. Defining transit tourism

Referencing (Angelkova Petkova & Ristova,2015a) have stated that, transit tourism as a concept that it cannot be found in foreign tourist literature. In theory, this type of tourism was introduced for the first time in the 1960's by the professor Dr. Srdjan Markovic, who specially worked on this issue in the territory of Yugoslavia and later in the Republic of Croatia. It is composed of two terms that are opposite in meaning. Transit implies (travel from the point of departure to the place of arrival) with the possibility of a short stay, while tourism implies travel, stay and activities at the place of residence (destination) that meets tourist needs. All journeys are transited through some areas, but transit is not a travel motive. Contemporary literature that deals with the whole or partially with the issues of transit tourism considers the tourism as a special form of tourism activity (Jovičić, 1986; Stanković, 1994; Štetić, 1999a). Štetić (1999b) states that transit tourism is very widespread in practice, but there is always no clear definition of what is meant by this type of tourism, both theoretical and methodological.

Transit tourism represents the movement of tourists across places, regions or countries towards their final tourist destinations. Those places, regions or countries, where tourists pass by are indeed called transit routes. Transit routes constitute and are a vital part of the transit tourism. Without transit routes there cannot be transit tourism. Their performance and features are vital to accessing certain tourist destinations, and affect the number and directions of the tourist movements. Transit routes are a spatial whole within which it is realized the transfer of tourists to the relation domicile - tourist destination – domicile (Tuntev, 2007a; Dimitrov & Angelkova Petkova, 2014). The duration of the stay of tourists in the transition area will be longer, as long as a quality offer with expressed tourist value is present. Often, due to the significant tourist values in the surrounding area, sometimes an interaction can occur with tourist attractions, use of services and objects, so transit tourism can apply both excursion and picnic characteristics, but Tuntev (2007b) states that only an efficient transit route represents an easy and quick flow to a large number of tourists.





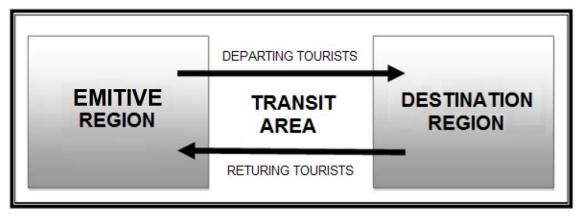


Figure 1. Position of the transit area

Source: Adaptation from Tuntev, Z (2007). Tourist destination, Faculty of tourism and hospitality, Ohrid, pp.18.

#### 3. Who are the transit tourists?

(Kovačević & Obradović, 2006) discuss that transit tourists are subject of two concepts, a concept of a tourist who spends one day or one night in an accommodation facility and a transit concept, meaning tourist in the specified destination in which he spent an overnight stay is not a goal on his journey. Today, this type of passengers are considered as tourists because they have spent overnight stays, nevertheless if they are staying in some facilities to meet any tourism related needs.

However, in the Republic of North Macedonia, the State Statistical Office defines transit tourists as persons entering the country from a border crossing, and exiting from another, in order to extend or complete the journey to another country, and do not stay for either one night in the country (State Statistical Office, 2010). To determine transit tourists, and they represent, their needs will be analyzed. Since we know that transit tourists due to the long travel time are affectionate towards leisure and recreation, their needs can be divided into two main categories (Angelkova Petkova & Ristova, 2015b):

- Basic needs: access to fuel, food, water, assistance and repair of transport vehicles and a place for shorter and longer vacations. These needs are invariable and constitute the basis on which the offer for transit tourists should be built.
- Additional needs: depend from the habits of the target groups, and, therefore, are a variable category of additional needs. But of course the importance of this category of needs is great because without it the transit tourist can not make a stay. These include the need for road information, the need to satisfy the wishes of discovering new places and things, landscapes and people, the need for local food and gastronomy tasting.
- 4. Touristic geographical position of the Republic of North Macedonia: A prerequisite for developing transit tourism





With a total area of 25,713 square kilometers and about 2 million inhabitants, the touristic - geographic position of the Republic of North Macedonia is an important component of tourism development. The touristic - geographic position of the Republic of North Macedonia allows it to be part of the countries with emphatic functional characteristics. Roads that pass through the Balkans enable North Macedonia to have even more favorable geographical position (Dimitrov & Koteski, 2015). Transitivity is primarily derived from its central position in the Balkans, and the significant travel routes that have roots from the ancient roads Via Militaris (north-south) and Via Egnatia (east-west) (Marinovski, 2006). Whereas (Angelkova Petkova & Ristova, 2015c):

- The north-south transit route is indispensable for connecting North, Central and Western Europe
  to Southwest Asia and Africa through the Suez Canal and South-East and South Asia. In this
  direction the traffic is carried out with a combination of road and maritime, but also the air traffic
  is not that less important.
- The east-west transit route enables the connection of eastern European and Asian countries with the Adriatic coast, through Italy and all over Western Europe. The significance of this direction is of particular importance in the territory of the Republic of North Macedonia because it is taking place in its area.

Although the Republic of North Macedonia is a relatively small country, it is in a touristic sense a great advantage because of the increased concentration and location of the natural and cultural heritage on its territory. And it is precisely its central Balkan position that enables significant circulation of tourists by interlacing the roads from local, regional, national and international significance with potential value for creating transit tourism (Ristova, 2015). The Republic of North Macedonia can be defined as a transit area that represents the spatial unit in which the transfer of tourists to the domicile - tourist destination - domicile is realized. Although the transit area in the scientific and research fields of tourism has been found to attract the least attention, it is inevitable that the Republic of North Macedonia, with its position and important road routes, can benefit very much in terms of increasing the tourism income of this type of tourism. Therefore, by possessing these key determinants, the development of transit tourism should be one of the main goals for the development of the country. Because with the very development of transit tourism and attracting transit tourists on the territory of the Republic of North Macedonia and their motivation for stopping and staying, a more intensive development will be contributed to the other types of tourism in the Republic.

# 5. E-75 motorway: The route of extending in the Republic of North Macedonia

The E-75 motorway, known as "Friendship" from 2018, formerly known as the "Alexander the Great" motorway since 2008, extends in the north-south direction from the border with Republic of Serbia at the border crossing Tabanovce to the border with Republic of Greece at the border crossing Bogorodica near Gevgelija. It is part of the Pan-European international corridor X, the international route E-75, which is part of the network of international European roads (E-roads), a series of major roads across Europe.E-75 starts in Varde, Norway in the Barents Sea, continues south through Finland, Poland, the Czech Republic,



Slovakia, Hungary, Serbia, North Macedonia, and to Sitia on the island of Crete in Greece. In the second half of the XX century, this motorway was part of the Yugoslav Motorway "Brotherhood and Unity", which crossed the four Yugoslav republics, linking the northern and southernmost boundaries. However, the conditions and infrastructure of the motorway were not fully at the level of today's international motorway standards, since only the section from Kumanovo to Veles was with two separated traffic lines.

After the independence of North Macedonia in 1991, this stage is gradually starting to be built and improved, with the construction of separate traffic lanes in two directions. The construction and reconstruction of the motorway were mostly carried out with funds from North Macedonia and financial assistance from the EU funds. Thus, in the period from the late 1990s to 2000, the sections to Gradsko and Smokvica – Gevgelija were completed, then in the period from 2001 to 2002, the section to Negotino, later in the period until 2004, the section to Demir Kapija was completed, and in 2011, the 7,4 km long section Kumanovo - Tabanovce was completed, which was officially put into operation on the Independence Day of the Republic of North Macedonia, September 8th. With the completion and the last construction of 28,2 km from the section Smokvica - Demir Kapija in May 2018, the Republic of North Macedonia completely completed the entire motorway construction according to all international standards with two separate traffic lines. Thus, with the completed construction, the length of the E-75 motorway in the north-south direction is 172.3 km, while in the south-north direction it is 168.3 km. Undoubtedly, improving the transport connection will significantly help support the growing economy of tourism in the Republic of North Macedonia, stimulating more tourists and strengthening the transit tourism (Temjanovski, 2017). Therefore, the transport connection is also crucial for accommodation facilities being able to attract transit tourists and benefit from their consumption (Ristova & Angelkova Petkova, 2015). In order to evaluate the E-75 motorway for tourist purposes, i.e. developing transit tourism, the authors will recall to the very first aspect that is attracting transit tourists, which is accommodation. Hence, on the previous division of transit tourists' needs, discussed above, the valuation of the E-75 motorway will be analyzed through the offer of the accommodation facilities.

# 6. Analysis of the accommodation facilities along the E-75 motorway

When developing accommodation facilities in transit destination, it is important whether the destination is accessible through one or more routes, and which means of transport provide access. Regarding the fact that besides the Republic of North Macedonia an international motorway pass, the E-75 motorway is a key factor for developing the accommodation facilities in the country. Thus, in Table 1, all accommodation facilities located along the E-75 motorway will be analyzed.

Table 1. Analysis of the accommodation facilities on the E-75 motorway

No. Type Name of accommodation Location Location / Accessibility on E-75 motorway

1. Motel Motel Ibro Komerc village relation: south – north (right side)



			Kosturnik,Kumanovo	
2.	Hotel	Harmony Hotel ** superior	village Dolno	relation: north – south (left side)
			Konjare, Kumanovo	relation: south – north (right side)
3.	Villa	Villa Just Outside of Skopje	Agino	relation: north – south (right side)
			village,Kumanovo	
4.	Hotel	Hotel Belvedere **** superior	Ilinden	relation: north – south (right side)
	Camping		Municipality,Skopje	relation: south – north (left side)
5.	Hotel	Hotel Mirror ****	Petrovec	relation: north – south (right side)
			Municipality,Skopje	relation: south – north (left side)
6.	Hotel	Hotel Spa Katlanovo ****	Katlanovo,Petrovec	relation: north – south (left side)
			Municipality,Skopje	relation: south – north (right side)
7.	Hotel	Hotel Romantik *** superior	Veles Municipality	relation: north – south (right side)
				relation: south – north (left side)
8.	Hotel	Hotel Brod Panini ***	Veles Municipality	relation: north – south (right side)
				relation: south – north (left side)
9.	Motel	Hotel Montenegro Rivijera ***	Veles Municipality	relation: north – south (right side)
				relation: south – north (left side)
10.	Hotel Spa	Gardenia Hotel & Spa *****	Veles Municipality	relation: north – south (right side)
				релација: југ – север (лева страна)
11.	Motel	Motel Macedonia ****	Veles Municipality	relation: north – south (right side)
				relation: south – north (left side)
12.	Hotel	Hotel Pamela ***	Negotino Municipality	relation: north – south (right side)
				relation: south – north (left side)
13.	Hotel	Hotel Park *	Negotino Municipality	relation: north – south (right side)
				relation: south – north (left side)
14.	Hotel	Hotel Moderna Spa ****	Demir Kapija	relation: north – south (right side)
			Municipality	relation: south – north (left side)
15.	Hotel	Hotel Popova Kula ***	Demir Kapija	relation: north – south (right side)
			Municipality	relation: south – north (left side)
16.	Apartments	Valentina Apartments	village	relation: north – south (right side)
			Negorci, Gevgelija	relation: south – north (left side)
17.	Hotel	Hotel Bozur ***	village	relation: north – south (right side)
		(complex Negorski Spa)	Negorci, Gevgelija	relation: south – north (left side)
18.	Hotel	Hotel Ilinden **	village	relation: north – south (right side)
		(complex Negorski Spa)	Negorci, Gevgelija	релација: југ – север (лева страна)
19.	Hotel	Hotel Jasen **	village	relation: north – south (right side)
		(complex Negorski Spa)	Negorci, Gevgelija	relation: south – north (left side)
20.	Guest	Village House	village	relation: north – south (right side)
	House		Mrzenci, Gevgelija	relation: south – north (left side)



21.	Hotel	Hotel Nar ****	Gevgelija Municipality	relation: north – south (right side)
				relation: south – north (left side)
22.	Motel	Motel Vardar *	Gevgelija Municipality	relation: north – south (right side)
				relation: south – north (left side)
23.	Motel	Casino Motel Senator ***	Gevgelija Municipality	relation: north – south (right side)
				relation: south – north (left side)
24.	Hotel	Hotel Ramada Plaza *****	village	relation: north – south (left side)
		superior	Bogorodica, Gevgelija	relation: south – north (right side)
25.	Hotel	Casino Flamingo Hotel *****	village	relation: north – south (right side)
			Bogorodica, Gevgelija	relation: south – north (left side)

Source: Ristova Cvetanka's research

On the E-75 motorway in the Republic of North Macedonia there are 25 accommodation facilities,17 of which are hotels,5 are motels,1 villa, 1 apartment and 1 guest house. From all the accommodation facilities in the Republic of North Macedonia the categorization is only applies to hotels, motels and boarding houses. Accommodation facilities analyzed according to their location are situated in the 8 municipalities where the E-75 passes and are shown in Table 2.

Table 2. Analysis of the accommodation facilities of the E-75 motorway in municipalities

Categorization	Hotel	Motel	Villa	Apartments	<b>Guest house</b>	Total
City						
Kumanovo	1	1	1			3
Ilinden	1					1
Petrovec	2					2
Veles	3	2				5
Gradsko						0
Negotino	2					2
Demir Kapija	2					2
Gevgelija	6	2		1	1	10

Source: Ristova Cvetanka's research





Table 3. Analysis of the categorized hotel facilities of the E-75 motorway in municipalities

Type of accommodation	5* superior	5*	4* superior	4*	3* superior	3*	2*	2*	1*	Total
City							superior			
Kumanovo							1			1
Ilinden			1							1
Petrovec				2						2
Veles		1			1	1				3
Gradsko										0
Negotino						1			1	2
Demir Kapija				1		1				2
Gevgelija	1	1		1		2		2		7

Source: Ristova Cvetanka's research

Most accommodation facilities along the E-75 motorway are in Gevgelija (10) ,and the least accommodation facilities are in Ilinden (1). No accommodation capacity was recorded in Gradsko.

According to Table 3, on the territory of the Republic of North Macedonia there are 17 categorized hotel facilities, of which 1 hotel categorized with 5\* superior, 2 hotels with 5\*, 1 hotel with 4\* superior, 4 hotels with 4\*, 1 hotel with 3\* superior, 3 hotels with 3\* superior, 1 hotel with 2\* superior, 2 hotels with 2\* and 1 hotel with 1\*. Most of the categorized hotels located on the E-75 motorway are hotels with 3\* (5), then hotels with 4\* (4). Hotel with 5\* superior are least located on the E-75 motorway. From all of the municipalities, Gevgelija (7) has the most categorized hotels, while Kumanovo (1) and Ilinden (1) have the least categorized hotels. No accommodation capacity was recorded in Gradsko.

#### 7. Tourist valorization of the accommodation facilities on the E-75 motorway

Tourist valorization is a detailed assessment of natural and created values that are significant for the tourist development of one destination, region and the whole country. Over time tourist valorization is pushed as one of the most significant factors of developed and undeveloped tourist destinations (places, regions and states) meaning one of the most complex issues of theoretical and methodological scientific basis of tourism, but also the practice of development of this activity (Stefanovic, 2004). Valorization aims to emphasize, or to detect the use values of the potentials (Čomic & Pjevač, 1997). The essence of tourist valorization is to determine the current existing state of resources where the estimation allows setting and determining the actual opportunities for tourism development, and then assess the merits of some suggestions for a certain protection of resources or the whole space and realization of possible solutions for protection, assessment of investment activities and the possibility of tourist turnover.

With the analysis of the accommodation facilities on the E-75 motorway from the aspect of developing transit tourism, a valorization will be made which will aim to determine the current state of accommodation



facilities of the E-75 motorway and with that assessment later, the authors will set and determine the real role of accommodation facilities for the development of transit tourism in the Republic of North Macedonia.

For the purposes of this paper, valorization is carried out according to the Hilary du Cros model (Du Cros, 2001) which is quite complex due to the large number of indicators for valorization. Valorization will be supplemented with certain indicators in order to get more necessary information about the accommodation facilities.

The tourist valorization of the accommodation facilities will be analyzed through:

- I. Tourist-geographical position,
- II. Infrastructure,
- III. Accessibility,
- IV. Close to tourist attractions,
- V. Accommodation capacity,
- VI. Offer of local and traditional food,
- VII. Proximity to additional needs (gas stations, auto-services and other)
- VIII. Speaking a foreign language.

Identification and evaluation of accommodation facilities will be done using a scale ranging from 1 to 5:

- Grade 1 (unsatisfactory quality) is not for tourist presentation,
- Grade 2 (satisfactory quality) represents the local tourist importance,
- Grade 3 (good quality) shows the importance of transit tourism,
- Grade 4 (very good quality) for wider regional (national) importance,
- Grade 5 (excellent quality) international tourist significance.

Tourist valorization of accommodation facilities is shown in Table 4.

Table 4. Valorization of the accommodation capacities on the E-75 motorway

No.	Name of the	Location	I	II	III	IV	$\mathbf{V}$	VI	VII	VIII	Touristic
	accommodation										value
1.	Motel Ibro Komerc	village Kosturnik, Kumanovo	5	5	5	4	3	5	5	5	4,6
2.	Harmony Hotel ** superior	village Dolno	4	5	5	4	2	5	5	5	4,3
		Konjare,Kumanovo									
3.	Villa Just Outside of Skopje	Agino village,Kumanovo	5	5	5	5	1	1	5	3	3,7
4.	Hotel Belvedere ****	Ilinden Municipality,Skopje	3	5	5	2	3	5	1	5	3,6
	superior										
5.	Hotel Mirror ****	Petrovec	3	5	4	3	2	5	5	5	4
		Municipality,Skopje									
6.	Hotel Spa Katlanovo ****	Katlanovo,Petrovec	3	5	5	5	5	5	5	5	4,7



		Municipality,Skopje									
7.	Hotel Romantik ***	Veles Municipality	4	5	5	3	3	5	1	5	3,8
	superior										
8.	Hotel Brod Panini ***	Veles Municipality	4	5	5	5	2	5	1	5	4
9.	Hotel Montenegro Rivijera	Veles Municipality	4	5	5	3	3	5	3	5	4,1
	***										
10.	Gardenia Hotel & Spa *****	Veles Municipality	4	5	5	3	3	5	3	5	4,1
11.	Motel Macedonia ****	Veles Municipality	5	5	5	3	3	5	5	5	4,5
12.	Hotel Pamela ***	Negotino Municipality	4	5	5	5	3	5	5	5	4,6
13.	Hotel Park *	Negotino Municipality	5	5	5	5	5	5	5	3	4,7
14.	Hotel Moderna Spa ****	Demir Kapija Municipality	4	5	5	4	4	5	3	5	4,3
15.	Hotel Popova Kula ***	Demir Kapija Municipality	3	3	5	4	4	5	3	5	4
16.	Valentina Apartments	village Negorci, Gevgelija	3	4	5	3	3	1	5	5	3,6
17.	Hotel Bozur ***	village Negorci, Gevgelija	3	4	5	3	3	5	5	5	4,1
	(complex Negorski Spa)										
18.	Hotel Ilinden **	village Negorci, Gevgelija	3	4	5	3	4	5	5	4	4,1
	(complex Negorski Spa)										
19.	Hotel Jasen **	village Negorci, Gevgelija	3	4	5	3	5	5	5	4	4,2
	(complex Negorski Spa)										
20.	Village House	village Mrzenci, Gevgelija	3	4	5	2	1	1	5	5	3,2
21.	Hotel Nar ****	Gevgelija Municipality	3	4	5	5	3	5	5	5	4,3
22.	Motel Vardar *	Gevgelija Municipality	4	4	5	5	3	5	5	5	4,5
23.	Casino Motel Senator ***	Gevgelija Municipality	5	5	5	5	3	5	5	5	4,7
24.	Hotel Ramada Plaza *****	village Bogorodica,Gevgelija	5	5	5	5	5	5	5	5	5
	superior										
25.	Casino Flamingo Hotel *****	village Bogorodica,Gevgelija	5	5	5	5	5	5	5	5	5

The tourist valorization of the E-75 motorway from the aspect determining the development of transit tourism, has an average tourist value of 4,2 which represents an excellent tourist value for prerequisites for development of transit tourism on the territory of the Republic of North Macedonia.

# 8. Conclusion

The Republic of North Macedonia is a relatively small country, in tourist terms, it is of great advantage because of the increased concentration and location of the natural and cultural heritage on its territory. And its central Balkan position allows for significant circulation of tourists with international importance on the E-75 motorway, which leads to a potential value for creating transit tourism. In this paper, the E-75 motorway was analyzed from the aspect of attracting transit tourists, through the accommodation facilities offer. With the valorization of accommodation facilities, we conclude that the Republic of North Macedonia can meet the needs of transit tourists, benefit from their consumption and positively influence the increase





in the touristic income of the country.

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# EFFECTS OF TRANSFORMATIONAL LEADERSHIP AND

# PERCEIVED FAIRNESS ON JOB SATISFACTION: EVIDENCE

# FROM MIDDLE EAST

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#### **Abstract**

Portfolio managers gained less fascination as role of transformational leadership in organization. This





research explore transformational leadership effect on job satisfaction with mediating role of perceived fairness and moderating role of intrinsic motivation in context of Middle East Markets. This model has proposed from integration of prior research models in order to ensure better transparency, accessibility, credibility, and accountability by integrating P-to-P framework. A questionnaire survey with sample size of 120 respondents was collected from small and medium sized companies operating in different field of business in Middle East. Results support the effect of transformational leadership on job satisfaction through perceived fairness and moderating role of intrinsic motivation. The study confirm significance of managers in enhancing employees job satisfaction and identify necessity of wise management in order to enhance the need of such factor which leads towards transformational leaders to boost the process of influence and productivity.

## **Key words:**

Transformational Leadership, Perceived Fairness, Intrinsic Motivation, Job Satisfaction

#### 1. Introduction

Leadership has become the world most controversial issue in recent year especially and specially in Arabic region. Most researchers investigate the role of leadership in different aspect of life in different region of world especially in western countries (Ambrose & Cropanzano, 2003; Hausknecht, Sturman, & Roberson, 2011). To determine and test theories on other nations is a vacant place which contributes to the advancement and prosperity of others nations. Leadership plays a vital role in any company. Regardless to any type of organization, leadership can act as vital role for establishing a high performance team for present and future challenges. It well recognize that leader effectiveness has censoriously depends on her competency to motivate supporters towards on the common goal, apparition, idea and mission (Shamir, Zakay, Breinin, & Popper, 1998). In Organizations all over world are deeply concerned with understanding, searching and developing leadership. Mintzberg (2006) explain that true leader engaging follower with their deliberations and modesty due to they contain themselves for actually doing not for individual achievements. At work place, leader behaviour style work as a noticeable appropriate indication which persuade situational elevation or anticipation focus in employees of the organizations (Epitropaki, Kark, Mainemelis, & Lord, 2017; Kark & Van Dijk, 2007). Recently, emphasis on traditional leadership has moved to new types of leadership models, with prominence on transformational leadership (Bass, 1985), which has been characterized as visionary. Mostly research on transformational leadership based on theory of <u>Bass (1985)</u> focuses on individual performance and effectiveness in comparing of transformational leadership. From last two eras, transformational leadership have get researcher attention and researchers show that it has related with upper levels of organizational consequences and individuals outcomes (G. Wang, Oh, Courtright, & Colbert, 2011; H. Wang, Law, Hackett, Wang, & Chen, 2005).

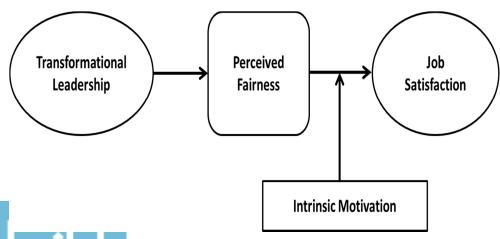
<u>Bass</u>, <u>Waldman</u>, <u>Avolio</u>, and <u>Bebb</u> (1987) call transformational leadership as cornerstone of any company success, through which company can achieve their objectives and maintain their position in market. Transformational leadership has critical effects on the performance and track of company because they





facilitate and encourage the followers and employees ability for independently creative thinking (<u>Dust</u>, <u>Resick</u>, & <u>Mawritz</u>, <u>2014</u>; <u>Joo & Lim</u>, <u>2013</u>; <u>Pai & Krishnan</u>, <u>2015</u>), and also directly encouraged employees and followers proactive behaviour development by stimulating them individual and intellectually (<u>Den Hartog & Belschak</u>, <u>2012</u>; <u>Schmitt</u>, <u>Den Hartog</u>, & <u>Belschak</u>, <u>2016</u>). In organization employees consider transformational leader as role model for internal and external activities. In fact, we can say that transformational leadership has main stream for employees as well as for organizations.

Connection between leadership and followers depended on different factors. Extremely very few consideration are done to better explain this relation specially specifying the main factors of employees and organization like perceived fairness, intrinsic motivation and job satisfaction, which have three dimensions high impact scale defining of leaders, employees and organization. Perceived fairness performed important role between transformational leadership and job satisfaction, as most employees perceived that good transformational leadership would lead to higher level satisfaction of job. Collins, Mossholder, and Taylor (2012) initiate the act of employees with greater turnover targets was unpretentious by supervisors' fairness procedure, while recital of those with inferior turnover targets was influenced absolutely. The study Wenzel, Krause, and Vogel (2017) resulted that fairness minimize perception of controlling and fostering employee's intrinsic motivation and due to maximum value of neuroticism in employee's lower positive effect. Landy and Conte (2004) emphasized motivation importance and says that if motivation has null then even talented employee resulted not well, likewise if motivation has high in any employee they achieved their goal even they have certain understanding gape. Among different kinds of motivation, the most influencing on employee attitude is intrinsic motivation (Deci & Ryan, 2002). Luo (1999) argued that a positive and significant effect has occurring on job satisfaction of employees due to intrinsic motivation like feelings of execution and self-fulfillment. However, transformational leadership relationship with job satisfaction has revealed deeply and clearly (Judge & Bono, 2000; Krishnan, 2012), still potential moderating consequence of motivation has remain unconvincing. Theoretical model has shown in Fig. 1. The current study will be further enhanced previous studies specially targeting middle-east area for research to facilitate companies to know importance of transformational leadership with job satisfaction and mediating and moderating effect of perceived fairness in organization and intrinsic motivation.





# Fig. 1 Theoretical Model

#### 2. Literature Review

#### 2.1. Transformational Leadership

Transformational leadership defines by <u>Judge and Klinger (2000)</u> as type of leadership in which leader encourage followers and boots up their different levels like motivations, attitude, morals, perceptions, and association according to organization rules and regulations. Transformational leadership gives an influential vision for organization to get fortunate enhancement with necessities of alteration in culture value (<u>Saleem, 2015</u>). The transformational leadership dynamics consists of well and sturdy identification with leader, a joint and share vision of near future, and having ability beyond of self-interest and rewards for fulfillment. Transformational leadership plays basic role in individual and team level in proactive work place behaviour (<u>Den Hartog & Belschak, 2012</u>; <u>Schmitt et al., 2016</u>; <u>Strauss, Griffin, & Rafferty, 2009</u>).

Recently transformational leadership has discussed widely in different aspect from different researcher. The research focuses on transformation and transactional leadership and reveal that transformational influences is positively while transactional leadership is negatively impact on job satisfaction (Saleem, 2015). The Boamah, Laschinger, Wong, and Clarke (2018) resulted that as managers a transformational leaders behaviour is useful way of forming better workplace conditions which can be creating a better and safety ways for employees. Its goes high with assorted consequence of leader like organizational behaviors, achievement, and job satisfaction. The study of Hetland, Hetland, Bakker, and Demerouti (2018) analyzed that transformational leadership behaviour have positively influences followers structural and social resources and increases it's day level working. Transformational leaders provide the potential for healthy work, particularly within a team-based context, by increasing a greater sense of job satisfaction and mastery in perceived control, employee role orientations and greater trust in management. In turn, these positive psychological processes and mechanisms lead towards healthy outcomes such higher levels of psychological well-being. We will be further discussing impact of transformational leadership on employees in organizations and their effect on job satisfaction with the mediating role of perceived fairness and moderating role of intrinsic motivation.

# 2.2. Intrinsic Motivation

Motivation is an attribute which drive us towards some task to accomplish. <u>Mulwa (2009)</u> concluded that for productivity, sustainability, and profitability, motivation is one of the main sources in any organization. Intrinsic motivation is type of motivation which vivacious due to individuals interest, contentment, or gratification. Intrinsic motivation sustain due to spontaneous satisfactions intrinsic in precious volitional action. Its habitually engage behaviors like play, exploring new thing, or any challenge for external rewards. <u>Hagedoorn (2003)</u> determined that work interest, appreciation, development, and accomplishment are example of intrinsic factor. In cognitive evaluation and self-determination theory define intrinsic motivation as the inherent behavior of any individual due to which they pursue or



performed any challenge or activity with their own interest and capacity (Ryan & Deci, 2000). Grant (2008) concluded in their study employees executed well and longer times their work with high intrinsic motivation. The study De Vito, Brown, Bannister, Cianci, and Mujtaba (2018) resulted that when workers have pleased to their managers; their motivation drives high which augmenting working environment with improved compensation and advance opportunities. Cerasoli, Nicklin, and Ford (2014) specify that intrinsic motivation has robust impact on performance. The study have consider to know further according to following literature review about intrinsic motivation, impact in difference aspect with leadership on job satisfaction with perceived fairness in middle east organizations.

# 2.3. Job Satisfaction

In psychological point of view the job satisfaction views multi-dimensional result on one job and such consequences have hold exciting, cognitive and behavioral factor (<u>Judge & Klinger, 2008</u>). According to <u>Wicker and Wicker (2011</u>) job satisfaction has inner fulfillment and pride sense which have achieved by accomplishment of specific job. Research concluded that employee's feedback, clarity, and participation of goals have associated positively with job satisfaction, with predictor of efficiency and performance (<u>Judge, Thoresen, Bono, & Patton, 2001</u>; <u>Patterson, Warr, & West, 2004</u>; <u>Whitman, Van Rooy, & Viswesvaran, 2010</u>).

On different aspect the job satisfaction have studies in the recent research like Fernandez and Moldogaziev (2015) concluded in their study that self-determination positively affected the job satisfaction and empowerment performs which undermine independence have no significant consequence on job satisfaction. According to Kampkötter (2017) have resulted that performance related pay is connected with higher job satisfaction level. Mohammad, Al-Zeaud, and Batayneh (2011) concluded that there are various factors include like achievement, salaries, recognition, and self-independence but significant which influences job satisfaction further is leadership style because its organize employees and have direct social and unsocial interaction with employees in organization. Vincent (1960) divided the employer need in two main factors, hygiene and motivation. He further explains that certain state of affairs like supervision, interpersonal relations, working condition, salary and different other benefit satisfies hygiene factors of employee. Most of scholars focus on single clusters of factors which affecting it, we will be study in most broad mining with the relation with leadership affection on job satisfaction due to more importance in organization as well as in researcher due to its benefiters.

#### 2.4. Perceived Fairness

Organizational fairness has been study with different connection like distribution process, relative wages, reference wages and pay structure and other related factors like attitude and behaviour with satisfaction, organization citizenship, and trust (Ambrose & Schminke, 2009; Cohen-Charash & Spector, 2001; Colquitt, Conlon, Wesson, Porter, & Ng, 2001; Colquitt et al., 2013). Social exchange theory (Blau, 1964; Cropanzano & Mitchell, 2005) argued that by fair treatment of intrinsic values demonstrate positive employee's discretionary behaviour. In recent studies scholars have developed connection with experimental consequence stands on proposal of fairness as reciprocity. Investigating non-monetary side of the job, they conclude that there are positive influences of procedural fairness on employee spirits and effort. According to Patel, Budhwar, and Varma (2012) the fairness of any type in the organization has



significant perceptions and influences employees behaviour and attitude in the work place.

The basic dimensions of organizational fairness have pay level, pay rule and structure, pay administration (promotion), rule administration, work place, and distribution task fairness with which administrator assign routine and non-routine responsibilities. Employees mostly evaluate inter organizational pay and also generally organizations have their standard rules for any stage of work (Dittrich & Carrell, 1976). The second factor pay structure appraises the perceived fairness of one worker pay to their co-worker and fairness of regulations for getting promotions with level of pay increments. The fairness in reward system administration rules appears an exacting salient feature of organizational fairness. As work rules and the way of its enforcement influence worker morale administration or behavior rules fairness are significant aspects of the perceived in general fairness of usually work condition. Leete (2000) review role of fairness among different kinds of organizations and indicate that wages has main relevant proxy among employees for perceived fairness. The current study has considered it, to know further the mediating role of it in Middle East organization.

# 3. Hypothesis Description

# 3.1. Transformational Leadership, Job Satisfaction and Perceived Fairness

Job satisfaction is the level of contentment of individuals in his job in the organization. It also used as rank of employee between their qualification and performance in the organization. Among other leadership styles, current researcher recommend that the most influences one is transformational leadership which have a high impact on job satisfaction of the employees (Cicero & Pierro, 2007; Cogaltay, Yalcin, & Karadag, 2016; Ghanbari & Eskandari, 2014). Mohammad et al. (2011) found four main dimensions of transformational leadership individual consideration, intellectual stimulation, and inspirational motivation and idealized influence which is positively related to job satisfaction. While increment in job satisfaction influences the performance of employee in the organizations, which indirectly assure the fundamental role of transformational leadership. Job satisfaction goes beyond if leader have well informed from basic need of employees. Currently study resulted that perceived transformational leadership has strongly correlated to job satisfaction if employee have more conscientious, and employee sense extra psychologically empowered by perceiving their leader as transformational, which impact positive and increase the employee job satisfaction level (Aydogmus, Camgoz, Ergeneli, & Ekmekci, 2018). In short, transformational leadership imbues organizational tasks and jobs with meaning ultimately increasing the staff's satisfaction, which in turn can have a determinant effect in the successful performance of the organization.

Employee's perception of fairness defines the organizational justice and it is still the main factor of organizational behaviour (<u>Greenberg, 2011</u>). With fairness, leaders and supervisor promote positive rational norms like honesty, integrity, and civility, through which employees get encouragement and reciprocate with positive work behaviour which have benefit for both supervisor and organizations



(Blader & Tyler, 2013; Korsgaard, Meglino, Lester, & Jeong, 2010). Collins et al. (2012) initiate that the act of employees with greater turnover targets was unpretentious by supervisors' fairness procedure, while the recital of those with inferior turnover targets was influenced absolutely. From previous research it's proved that transformational leadership has main stream of the organization success. A current study will examine further transformational leadership and organizational justice with other psychological factor like work satisfaction, well-being from work and fairness in work environment. Based on following studies we assumed that a positive effect on perception of employees, which has also conceptualized in this article as including both tendency of employees to perceive the organization well.

Equity theory Adams (1965) on job satisfaction state that the way of treatment of employees influences their behavior as well as attitude towards work. Kannan (2005) explaining the equity theory and state that the individuals expected justice and equity during working from administration. Kim, Lin, and Leung (2015) have resulted that changes in fairness have significantly described the alteration in job satisfaction, and resulted that positive modifications in fairness insights have more strongly affective organizational commitment with affirmative job satisfaction. Hausknecht et al. (2011) explain that changes in fairness verify the other more changes in job satisfaction, and turnover intentions. Organizations fairness studies have concluded that it have a significantly impact on attitude of employees towards their job satisfaction as well as organizations welfare (Cohen-Charash & Spector, 2001; Colquitt et al., 2001). The current study has investigated the importance of fairness relation with job satisfaction in the Middle East organization. Based on the above literature, we have concluded the following hypothesis.

- H1: Transformational leadership affects positively employee's job satisfaction.
- H2. Transformational leadership affects positively perceived fairness
- H3. Perceived fairness affect positively employee's job satisfaction

# 3.2. Perceived Fairness as Mediating between Transformational Leadership and Job Satisfaction

The distribution of assets in employees required perceived fairness among them through procedural honest way. Liang and Chang (2014) state that perceived fairness has affected and give good result regarding to employees through repeated instances of fairness for employees welfare in resource distribution decisions. Organizational justice research signifies that its quality has measure by treatment received by individual from their organizational leadership. As with intensification in organizational perceived fairness employees have feel happy to their jobs. They also think with encouraging that they are well respected and valuable for their organization (Blader & Tyler, 2013; Colquitt et al., 2001). Ambrose and Schminke (2009) resulted that when leadership of organization or their representatives treat workers with fair, the employees do positive role with malleable work behaviour with satisfaction from their job. It's also responsibility of supervisor to preserve a fair rapidity of work activities. The organizational



fairness is also depended on the fairness of distributing task with which manager assign routine and non-routine responsibilities as their determination to subordinates persuades their insight of fairness. <u>Leete</u> (2000) has evaluated the role of fairness by taking wage scattering as the appropriate proxy for distributive fairness in different types of organization. The above evidence show that perceived fairness is a strong influence between transformational leadership and job satisfaction, and there relation is high if there are fairness otherwise its low and weak. From this we hypothesize that:

# H4. Perceived fairness as mediating between transformational leadership and job satisfaction

# 3.3. Intrinsic Motivation as Moderating Factor between Perceived Fairness and Job Satisfaction

Intrinsic motivation shows a positive correlation with job satisfaction (Linz, 2003). According to Devloo, Anseel, De Beuckelaer, and Salanova (2015) intrinsic motivation role as supportive mediator between satisfaction of basic need and innovative work behaviour. Ahmad, Ahmad, and Shah (2010) identified that there is a significant relationship between intrinsic motivation and job satisfaction, focus on pay fairness regarding to job satisfaction and goal clarity for intrinsic motivation to provide further insights in research as intrinsic motivation is positively associated and changed due to pay association. Perceived fairness and intrinsic motivation strength can be measured by one's inevitability about a specified task act. Little previous have touch this topic of self-perception of employee to complete the mandatory task and their actual outcomes. Intrinsic motivation is defined as to do some task which is inherently in person and also give a joy to the worker (Ryan & Deci, 2000). According to Broussard and Garrison (2004) the relation of perceived fairness and job fairness is tougher when there is a high intrinsic motivation while if the intrinsic motivation is low somewhere it's also affects faintly both of perceived fairness and job satisfaction relation. Due to above statement we assume the following hypothesis:

# H5. Intrinsic motivation as a moderating between perceived fairness and job satisfaction 4. Research Method

A useful way to design a research study is as a Two-Stage or Hybrid design. With this approach, both exploratory and conclusive approaches are blended in a suitable combination on the basis of the research situation is general (Boyd, 1985). In the proposed study, not only single approach was utilized but also a mixture of both quantitative (conclusive) and qualitative (exploratory) were used. Both qualitative and quantitative data were used to make the analysis and interpretation. So the initial part was based on quantitative qualitative analysis supported by qualitative data President.

Table I distribution of questioner among the sample item

Number of samples	Number of received	Number of valid	Percentage of
distribution	samples	samples	responsiveness





120 120 120	%100
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Data for this study were collected from a sample of 120 subjects from twelve private and governmental entities (table I) operating in different industries: Textile, Advertising, Communications, Construction, Aviation, Energy, Banking and Health. Snowball technique was used for data collection.

Items to measure constructs in the model were mainly adopted from prior research. Each individual was asked to indicate the extent of agreement with statements about the adoption of ICT, using a seven-point Likert scale ranging from (1) Strongly Disagree to (7) Strongly Agree for each factor. All items are shown in Appendix. The questionnaire is divided into two main sections: respondent profile, and measures of the variables. The respondent profile section contains general questions about the respondent, such as name, address, gender, age, education level family member, income.

To assess transformational leadership, we used the Multifactor Leadership Questionnaire (MLQ) Form, also known as 5X-Short (Bass, Avolio, Jung, & Berson, 2003). This twenty-item measure has multi-item subscales corresponding to four dimensions:(1)charisma (attributed) (e.g., "Instills pride in me for being associated with him /her."), and (2)inspirational leadership (behavior) (e.g., "Talks optimistically about the future"); (3) intellectual stimulation (e.g., "Re-examines critical assumptions to question whether they are appropriate."); and (4) individual consideration (e.g., "Treats me as an individual rather than just as a member of a group."). The Cronbch's alpha for these items was .76 revealing sufficient reliability (alphas > .70).

We adopted six-item scale from previous work <u>Kuvaas and Dysvik (2009)</u> and <u>Dysvik and Kuvaas (2010)</u> to measure intrinsic motivation. Sample items are "my job is very exciting" and "My job is meaningful". The Cronbch's alpha for intrinsic motivation was indicating adequate reliability (alpha> .70). We adopted <u>Dittrich and Carrell (1976)</u> seven -item Scale to measure perceived fairness. Sample items are "I should have an opportunity to express my feeling during my performance" and "My salary increases should be tied to my performance results" The Cronbch's alpha for perceived fairness was 0.63 indicating adequate reliability (alpha> .70). We adopted <u>Smith (1969)</u> seven-item scale to measure job satisfaction. Sample items are "I have adequate supplies/equipment necessary to complete my job." and "My supervisor should listen to my job complains." The Cronbch's alpha for job satisfaction was 0.669 indicating adequate reliability (alpha > .60).

SPSS was used to perform statistical tests and analysis. Correlation and regression analysis used to see whether the relations are statistically significant or not. In order to test the moderator effect, we adapted the hierarchical regression. Path analysis was used for estimation of mediation effect.

#### 5. Analyses

**Table II Descriptive Analysis** 

N=120	Categories	Frequencies	Percentage



	20-29	81	67.5
	30-39	27	22.5
	40-49	8	6.7
Age	50 or above	4	3.3
	Male	76	63.3
Gender	Female	44	36.7
	High school	14	11.7
	Under graduate	54	45
	Post graduate	49	40.8
Education	No formal education	3	2.5
	Less than 40000	49	40.8
	40000-70000	24	20
	70000-100000	16	13.3
Income	More than 100000	31	25.8

Table II describes characteristics of sample. Total sample size was comprises of 120 respondents. 67.5 percent respondents were from 20-29 years age group. Representation of male respondents is 63.3 percent while females are 36.7 percent. So, sample is male dominant in nature. In terms of educational groups; high school respondents were 11.7 percent, under graduate were 45 percent, post graduate were 40.8 percent and 2.5 percent respondents does not have any formal education. Major respondents group earn less than 4000 Dubai Riyal.

\*Table III Model Constructs Cronbch's Alpha

Variables	No of Items	Cronbch's Alpha
Transformational	20	.848
leadership		
Perceived fairness	5	.669
Intrinsic motivation	5	.770





	1	
Job satisfaction	5	.634

To make sure about content validity of the study, it was disclosed to a number of doctors and professors in China and Middle East. With approval of experts 35 items were selected which comprises 20 items of transformational leadership, 5 items of perceived fairness, 5 for intrinsic motivation and 5 of job satisfaction. Transformational leadership has four branches – charisma, individualized consideration, intellectual stimulation, inspirational leadership.

As summarized in Table III, all scales that represent in the TPIJ constructs appear to have a good degree of reliability since each computed statistic is greater than threshold value of 60. So, all constructs fulfill sufficient criteria of reliability analysis. Transformational leadership and intrinsic motivation scale exhibits high reliability while perceived fairness and job satisfaction scale is fairly reliable.

\*Table IV Correlation analyses

		Mean	ST		Model	Model	
				Model 1	2	3	Model4
Job	Pearson	5.52	.97				
Satisfaction	Correlation						
	Sig. (2-tailed)						
Motivation	Pearson	5.90	.98	.609**			
	Correlation			.009			
	Sig. (2-tailed)			.000			
Perceived	Pearson	5.43	.91	.493**	.550**		
Fairness	Correlation			.493	.550		
	Sig. (2-tailed)			.000	.000		
Leadership	Pearson	5.48	.77	.373**	.464**	.480**	
	Correlation			.373**	.404	.400	
	Sig. (2-tailed)			.000	.000	.000	

<sup>\*\*</sup> Correlation is significant at the 0.01 level (2-tailed).

Correlation analysis is shown in Table IV. Pearson correlation coefficient shows that there is strong



<sup>\*</sup> Correlation is significant at the 0.05 level (2-tailed).



correlation between transformational leadership, perceived fairness, intrinsic motivation and job satisfaction at significance level 0.01 and 0.05. Transformational leadership which comprises of various scales i.e. Charisma, Intellectual Stimulation, and Inspirational Leadership. Individualized consideration has significant positive correlation with perceived fairness, motivation and job satisfaction. Among all variables, motivation shows vary high correlation with dependent variable job satisfaction. (Table IV) provides a summary of a Latent Variable Correlation analysis to test the relationships among the TPIJ construct. It appears that the data collected support a strong relationship between transformational leadership and job satisfaction, also between perceived fairness and job satisfaction, also between intrinsic motivation and job satisfaction.

# 5.1. Mediation Analysis

\*Table V Results of Hypotheses Testing

"Table v Results of Hypotheses Testing						
	Criterion variables					
	Perceived fairness	Job satisfacti	on			
Predictor variables	Model 1	Model 2	Model 3			
Controls						
Direct effects						
Transformational leadership	.48*	.37*	.17			
Mediating effects						
Perceived fairness			.40*			
$R^2$	.26	.23	.26			

According to <u>Baron and Kenny (1986)</u> procedure, to test the mediating effects of perceived fairness in the relationship between transformational leadership and job satisfaction, and the full results are presented in Table V. First, transformational leadership was positively related to perceived fairness ( $\beta = .48$ , p < .05, see Model 1). So, we can accept H2 that transformational leadership positively affects perceived fairness. Second, transformational leadership was positively related to job satisfaction ( $\beta = .37$ , p < .05, see Model 2). So, we can accept H1 that transformational leadership has positive impact on employee job satisfaction. Third, when the effects of perceived fairness and transformational leadership were



considered together (see Model 3), transformational leadership ( $\beta$  = .17, ns) was non-significant, but perceived fairness was significant ( $\beta$  = .40, p < .05). So, we can accept H4 that perceived fairness mediate relationship between transformational leadership and job performance.

# 5.2. Analysis of heretical regression analysis

\* Table VI Hierarchal regression analysis

Step 1: Control	β	β	β	β
-				
-				
Age	277*			
Gender	.298			
Education level	056			
Monthly income	.025			
Step 2: Independer	nt			
Perceived fairness		.493**		
Step 3: Moderator(	(both are ind	ependent)		
Perceive fairness			.226**	
Intrinsic motivation	n		.485**	
Step 4:Interaction	terms			
Perceive fairness				.221*
Intrinsic motivation	n			.502*
Perceive fairness	* Intrinsic m	otivation		.454*
$\mathbb{R}^2$	.257	.493	.407	.410
Adjusted R <sup>2</sup>	.034	.243	.397	.395
F	2.036	37.868	40.151	26.853

Table VI presents the results of the hierarchical regression analysis. The variables were entered into the regression equation in four steps. The control variables were entered in the first step, the independent variable was added in the second step, the moderator variables were added in the third step, and the interaction terms obtained by multiplying the moderator variables by the independent variable were added in the fourth step. We used the centering procedure suggested by <u>Aiken, West, and Reno (1991)</u> for regression analysis using interaction terms.





The interaction of perceived fairness and intrinsic motivation were added in the fourth step. Step 3 shows that perceived fairness and intrinsic motivation has significantly positive relationship with employee job satisfaction. So we can accept H3 that perceived fairness affect job satisfaction positively. Value of  $R^2$  changed from 0.407 to 0.410 which states that intrinsic motivation moderated the relationship between perceived fairness and job satisfaction, so we can accept H4. But this moderation is very weak and difference of  $R^2$  is just 0.03, so we can say intensity of moderation is low and intrinsic motivation influence perceived fairness a little.

#### 6. Conclusion

In the context of Middle East, transformational leadership has direct impact on job satisfaction. Employees tend to receive stimulation and inspirational values from their leaders. They tend to decode the messages sent by their managers as form of inspiration and motivation to be meaningful and useful to boost their wellbeing. Salary and other packages of physical encouragement have not necessary to ensure job satisfaction; however, other factors like inspiration, consideration and charisma provided by manager's present profound psychological encouragement. Transformational leadership has profound impact on job satisfaction.

Transformational leadership has strong relationship with perceived fairness. Employees also tend perceive company either favorably or unfavorably based on nature of leadership. When leaders tend to stimulate their subordinates and drive them to act or think based or predetermined perception, they act carefully in accordance to that predetermined image to make their followers perceive that they are fairly treated in company. Employees in Middle East have satisfied to organizational fairness. They get all physical and psychological support which has fairly distributed among all the employees to improve their work outcomes.

Employees images transformational leaders favorably and according to that perception, they tend to feel satisfied of their workplace and leadership style they undergo. Perception plays important role in determining job satisfaction of employees .Employees believe and perceive that their organization provide them with all the necessary tools to boost their satisfaction. This study also suggests that perception of employees about fairness of organizational system and culture contributes towards higher levels of job satisfaction.

Investigating the moderator role of intrinsic motivation between perceived fairness and job satisfaction, intrinsic motivation was founded to be moderator of relationship between them but value has not very high. Intrinsic motivation enhances employee satisfaction but management has to consider other motivational factors in order to increase overall employee satisfaction. In Middle East, may be employees' value more extrinsic motivational factors or more inclined towards material benefits. Further investigation has required in this regard.

# **6.1. Recommendations and Limitations**

Organization should reinforce and refine the confidence of employees to concept of leadership; it should present it in new form and set rules to control it. Organization should take job satisfaction to boost the leadership behaviors among managers, which could serve job satisfaction orientation. Organization should impose supervision in order to split between culture and work place. Leadership qualities should



be stressed on leaders of both sectors – governmental or non -governmental order to function well and serve the orientations.

A primary limitation of study has relatively small sample size. Small sample sizes decrease power of statistical tests, making Type II errors more likely (Cohen, 1988). Furthermore, study was conducted to few numbers of companies, thus limiting degree to which the results might be generalized. Questionnaires were completed at one point of time by respondents, so results are also subject to common method and common source bias.

There has less research available on transformational leadership in developing countries context. This has very important area, and it has recommended replicating this study in under developing countries and under different cultural context. Furthermore, role of intrinsic motivation in transformational leadership required further investigation. There has strong theoretical support for positive role intrinsic motivation in building employee job satisfaction but less statistical evidence available, so it has recommended to further investigate intrinsic motivation in different industries, cultures and especially in governmental and non-governmental institutes.

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# **DECISION MAKING STYLES OF YOUNG PAKISTANI CONSUMERS:**

# A STUDY OF CONSUMER STYLE INVENTORY (CSI)

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#### **Abstract**

The purpose of this paper is to determine and analyze the decision making styles of Pakistani consumers in shopping product category. Consumer Style Inventory (CSI) is used in order to understand decision making styles of Pakistani consumers. A survey was conducted and a self-administrated questionnaire of CSI was used to collect the data from students. SPSS 20 was used for data analysis. Descriptive statistics and factor analysis was used to explore the decision making styles. Consumer Style Inventory (CSI) in Pakistan explores that six decision making styles exist among youth of Pakistan; Hedonistic Consciousness, Perfection Conscious, Brand conscious, Value Conscious, Confuse by over choice behavior and impulsive buying behavior. Deviations from original CSI decision making styles are due to political, economic and social differences between the countries. This study provides insights about consumer behavior of Pakistani consumers and their decision making styles. Managers can implicate the results for the purpose of designing marketing strategy and segmentation.

**Keywords:** Consumer Style Inventory, Decision Making Styles, Consumer Behavior Pakistan

# 1. Introduction

The consumer behavior science express that consumers use specific characteristics while buying (Dittmar et al., 1996; Walsh and Mitchell, 2002). Marketing managers eagerly try to understand market situations and consumer buying behavior. This is information technology era; marketing environment is very complex and dynamic in nature. Information about customers and their needs and wants is substantial to success of a marketing strategy. Understanding motives behind the purchase decisions is vital concerns for brand managers. Consumer buying and decision making process is crucial to understand. Consumer Decision Making Styles (CDMS) help marketers understand the potential customers, to launch a new product, to advertise existing product and for the purpose of segmentation (Walsh & Mitchell, 2002). Business organizations develop marketing strategies according to buying pattern of the consumers.

In order to understand consumer decision making styles (CDMS) three approaches has been suggested by researches: Consumer characteristic approach (SPROTLES & Kendall, 1986); consumer

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typology approach (Darden and Dorsch, 1990); lifestyle approach (Lastovicka et al., 1990). Among these approaches, however, the consumer characteristics approach seems to more explanatory and valid since it deals with mental models (Durvasula et al., 2001). The consumer characteristic approach deals with eight decision making styles; Perfectionism Consciousness, Brand consciousness, Novelty and Fashion Consciousness, Recreational and Hedonistic Consciousness, Price and Value Consciousness, Impulsiveness and Carelessness, Confused by over choice and brand loyal orientation. This research also focuses on consumer characteristics approach. These decision making styles can help managers to seek information at regional level.

Pakistani consumer market is very versatile due to enriched and diverse culture. There are many sub cultures in each province of Pakistan. Consumer market shows different characteristics alongside country. Literacy rate is 60 percent (2018). Pakistan is considered as a collectivist society and most of decision making is influenced by family, friends and social circle (Hofstede, 1984).

The purpose of this paper is to determine and analyze the decision making styles of Pakistani consumers; and to find which decision making style is more prominent and valuable among consumer markets of Pakistan customer. General population follows which mindset style while making decisions about purchasing new product, and what could be relative importance of each consumer decision making style.

Based on purpose of the study, following research questions are proposed:

- Is decision making styles of Pakistani consumers significantly differ from eight decisions making consumer styles? (i.e. Perfectionism Consciousness, Brand consciousness, Novelty and Fashion Consciousness, Recreational and Hedonistic Consciousness, Price and Value Consciousness, Impulsiveness and Carelessness, Confused by over choice and brand loyal orientation)
- Which decision making styles are more common and valuable in Pakistani consumer market?

#### 2. Literature Review

Life style approach, consumer typology approach and consumer characteristics approach explain buying behavior of consumer. Life style approach deals with psychographic life style segmentations and individual take similar decisions according to association with segment (Lastovicka et. al, 1990). This approach is good for segmentation but not comprehensively explain about decision making. Consumer typology approach explains that consumers make mindset and intentions before actual buying encounter. According to consumer typology approach, consumer set a preplanned set of rules to evaluate alternatives and these set of rules guide consumer throughout the purchase transaction (Darden & Dorsch, 1990). The consumer characteristic approach is originated by Sproles and Kendall (1986). They developed a questionnaire which contains 50 items to measure common characteristics toward buying the products. Sproles and Kendall (1986) purposed nine DMS derived from the 50 items. Factor analysis categories nine decision making styles into six styles and it is considered that three unconfirmed styles are similar to the remaining six DMS. Kendall and Sproles (1986) develop an instrument of 40 items in order to explain Consumer Decision Making Styles (CDMS). Theses 40 items are named as consumer style inventory (CSI). Factor analysis of CSI confirmed eight decision making styles.

(1) Perfectionism Consciousness (considering the quality);





- (2) Brand consciousness (paying attention to the brand);
- (3) Novelty and Fashion Consciousness (choosing the trendy and new things to buy);
- (4) Recreational and Hedonistic Consciousness (buying for the fun of it);
- (5) Price and Value Consciousness (considering the value and the price);
- (6) Impulsiveness and Carelessness (buying regardless of any thought before);
- (7) Confused by over choice (consumer does not know what to buy due to lots of choices); and
- (8) Habitual, brand loyal orientation (loyalty and buying because you are used to doing so).

CSI has been tested in different countries, including China, US, India, New Zealand, Germany, Iran and South Korea (Lastovicka et al., 1990; Lysonski et al., 1996; Ünal and Ercis, 2008; Walsh and Mitchell, 2002). A study was conducted in US, New Zealand, India and Greece follow three major styles which are brand loyal orientation, brand consciousness and novelty and fashion consciousness and suggest that CSI is more applicable to the developed countries (Lysonski, Durvasula, & Zotos, 1996).

Due to cultural, political, economic, social and geographical differences every country exhibit unique set of decision making styles. The results indicates that eight-factor model is not consistent across countries, and thus further research is required in different environments to validate CSI system (Stoel et al., 2004). So, it is obvious that CSI does not provided a universal solution of decision making; and styles of decision making vary across different countries. Previous researches suggest that CDMS are also depends upon the economic conditions of the country and social class of individual. Income and loyalty having strong relationship (Homburg and Giering, 2001). High income group mostly loyal and perfectionist conscious (Wesley et al., 2006). Culture shapes the behaviors of people and regional differences in culture effect decision making styles. Degree of urbanization is important while designing marketing strategy because culture effect decision making of individuals (Sun et al., 2013).

Individual behavior, attitude, norms and values also effect the generalization of CSI system. Lysonski *et al.*, (1996) analyzed the cross-cultural generalization of the instrument by taking a sample of university students, and realized that the instrument was applicable, although a few items were loaded differently compared with the original study of Kendell.

A CSI research is taken in the Iran, this study exhibits that gender having a strong influence on the decision making styles (Moosavi Kavkani et al., 2011). According to the results, males are more impulsive than females; women's are influenced by recreational and hedonistic consciousness's novelty and fashion consciousness, and perfection consciousness. Another study regarding decision making based on gender found that only few CDMS were common for both men and women (Bakewell et al., 2006; Mitchell and Walsh, 2004). Bakewell et al., (2006) identified that men's decision making is about problem solving or for satisfaction of the need but women's are likely to take shopping as a recreational activity. He also explore that men take less time to purchase the things (Zeithaml, 1985). Males are less quality conscious and fashion conscious, but females pay more attention to brands, quality and novelty of the products (Mitchell and Walsh, 2004).

A cross country comparison between developing and developed countries shows that "brand conscious", "Novelty and fashion conscious" and "habitual brand loyalty" is common among developing countries and developed countries; but developed countries (New Zealand and US) rank "recreational"



conscious" shopping style high while developing (India and Greek) rank "brand Conscious" high among other shopping styles (Lysonski et al., 1996). In developing country i.e. India, people are more conscious towards brands to associate them with higher class. Later on, another study about retail market of India also verified that Indians are more inclined towards "Brand Conscious behavior" (Lysonski and Durvasula, 2013).

An interesting study in food industry investigate relationship of socio-demographic variables with decision making styles; and explore that "quality conscious" "perfectionism" having strong relationship with age, income and food product involvement (Anić et al., 2014). Furthermore; Price consciousness by age, education and income; Impulsiveness by age, education and income; Confusion by over choice by education and food product involvement.

Information technology revolution replaces traditional markets to modern e-markets. Ultimately, decision making styles are also changing and becoming more complex. A study verified 20 items consumer inventory style for online consumers of Macau, China (Sam and Chatwin, 2015). Sam (2015) identified three new dimensions related to online shopping behaviors which include product portability conscious, website content conscious and website interface conscious. Seven factors identified in this study. Quality conscious explains consider to be most important which explains 18.34 percent variance, brand conscious explains 15.5 percent variance, novelty explains 11.6 percent variance, fashion conscious 9.3 percent variance, price conscious 7.6 percent variance, product portability conscious 6.7 percent variance, website content conscious 6 percent variance, 5.14 percent variance explained by website interface conscious. Another study about peasant consumers, indicate that dominate decision making style is "confuse with our choice" due to lack of technical knowledge about products (Baoku et al., 2010). So, different industries have different set of decision making styles.

Another study identify link between consumer style inventory (CSI) with word of mouth and social networking sites i.e. Facebook, Twitter. Novelty and fashion conscious decision makers are more likely to seek opinion from social media sites while brand conscious is most important antecedent of positive attitude towards shopping (M. Kang et al., 2014).

Consumer decision making styles can also provide a solid base for segmentation. A research study has been done to provide insights of segmentation in digital market of Tehran (Mohsenin et al., 2018). Mohsenin (2018) identify a new decision making style while performing EFA and name it "Premeditated buying". Premeditated buying is basically rational decision making which a consumer do on the bases of extensive search of information before purchase transaction. This information search includes features of product, comparison of alternatives and price. Product category is important while understanding of decision making styles. Results of one product category cannot be generalized to other category. In sports products, Japanese are more brands conscious but generally they are considered to be quality conscious (Bae et al., 2015).

From above mention literature, it can concluded that consumer style inventory provide useful insights of consumer behavior and helps marketers to understand market, target customers and to build marketing strategies. This study also attempts to explore insights of Pakistani consumer buying and





Based on literature review and research question following hypothesis can be stated;

H1: Decision making styles of Pakistani consumers significantly differ from eight consumer decisions making styles; Perfectionism Consciousness, Brand consciousness, Novelty Consciousness, Hedonistic Consciousness, Value Consciousness, Impulsiveness, Confused by over choice and brand loyal orientation.

# 3. Methodology

This research has been conducted in order to determine decision making styles of Pakistani customers and to gauge which element of CSI is relatively important in Pakistani prospective. For this purpose, 300 questionnaires were distributed in the University of Sargodha, Sargodha which is one of the prestigious universities of Pakistan. The questions adapted from Seyyed Ali Moosavi Kavkani (2011). From a total of 300 questionnaires, 260 completely filled questionnaires were returned; 40 discarded due to response biases and incompleteness. Response rate was 86 percent which is good enough to meet requirement of analysis. The convenient sampling technique was used due to lack of time and financial resources.

The questionnaires were filled in the month of May, 2018. The questionnaire consisted of the total 40 questions which were classified according to decision making styles, the first five items were related to the Perfectionism Consciousness, four items were related to the Brand Consciousness, five items were related to the Novelty and Fashion Consciousness, five items were related to the Recreational and Hedonistic Consciousness, Seven items were related to the Price and Value Consciousness, six items were related to the Impulsiveness and Carelessness, four items were related to Confused by over choice and the last four items were related to the Habitual, brand loyal orientation. Two additional questions were used, from which first question was about the gender and other was about the age of respondents. The five-point Likert scale was used (where 1 equals strongly disagree and 5 equals strongly agree). Data was analyzed by using SPSS 20.

### 4. Data Analysis and Interpretation

Descriptive analysis (Table 4.1) showed that the following questionnaires were filled from 250 female and 122 male respondents. Females' representation in the sample is 67.2 percent and males are 32.8%. Similarly, 14% respondents were between the ages of 17-19 years. Nearly 62% were between the ages of 20-22 years, and about 24 percent were 23 years old and above. Representation of female group is dominant in sample size. Most of the respondents belong to 20-22 years age group.

Table 4.1 Descriptive Analysis

N=372	Categories	Frequencies	Percentage
	17 to 19	52	14.0
	20 to 22	230	61.8
Age	23 and above	90	24.2



	Male	76	63.3
Gender	Female	44	36.7

KMO coefficient value is .817 which is greater than cut off value (0.5). Bartlett test of sphericity is also significant (0.00), so this data is suitable for factor analysis.

TABLE 4.2 Spehricity test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure o	f Sampling Adequacy.	.817
	Approx. Chi-Square	5056.217
Bartlett's Test of Sphericity	Df	780
	Sig.	.000

Scree plot analysis (Figure 4.1) also shows that there are six components which having higher eigen value (value>1) and after six components line become less steeper and close to horizontal axis.

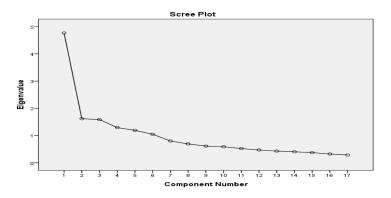


Figure 4.1

Principle component analysis (PCA) suggests that there are 6 components which explain 60.436% of overall variance (Table 4.3). We only include those components who having Eigen values greater than 1. In this sort of study, 67.6% explained variance is acceptable. In other studies of this kind variance has values as following: Sproles and Kendall (1986) 46 percent, 47 percent, Fan and Xiao (1998) 35 percent, Siu *et al.*, (2001) 65 percent and tanksale *et al.*, (2014) 57.5 percent.

Table 4.3 Principle component Analysis

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.767	28.039	28.039	2.339	13.761	13.761
2	1.619	9.521	37.560	2.264	13.316	27.077
3	1.585	9.325	46.885	1.984	11.669	38.746
4	1.293	7.603	54.488	1.926	11.328	50.074
5	1.191	7.003	61.491	1.601	9.415	59.489



6	1.047	6.159	67.650	1.387	8.161	67.650
7	.800	4.704	72.355			
8	.693	4.078	76.432			
9	.613	3.606	80.038			
10	.588	3.458	83.496			
11	.523	3.075	86.571			
12	.470	2.763	89.334			
13	.429	2.526	91.860			
14	.404	2.374	94.234			
15	.374	2.199	96.433			
16	.322	1.894	98.327			
17	.284	1.673	100.000			

Extraction Method: Principal Component Analysis.

Final rotated component matrix (Table 4.3) that includes 17 items loadings which comprise six factors. It means there are six decision making styles are dominant in Pakistan; which are Recreational and Hedonistic Consciousness, Perfectionism Consciousness, Brand consciousness, Price and Value Consciousness, Confused by over choices and Impulsive buying behavior. Factor analysis shows that two shopping decision making styles; novelty conscious and habitual behavior is least common in case of Pakistan.

Rotated component matrix shows that Recreational and Hedonistic Consciousness is most important decision making factor which explains 13.761 percent of total variance. Pakistani consumers are not only looking for satisfaction of need but they also take shopping as recreational activity. Females were dominated in the sample size, so we can say shopping as recreational activity is common in Pakistani females.

Second most important factor is Perfectionism Consciousness which explains 13.316 percent variance. Perfectionism Conscious behavior is more related towards quality of features. In clothing, quality of stuff is very important concern for customers. Brand consciousness and Value Consciousness are 3<sup>rd</sup> and 4<sup>th</sup> most important behaviors which explain 11.669 % and 11.328 % respectively. Brands are important concern for customers in clothing industry but due less average income and average spending, people are not willing to spend too much money on higher brands. People think more about materialistic benefits rather than emotional benefits. Novelty conscious decision making style is fifth in rank which explains 9.415 percent variance. Impulsive behavior is last decision making style which explains only 8.161 percent variance. Reliability analysis shows that all the decision making factors shows sufficient reliability except impulsive decision making style (Factor 6).

Table 4.4: Consumer decision making styles in Pakistan

Factors	Loadings	Cronbach
		Alpha

Factor 1: Recreational and Hedonistic Consciousness

I enjoy buying new clothes (rh2)





Shopping is very enjoyable to me (rh3)	.792	$\alpha = 0.788$
It's fun and exciting to buy new clothe (rh1)	.765	
Factor 2: Price and Value Consciousness		
When it comes to purchasing clothes, I try to get the very best or	.851	
perfect choice (pc2)	.831	
In general, I usually try to buy the best overall quality (pc1)	.812	$\alpha = 0.816$
I make special effort to choose the very best quality clothes (pc3)	.713	
Factor 3: Brand consciousness		
I have favorite clothing brands I buy every time (bc4)	.820	
I usually buy well-known clothing brands (bc1)	.748	$\alpha = 0.742$
I prefer buying the best-selling brands (bc3)	.684	
Factor 4: Price and Value Consciousness		
I look very carefully to find the best value for money (pv5)	.754	
I am very cautious about the amount of money spent on clothes (pv6)	.735	$\alpha = 0.646$
I try to buy my clothes during special sales (pv3)	.643	
I spend much time to have a good (valuable) purchase (pv7)	.529	
Factor5: Confused by over choice		
There are so many brands to choose from that I often feel	.873	$\alpha = 0.718$
confused (oc2)	.0/3	
I am usually confused when buying clothes (oc1)	.860	
Factor 6: Impulsiveness and Carelessness		
I spend little time to buy my clothes (ic2)	.831	$\alpha = 0.478$
I buy the very first suitable clothing available (ic3)	.739	

#### 5. Discussion

This research provides many interesting insights about consumers of Pakistani markets in clothing industry. Marketers can design marketing strategies to target right customers on the basis of decision making styles. Recreational and Hedonistic Consciousness behavior is dominant in Pakistani markets. It is important for companies and marketers to provide better shopping experience to enhance sales. Product design and packaging should be interesting. Outlet layout and employee service can play major role in enhancing quality of shopping experience. Shopping is now become recreational activity, people love to buy the things without the needs. Specially, females like to shop just for fun and it became habit to amuse them. In this study, there is dominance of females in the sample (67%) so it can be limitation in generalization of results. Quality is always an important factor in shopping. People like to buy best quality products. Perfectionism Consciousness decision making style is the 2<sup>nd</sup> highest in CSI group.



Brand conscious peoples are high in the clothing sector of Pakistan. In this study, data was collected from young, educated and University students and we can say that young Pakistanis' are brand oriented. Either they are adopting international brands or national brands. Companies have to focus on branding strategies in order to attract youngsters. Building brand image and overall brand equity should be the concerns for marketing managers. Pakistan and India are both developing countries and also having a lot of cultural and regional similarities. Previous research identifies that Indians are brand conscious in decision making and this research shows that Pakistani consumers are also concsious about brands (Lysonski and Durvasula, 2013). The psychological consideration behind this decision making style is to associate with upper social class who use high quality brands. Relative importance of branding is higher in Indians as compare to Pakistani consumers.

Value Conscious customers always compare benefits and costs associated with product. Product features, designs and style is important special in clothing sector. Some consumers give value to novelty and new arrivals in clothing and try to find different designs.

#### 6. Recommendations and Limitations

Consumer decision making styles according to CSI need more purification. Cluster or stratified cluster sampling can be used in order to get more deep insights of consumer behavior. Pakistan population having very diverse and rich culture and generalizability is somewhat limited from one city sample. Demographics can be included to compare results of different regions, social class, income group and gender. It would be interesting study to evaluate change in decision making styles and to measure effectiveness of different marketing tools i.e. sales promotion, advertising, personal selling and direct selling. Sample size comprises young and educated university students. Results may differ if different age group is tested, e.g. above 40 years old.

Decision making styles of consumers varies with product categories. A person may show impulsive decision behavior in consumer goods while in shopping product category shows brand conscious behavior. So it is highly recommended to check consumer decision making styles for different product categories. Results of one industry can also be not generalized to all industries. So, further research can be done for different industries. Business-to-Business (B2B) decision making styles should be different then consumers. So, required special attention of researchers and further studies can elaborate this area.

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