Managerial Foresight of Upper Echelons Affecting Organizational Performance: An Empirical Study of Pakistani Textile Sector

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Abstract

This research seeks to answer the question of whether the foresight of the top managers influences their strategic choices in a specific sector, which ultimately affect the organizational performance. Here the chosen strategic decision is forward integration in terms of value addition in the textiles sector. This is an empirical study that has co-relational design approach. It is exploratory in nature, where hypotheses are developed and tested. Based on a cross sectional survey, the data refers to duration between the years 2015-2016. Sample size n=306 consisted of the CEO, CFO and the MDs of 156 listed textile mills of Pakistan. The survey was carried out in two phases; pilot testing and the final survey. Analysis of the data depicted statistically significant results; which revealed that the proposed predictor managerial foresight contributes towards the outcome variables-; 'organization performance' or 'strategic decision' that is acting as a mediating variable. Moreover, the results also prove mediation effect of strategic decision between managerial foresight and organizational performance.

Keywords: Managerial Foresight, Strategic Decision, Forward Integration, Organizational Performance, Pakistani Textile Sector

1 Introduction

Textile industry is globally one of the oldest and largest industries of the world. Its social and economic significance in the short term can be observed through employments, income and foreign currency receipts. In the longer run it provides sustained economic development to developing countries like Pakistan, Bangladesh, Vietnam etc. For countries engaged in export-oriented industrialization it is typically the 'starter' industry (Gereffi, 2002).

Globalization and relentless technological advancement have put the business world into an exorable uncertainty. The true predictable attribute of the future is unpredictability (Wayland, 2015). Uncertainty arise due to the higher echelons' lack of accuracy of knowledge, information and ability to predict about the organizations (theirs and external) and events happening around them (Vecchiato, 2008; Vecchiato, 2012b) This uncertainty may be taken as a threat or an opportunity. A successful leader possessing foresight and manages to reduce negativities of the threats by exploiting the opportunities.

1.1 Problem Statement

Textile is the most vital sector of Pakistan that has innumerable opportunities to flourish; yet for the last decade, the efficiency graph is not progressing as per its obvious potential, instead its growth is towards a decline. Extensive investigation into the matter highlighted the fact that the identified issues are not the causes, but the symptoms that are on the surface. Rigorous investigation revealed that the tactical and strategic decisions, pertaining to HR and growth are taken by the investors (called Seiths in local language) or their family members possessing higher management posts. Most of these members have occupied these positions, not because of their experience, qualification or potential; but by virtue of being the member of the family. Lack of managerial foresight results in delayed, ineffective or lack of strategic decisions. This situation has adversely affected this sector to acquire its true strength in the national as well as international markets. However, in order to investigate this issue in the field, a need is felt to acquire additional knowledge to evaluate the influence of higher ups' foresight on their strategic decisions, which ultimately impact organizational performance.

1.2 Research Questions

- Do the higher ups of textile industry possess foresight of taking strategic decisions?
- Does managerial foresight impact organizational performance?
- Does upper echelons' foresight impact strategic decisions like forward integration that ultimately affect organizational performance?

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1.3 Objectives

The primary objectives of the study are:

- To develop relationship of upper echelons' foresight with strategic decisions like forward integration.
- To analyze the role of higher ups' foresight in the overall performance of the textile sector of Pakistan
- To identify the extent to which there is a relationship between foresight of upper echelons with strategic decision making that ultimately affects the organizational performance
- To highlight the emerging research evidence along its theme

1.4 Research Gap

The complexity and challenges of the ever-changing business environment in the Pakistani textile industry, the firm grip of family members on the top managerial positions of the industry and gaps in the researches pertaining to the managerial foresight calls for this research to be generated. This study is expected to recommend suggestions to the top managers and the higher ups in the government, as to what should be done to augment the present status of Pakistani textiles in the international market.

1.5 Scope/ contribution of the Paper

Significant contribution of this study is that an empirical link of managerial foresight (MF) with strategic decision making (SD) and organizational performance (OP) is reported and tested in Pakistani contest.

1.6 Overview of the Paper

This research is comprised of six sections. Section one includes introduction; the second segment has review of literature consisting of the theoretical framework, research model, hypotheses, and variables of the study. Third section states the methodology adopted in conducting this research and results are recorded in segment 4. This paper concludes on discussion of results, research's contribution, implications and recommendations for future research.

2. Literature Review

2.1 Organizational Performance

Organizational performance is the basic factor contributed by each and everyone in the organization, whereas the level of effort depicts the success or failure of its efforts. It is linked to the idea of survival and success of an organization (Ahmed & Shafiq, 2014). Lee and Huang (2012), call it to be the sum of accomplishments achieved by all business departments. For them it relates to the act of achieving organizational goals within the set time frame. Over all outcome of an organization in terms of organizational performance refers to the degree to which a firm manages to meet its corporate objectives; whereas corporate governance is the system by which corporate are directed and controlled and is said to have influence on the organizational performance (Cadbury, 1992). Broad literature (Bhagat & Bolton, 2008; Gompers et.al 2003; Claessens, 1997) has demonstrated positive effects of higher ups of the firm on the overall organizational performance.

There are numerous researches that have used organizational performance as the outcome variable. Researchers suggest varied measures to gauge organizational performance. Kaplan and Norton, (1992) state that organizations should measure performance through four different perspectives, namely; financial perspective, customers' perspective, internal business perspective and innovation and learning perspective. Other organizational performance measures proposed by different scholars include productivity, profitability, competitive advantage, quality, creativity, effectiveness, growth, survival, succession, etc. (Fuller et al., 2003; Kaplan & Norton, 1992). Softer aspects pertaining to human Resource include employee satisfaction, commitment, employee turnover, employee motivation, management behaviour etc. (Stuff, 2005). In order to operationalize business performance, Demsetz and Villalonga (2001), recommend Tobin's Q to be used as a measure for both market value and book value. Studies pertaining to corporate governance (Bhagat & Bolton 2008; De Andres and Vallelado, 2008; Demsetz & Lehn, 1985; Guest, 2009) also support the application of Tobin' q for assessing firms' performance.

Organizational performance is quite often being used for empirical researches. For assessing an organizations value, either accounting based or market-based measures are applied (Van Hoom & Van

Hoom, 2011). Firms generally focus on the shareholders; therefore, the most appropriate measure of a business' performance is through value creation.

2.2 Managerial Foresight

Term foresight is well documented in the future studies researches. It took its origin with reference to the future studies in 1990s. Prior to this, earlier in 1940s term "forecasting" developed that gained popularity in 1950s (Martin, 2010). Foresight is defined by Calof and Smith (2010), as a strategic activity that supports managerial decision making by using set of tools to build the vision of the future markets. According to Amstéus, (2011), manager's ability to anticipate their actions and decisions that can create competitive advantage is called as managerial foresight.

Under the circumstances of rapid changes and uncertainty, importance of foresight was first acknowledged by Henry Fayol in early 1916. In his writings pertaining to strategic management he suggested that foresight is not the whole management rather it's an essential part of it (Fayol, 1949). About five years later, Knight (1921) credited foresight to be a superior managerial attribute. Transformational Leadership Theory also asserts that one of the attributes of transformational leaders is that they possess profound insight and farsightedness (Chen et al., 2006). Theories of attaining competitive advantage also support the role of managers' foresight in creating an edge (Ahuja et al., 2005; Courtney, 2001; Cockburn et.al, 2000). Courtney (2001) states that in most of the strategic planning and decision-making processes, foresight is considered to be the managers' main goal. According to Hines (2012), the outcome framework suggests that the primary aim of foresight is to influence decision making pertaining to future

2.3 Strategic Decision Making

Most widely used definition of Decision making is the choice between two or more alternatives; or a position or opinion, or judgment reached after consideration (Rausch & Anderson, 2011). The long-term decisions made by the higher management that affect the entire direction of the firm are called as Strategic Decisions. Strategic decision making by its nature is very uncertain, intricate and unstructured; therefore, the perception and elucidation of the top managers in any organization, critically influence strategic decision making (Dutton & Duncan, 1987). In order to diversify businesses and to find opportunities towards new ventures creation, speed of decision making is another facet that is not only seen as essential but at times decisive to ensure speed and efficiency in responding to the market opportunities and steering through uncertain and turbulent environment (Nor, 2013). According to Tio and Klieiner (2005), effective CEO's task is not to make too many decisions or to "solve problems", rather they are to think through as to what are strategic and generic-; the fewer important decisions at the highest levels. In support of this point Kim (2012) emphasizes the importance of strategic decision making to cope with the sheer magnitude and speed of changing environment, where survival of the firm gets to high risk; be it any sector, the senior managers are to cater to the new realities of extreme uncertainties.

2.3.1 Forward Integration

Kotter (1990) states that uncertainty in the business world explains as to why the 'leadership qualities' are admired by the business elites. At this time of globalization, the Pakistani textile has to face the challenges posed by open market, where the concepts of quality and cost effectiveness are of immense importance. Through the above discussion it seems essential that in this competitive atmosphere, if the manufacturers intend to increase their profits and contribute better toward country's GDP, then they have to plan for forward integration, to add value to their products.

Forward, backward and balanced integration are the three sub types of vertical integration. Stuckey and White (2006) define "vertical integration", as a mean of coordinating varied stages of an industry chain when bilateral trading seems inadequate to get desired outcomes. However, they further elaborate that in depth analysis of the whole business situation and cautious planning is required as vertical integration is 'complex, expensive and hard to reverse'. The phenomenon of forward vertical integration was initially developed by Williamson (1985), which is a blend of contract law, institutional economics and organizational theory.

The benefits of pursuing forward integration or strategic alliances have been highlighted by numerous researches (Ireland, Hitt & Vidyanath, 2002; Rothaermel, 2001; Stuart, 2000; Dyer & Singh, 1998;

Gulati, 1998). Successful leaders are the ones who are cautious to frame a decision approach; they have the foresight to review their situation and maintain a balanced approach from the outset. As everything can't be accurately predicted in advance; therefore, catering to the speed of change and uncertainty, higher ups respond to the real-time market feedback (Paul & Schoemaker, 2015). It is highlighted by Gamble and Thompson (2009) that a company's strategy is composed of competitive moves and approaches that management has developed for the achievement of organizational objectives, business growth, for conducting operations or to cater to its customers' satisfaction.

2.4 Textile sector of Pakistan: Present state and Issues

Pakistan is globally amongst the top 10 exporters of textile products and it is ranked as Asia's 8th largest textiles exporter. It possesses the third largest spinning capacity in Asia, whereas China and India hold the first and the second positions respectively. According to United States Department of Agriculture (USDA, 2017-18) report, Pakistan is internationally ranked as fifth in producing cotton and is the third largest cotton consumer in the world. From the national perspective, economic contribution of the textiles sector for the year 2017-2018 is as under:

Table 1: Economic Contribution of Textile Sector of Pakistan

Description	Contribution
Exports	More than 60% of Total Exports
Manufacturing	46% of Total Manufacturing
GDP	8.5 %
Employment	40% of Industrial labor force
Salaries and Wages	Rs. 4 Billion per Annum
Investment	40% of Total Banking Credits
Market Capitalization	7% of Total
Interest	Rs. 4 Billion per Annum

Source: Pakistan Bureau of Statistics 2017-2018

There are more than 600 textile mills, out of those 153 are listed. Moreover, textile exports that had touched $ 12 billion in 2009- 2010 could reach $13 billion till 2012- 2013, however it couldn't get even near to the target of $ 25 billion by the end of 2014. In the annual budget 2015-16, the finance minister announced, a financial package of RS. 64.15 billion ($ 0.63 billion) in support of the textile's policy 2014-2019. This package was to double textile's exports and to create three million additional jobs by the year 2019. Textile sector also availed benefits through the leverage of duty-free import of machinery, under Statutory Regulatory Orders (SRO 809) in the first policy, which was further extended for the next two years. In the post quota system, global textiles and clothing trade substantially increased. However, Pakistan's share in global trade remained bleak at less than 3% only. This low performance was due to preferential trade agreement and special access provided to the other competing countries in the field, which resulted in imbalances and change in the distribution chain. In the year 2014-15, hundred and ten textile mills closed down their operations owing to the high cost of energy supply, which led to joblessness of one million workers of the industry. In addition to these the competitive advantage of Pakistan diminishes due to exports of low value-added textile products.

Pakistan's textile sector also has the aspect of having more than 95 % organizations that are family owned and in the local language the owners are called as 'Seiths'. Researches carried out by Carraher & Carrahere (2006) and Carraher (2005) have evidences of significant growth in GDP and employment attributed to the family firms in emerging and developing economies. Another research by Anderson and Reeb (2009) found that listed American family firms listed (S&P 500, an American Stock Market Index) tend to surpass their competitors in terms of growth and performance. The situation in Pakistan is slightly different. The owners at present are also the policy makers on the top of textile sector; these are the investors (called as Seiths in local language). Even the leading National Trade Association, representing the textile sector of Pakistan, All Pakistan Textile Mills Association (APTMA) is headed by investors. They possess less experience in the field with limited technical education and insight. Be it strategic decisions pertaining to growth, diversification, acquisition, financial matters, integration, and decisions of the sort, or negotiations with the government, the performance of textile sector remained bleak and volatile for past one decade.

2.5 Conceptualization of Hypotheses

2.5.1 Impact of Managers' Foresight on Organizational Performance

A number of extant studies possess evidences, which logically prove positive relationship between managers' foresight and organizational performance (Courtney, 2001; Slaughter, 1996; Harmel & Prahalad, 1994; Ansoff, 1991; Fruhan, 1972). In order to operationalize business performance for this specific study, two perceptual measures are used, namely: perceived organizational performance (POP) and perceived market performance (PMP). The employed measures are relative or benchmarked; i.e., the respondents are expected to assess their organizations' internal as well as market performance, relative to their competitors within the same industry (Delaney & Hustelid, 1996). Applying perceptual measures may have the tendency to induce non-method bias and may create measurement error; however, it is not unprecedented to apply such measures. The hypotheses devised hypotheses are as under:

H1: There is a Positive relationship between managers' foresight and Strategic decision regarding forward integration.
H2: There is a Positive relationship between managers' foresight and perceived organizational performance.
H3: There is a Positive relationship between managers' foresight and perceived market performance.

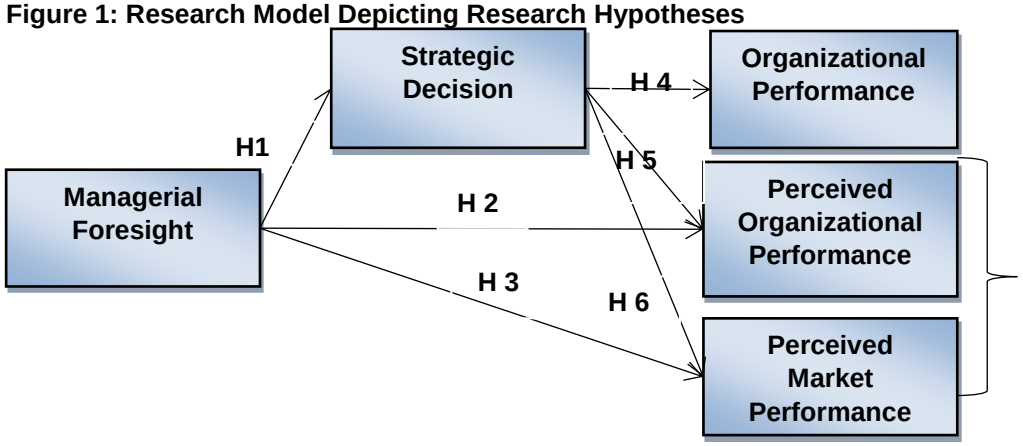
2.5.2 Mediational Role of Strategic Decision between Independent & Dependent Variables

As stated earlier that this study intends to contribute an empirical link of managerial foresight with organizational performance, where strategic decision plays meditational role. The hypotheses devised below test the relationship of organizational performance as a whole and the dimensions are also tested separately.

H4: Strategic decision of the upper echelon regarding forward integration mediates the relationship between managerial foresight (MF) and Organizational performance (OP).
H5: Strategic decision of the upper echelon regarding forward integration mediates the relationship between managerial foresight (MF) and Perceived Organizational Performance (POP).
H6: Strategic decision of the upper echelon regarding forward integration mediates the relationship between managerial foresight (MF) and Perceived Market Performance (PMP).

2.6 Research Model

Figure 1: Research Model Depicting Research Hypotheses



3. Methodology

3.1 Research Setting

Scholarly articles (Chaudhry & Hamid, 1988; Spinanger, 1995; Faini, 1995; Syed, 2006; Amin, 2012; Shah, Warraich & Kabeer, 2012; Afzal, 2012; Attaullah, Sajid & Khan, 2014) as well as official reports from government ministries/ organizations also provided evidences of the areas of concerns in the field of textiles. For instance, in the year 2005, government of Pakistan purposely created a special textile sub-committee that is, RDA Cell (Research Development & Advisory Cell), under the command of Ministry of Textile Industry. The aim was to formulate new strategy and policy to revamp the textile sector of the country. The

sub-committee submitted its report with suggestions and recommendations for improvement of the industry. These recommendations included improvement in product quality, up gradation of equipment/ technology, human resource development, exploring/ targeting new markets and above all developing high-powered leadership. Khan and Kazmi (2004), highlight the significance of textile sector by stating the fact that any negativity within this sector, be it internal or external, may result in serious imbalances in the whole economy of Pakistan.

3.2 Nature of Study

This is an empirical study that is quantitative in nature. It aims to find co-relation among selected variables. It intends to assess the practical implementation of the Upper Echelons' theory. It therefore examines the impact of upper echelons' personal characteristics and managers' foresight on the organizational performance of textile mills. This study is explanatory in nature, in which hypotheses have been developed and empirically tested. The purpose is to draw inference on the basis of the test results that led to acceptance or rejection of the proposed hypotheses. This cross- sectional survey is based on the data (primary as well as secondary) acquired for the target year 2015-2016. Study setting is non-contrived where the researcher's interference is minimal and data is gathered from the respondents within their comfort zones. Data is gathered with the help of structured questionnaires mailed or filled through telephonic/ face to face meetings during a specific time frame.

3.3 Sample and Population

Simple random sampling technique is adopted. All the top most management of the listed textile mills constitutes the population frame for the study in hand. The target population includes all the Managing Directors, Chief Executive Officers and Chief Finance Officers of the listed textile mills of Pakistan. In order to identify population for the study, the following aspects were taken into account:

- The selected individuals have some role in organization's strategy-making
- They may have the role as advisor in devising organizational strategy.
- Or they may have medium to high level of influence on the strategy-making process.

Through (PSX) website and record office Karachi, a list of listed companies was retrieved to target suitable textile mills' higher ups.The sample size (n= 306) consisted of above stated managers at the top level and the CEOs of the target locations. This sample size consisted of at least two representatives from each listed firm. This sample size is good enough to carry out the research as Sekaran and Bougie (2010), suggest that researchers get prone to making type II error if the sample size is too large. Targeted higher ups are employed at the mills situated in the province of Sindh (Karachi, Hyderabad, Noriabad), Muzaffargarh, KPK (Khaiber Pakhtoon Kha), Hub (Balauchistan), Faisalabad and Shekhupura, Azad Kashmir.

3.4 Data Collection

Primary data is gathered with the help of structured questionnaires mailed or filled through telephonic/ face to face meetings during a specific time frame. Whereas, for additional quantitative data varied sources are accessed; which include websites and personnel in charges of All Pakistan Textile Mills Association (APTMA), Survey of Pakistan's quarterly and annual reports, Pakistan stock exchange, Trade Development Association of Pakistan (TDAP), State Bank of Pakistan (SBP), United States Department of Agriculture (UNDA) etc.

3.5 Measurements & Instrument

In order to measure the research variables, the devised instrument is comprised of two main segments. Section one encompasses the operationalisation of the research variables, whereas section two consists of the socio-economic demographic information of the respondents. The entry of names of respondents and their respective organizations' identity was optional. As per the prior studies guidelines (Horst, 1968; Oppenheim, 1986 & Sekaran, 2003), questions' statements are kept short i.e., not exceeding twenty words per question. Moreover, knowing the educational/social background of the respondents, questionnaire is also translated into national language-; Urdu. Backward- forward translation procedure is adopted to ensure accurate translation. Following proper guideline, two translators were contacted and it was ensured that both of them have proper knowledge of English as well as Urdu.

The items of the research instrument are extracted and devised through rigorous literature review. Adoption of completely new and untested instrument should only be the last resort (DeLone & McLean, 2004). Owing to having limited knowledge in the field of research, previously devised questionnaire is adopted. The available tools are prepared and tested in different cultural contexts. According to Neuman (2006), reliability and validity of the devised instrument are the core concern in the measurement of any construct. However, making use of tested and tried items from previously published, peer reviewed articles and books, solves the issue to some extent. Secondly it enables the researcher to verify the findings of the others and to build on others' work (Sekran & Bougie, 2010). In addition to this the pilot survey further validates the effort. Moreover, in order to fulfill the needs of the survey slight tailoring with the help of some self-devised items was also required. The first segment has five-point Likert scale, ranging from one (strongly agree) to five (strongly disagree) for the first twenty-four items and for the next seven items, again five-point likert scale ranging from one (very poor) to 5 (very good), is applied.

The final measurement instrument consists of forty-eight items in total. The first part of the questionnaire contains thirty-five items, out of which seventeen are for (IV) managerial foresight, seven are to test strategic decision (MV) pertaining to vertical integration, and latter eleven items are to gauge organizational performance (OP); whereas the last thirteen questions are specific to the socio-demographic information of the respondents. In order to reduce bias both negatively and positively phrased items to be employed (Churchill, 1979; Spector, 1992). Keeping this in view, two items: MF2 (Do not pay attention to facts/experiences older than two years.) and MF13 (I am against changes that threatens one's position), in the instrument are in reverse order.

The first ten items regarding managers' foresight are picked up from the measurement scale for foresight developed by Amsteus (2011). The next seven are adopted from the research done by VanderLaan (2008). The latter seven items, pertaining to strategic decision/ vertical integration, are extracted from the study conducted by Haijian (2009). For measuring organizational performance in this specific study, two aspects are considered; they are perceived organizational performance (DV) and perceived market performance (DV). For perceived organizational performance seven items are used; where as in order to gauge perceived market performance four items are applied. The survey is carried out in two phases. Pilot survey was conducted on a sample of 50 people. In the final phase, rest of the target population was provided with designed questionnaire. Depending on the proximity of location, they were delivered either directly in person or through mail or Whatsapp having the link to access the digital version.

Altogether 306 questionnaires were distributed to the target population. Out of the total responses 13 were incomplete; therefore, they had to be eliminated, which brought the number of the useable questionnaires to 211 i.e., 68.9%. Despite reassurance for confidentiality, the targeted group had apprehensions about the use of data. According to Baruch & Holtom (2008), researchers suggest that a valuable and valid research must ensure 50% - 80% response rate; therefore, this number is considered good enough to ensure generalizability of the research findings.

4 Findings & Analysis

4.1 Reliability Test

In order to test reliability of the measurement tool, reliability test using SPSS 20 version was conducted and factor analysis and Cronbach's Alpha (or coefficient alpha), measure of reliability were calculated.

Table 2: Measure of Reliability

	MF	SD	OP	POP	PMP
Cronbach's Alpha α	.935	.890	.883	.795	.850
No of items	17	07	11	07	04
Note: Reliability test conducted on N=211					

The values for the loaded factors are; MF= 0 .935, SD=0.890, OP=0.883, POP= 0.795 and PMP=0.850. As per the required threshold (Nunnally, 1978), all the values of Cronbach's Alpha α came out to be greater than 0.7, this represents the general level of reliability of the research instrument.

4.2. Descriptive Analysis of Socio-Demographic Data

Prior to the statistical analysis, the study sample was evaluated to ensure that the data set satisfies the basic statistical assumptions. Descriptive statistics evaluation enables the researcher to get familiar with the data set, prior to proceeding with further statistical analyses (Hair et al. 2006).

Table 3: Frequency Distribution of Socio-Economic Factors

Variables	Values	Category	Frequency %
Age	30-39	44	**20.9**
	40-49	45	**21.3**
	50-59	51	**24.2**
	60 and Above	84	**39.8**
	Total	211	**100.0**
Qualification	Matriculate	17	**8.1**
	Under Graduate	8	**3.8**
	Graduate	65	**30.8**
	Post Graduate	11.3	**53.6**
	Others	8	**3.8**
Experience	1 year	7	**3.31**
	2- 5 years	71	**33.6**
	6-10 years	23	**10.9**
	10 +	110	**52.14**
	Total	211	**100.0**
Current Position	MD	50	**23.7**
	CEO	99	**46.9**
	CFO	3	**1.4**
	Others	59	**28.0**
	Total	211	**100.0**
Experience Current Position	1 year	6	**2.8**
	2-5 years	74	**35.1**
	6-10 years	24	**11.4**
	More than 10	10.7	**50.7**
	Total	211	**100.0**
Ownership status	Outside family	36	**17.1**
	Relative of the owner	45	**21.3**
	Owner's offspring	59	**28.0**
	Personal ownership	71	**33.6**
	Total	211	**100.0**
Socio-economic background	"entrepreneur-run"	5	**2.4**
	" upper middle class"	80	**37.9**
	High class	43	**20.4**
	Total	211	**100.0**

Based on the 2015-2016 data at least 2 higher ups from each of the 153 listed textile mills were targeted. From the usable data of N=211, about 39.8% top managers are above sixty years of age and just 20.9 % are aged between 30-39 years. In relation to information regarding qualification of the higher echelons, companies have been less inclined towards releasing information on their web pages/sites. Those who have marked on 'others' in qualification, they actually referred to additional courses or diplomas related to the field of textile. Nearly 47 % CEOs cooperated in filling out the survey, out of these just four of them were from outside the family. Only three CFOs responded and all of them are externally hired. Experience of the maximum (52.14 %) respondents is more than ten years, 10.9% had 6-10 years' experience and

33.6% have 2-5 years' experience, whereas only 3.3% have one-year experience in the field. Nearly the same situation is observed in the response to the question regarding experience in the current position. In terms of ownership status, about 33.6% are the main owners of the setup, 32.7% are their offspring, 28% are the relatives to these owners and just 17.1% are hired professionals from outside the family. Family-based share-holdings still represent a significant part of the capital of maximum of the listed companies. As a result, the age diversity may reflect the representation of different generations of the same family, as younger members of the family are being groomed to be the executives or to hold other critical, non-executive posts.

4.3 Co-relation Analysis

In order to test the strength and direction of association among the study variables, Pearson's correlation (r) was calculated. Table 4 contains summary statistics and Correlation coefficient (r) values. As depicted in the table all the values of variables to be tested came out to be statistically correlated at $p<0.05$ level (2-tailed).

Table 4: Correlations

Variables	MF	SD	OP	POP	PMP
MF	1	.660**	.684**	.657**	.644**
SD	.660**	1	.780**	.742**	.748**
OP	.684**	.780**	1	.976**	.913**
POP	.657**	.742**	.976**	1	.802**
PMP	.644**	.748**	.913**	.802**	1

Note: *Shows significant relationship between variables at $p<0.05$ level (2-tailed)
Here N=211
**Shows significant relationship between variables at $p<0.01$ level (2-tailed)

The standard values of Pearson's correlation (r) ranges from -1 to +1. The readings for all these five variables show that the strength of relationship is positive as well as significant. Studies suggest that if the values of Pearson's correlation come out to be significant then the results of regression analysis are also significant (De Veaux, Velleman & Bock, 2008).

4.4 Regression Analysis

To test the devised hypotheses regression analysis was done step by step on each variable, using SPSS 20 version. Regression and correlation analyses are 'bi-variate' tools; it means that they are designed to depict relationship between ONLY two variables. The results copied in table 5 below, show simple linear regression analyses of the direct relationships for hypotheses H1- H3.

Table 5: Hypotheses Testing Through Regression Analysis

S.NO	Model	R^2	Adj R^2	t- value	Beta β	p-value	VIF	Result
H1	MF→SD	.436	.433	12.703	.660	.000.	1	Significant
H2	MF→POP	.432	.429	12.597	.657	.000	1	Significant
H3	MF→PMP	.415	.412	12.182	.644	.001	1	Significant

Note: Beta β shows the Regression coefficients, R^2 shows the coefficient of determination, ΔR^2 shows the change in coefficient of determination, tcal.value indicates the acceptance or rejection of the study hypothesis and the p-value and F value show the study model is significant or not significant.
**** Shows significant relationships between variables at $p < 0.001$ level*

4.5 Multiple Regression Analysis for Mediation Effect

Multiple regression analysis is the statistical tool that enables the examination of the relationship of dependent variable with multiple independent variables (Carson, Peterson & Higgins, 2005). Hypotheses 4, 5 and 6 are the ones measuring meditational effect of strategic decision between managerial foresight and Organizational performance respectively. Preacher and Hayes (2008), state that the most commonly used causal steps strategy is proposed by Baron and Kenny (1986). For testing mediation effect Baron and Kenny's suggested four steps were applied. Regression analysis was employed to investigate the

involvement of strategic decision as a possible mediator between IV and DV. The results of the treatment are tabulated in table 6 below:

Table 6: Mediation Analysis Through Multiple Regression Analysis

Tests	Models	R^2	ΔR^2	t- value	Beta β	p-value	VIF	Results
1	MF→SD	.436	.433	12.703	.660	.000.	1	Significant
2	MF→OP	.468	.465	13.55	.684	.000	1	Significant
3	SD→OP	.589	.587	17.299	.767	.001	1	Significant
4	SD→POP	.407	.404	11.966	.638	.000	1	Significant
5	SD→PMP	.478	.476	13.843	.692	.000	1	Significant
6	MF→SD→OP	.659	.191	5.559	.300	.000	1.77	Significant
7	MF→SD→POP	.546	.482	5.499	.349	.000	1	Significant
8	MF→SD→PMP	.546	.147	5.577	.331	.000	1.61	Significant

Note: Beta β shows the Regression coefficients, R^2 shows the coefficient of determination, ΔR^2 shows the change in coefficient of determination, tcal.value indicates the acceptance or rejection of the study hypothesis and the p-value and F value show the study model is significant or not significant.
**** Shows significant relationships between variables at p < 0.001 level*

The findings of multiple regression analysis depicted that all the four conditions of hypotheses depicting mediation are met. R^2 values range from .436 to .659 for the tests done for the first three conditions (tests 1-5 of table 6). These describe the percentage of variations between the IV and DV, MV and DV and IV and MV. The p-values of these tests show that the models are highly significant. For these tests $t_{(cal)}$-values range from 11.9 to 17.29 that are all higher than the standard $\pm$1.96.

For the fourth condition, tests 6, 7 and 8 are conducted to test mediation effect of strategic decision (SD) between (IV) managerial foresight and (DVs) organizational performance, perceived organizational performance and perceived market performance. Changes in R^2 for tests number 6 (from 0.659 to 0.191), 7(0.600 to 0.169), and 8 (0.600 to 0.184), depict significant changes in percentage variation between IV and DV due to the addition of SD as a mediator. For test 6, due to the mediation effect of SD the $t_{(cal)}$- value reduced from 13.55 to 5.56. The $t_{(cal)}$- value for test 7 regressed from 11.11 to 5.49 and for mediation model 8, $t_{(cal)}$- value regressed from 11.78 to 5.57. This decrease in the values provides evidence of mediation of SD between MF and DVs. However, the findings suggest partial mediation as the values of the predictor did regress but they are still significant. In addition to these all the values of Vector identification factor (VIF) range from 1 to 1.772, which indicate that that there is no issue of multicollinearity either.
Result of the analyses is compiled in the Table 7 below:

Table 7: Research Question, Hypotheses & Conclusions

RQ1: Do the higher ups of textile industry possess foresight of taking strategic decisions?	
Hypotheses	**Conclusions**
H1: There is a Positive relationship between managerial foresight and strategic decision regarding forward integration.	H1 is accepted. Hence proven that there is a highly significant and positive relationship of MF with SD
RQ2: Does managerial foresight impact organizational performance?	
H2: There is a positive relationship between managerial foresight and perceived organizational performance.	H2 accepted: Result suggest that better the MF of higher echelons better will be the POP
H3: There is a positive relationship between managers' foresight and perceived market performance.	H3 accepted: There is a highly significant and positive relationship of MF with PMP
RQ3: Does upper echelons' foresight impact strategic decisions like forward integration that ultimately affect organizational performance?	

H4: Strategic decision (SD) of the upper echelon regarding forward integration mediates the relationship between managerial foresight (MF) and organizational performance (OP).	H4 is accepted and the change in the t-value suggests that there is a ***partial mediation*** effect of SD between MF and OP.
H5: Strategic decision of the upper echelon regarding forward integration mediates the relationship between managerial foresight (MF) and perceived organizational performance (POP).	H5 is accepted: Strategic decision partially mediates between MF and PMP
H6: Strategic decision of the upper echelon regarding forward integration mediates the relationship between managerial foresight (MF) and perceived market performance (PMP).	H6 accepted: There is partial mediation of SD between MF and PMP.

The analyses of the first three hypotheses imply that the higher degree of managerial foresight leads to more inclination towards taking strategic decisions, if so, then better will be the organizational performance that includes; perceived organizational performance as well as perceived market performance of their relevant organizations. These results are in accordance with the past studies carried out by Courtney, 2001; Slaughter, 1996; Harmel & Prahalad, 1994; Ansoff, 1991 and Fruhan, 1972.

Results of hypotheses H6 to H8 are an empirical proof, for the proposed link among managerial foresight with organizational performance where strategic decision plays a mediating role. This is expected to provide a valuable contribution to the literature pertaining to managerial foresight and strategic decision making.

5 Conclusions

51 Implications and Suggestions

Pakistan's textile leaders hardly spared any fund for R&D as they give first preference to short-term ready cash and tend to discount long-term fat return on investment in quality and return to consumers. It is therefore suggested that a culture of research and development needs to be created by the leading authorities. This can also be initiated by getting connected to the research organizations and carrying out specific studies like value addition, product diversification and other studies of the sort. Incentives may be offered to the post graduates and professional researchers.

The top decision makers of the industry need to let go of their insecurities of managerial expropriation and hire younger professionals for the top most ranks. The selection of CEOs and CFO to be done by ensuring perfect 'fit' between the personnel and the posts. The hiring should be of the sound professionals, who are well equipped to run day to day operations and are apt to negotiate with the government policy makers as well. They should be given enough exposure so that they can manage trade negotiations with the ministry of commerce and trade involving textile products, look for better market access and get the export development fund improved to alleviate the textile sector. These professionals should have foresight, to observe and predict the future trends instead of the current or short-term performance. A culture of continued professional development to be created that should be devoid of any selection bias for both the family members as well as the hired employees.

Government should impose more taxes on the export of the cotton grown domestically to discourage the out flow of the cotton bales to the foreign countries and to increase domestic consumption on value added outputs. Incentives should be given to the firms which are ready to take initiative to go for forward integration by adding value.

5.2 Limitations of the Study

No study is devoid of its limitations; similarly, this research cannot be concluded without highlighting its limitations. The target sector for this research is textile, which is a purely privatized sector led by its owners/investors. If this study had a wider scope that is, if it was conducted on the higher echelons in general, the results would have been more conclusive having the attribute of higher generalizability and testability on other sectors as well. Moreover, in order to add vigor to the research, more effort could be

devoted in testing organizational performance as an outcome variable through quantifiable measures like return on investments, Tobin's Q etc.

5.3 Recommendations for Future Research

In addition to these, this study highlighted that more than 96% businesses in the sector are led by owners or their family members. Future researchers may put in effort to conduct sector specific research regarding corporate governance or cross-cultural research may be conducted on the same.

This particular research was meant to study the impact of managerial foresight of upper echelons on organizational performance in Pakistani context. It has also contributed valuable suggestions to the higher echelons in the textile sector as well as for the government. the key to success is that these leaders must be cautious to structure decision approach; they possess foresights which enable them to introspect upon their situation and maintain a balanced approach from the outset.

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