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**IMPACT OF GREEN MARKETING ON CONSUMER'S
BUYING BEHAVIOR**

Supreet Kaur

Assistant Professor, Sri Guru Gobind Singh College of Commerce,
Pitampura, New Delhi, India
Email: kaur.supreet23@yahoo.co.in

ABSTRACT

Nation is moving towards higher risk of environmental degradation and is largely affected by global warming. This Rising concern for global warming & corresponding increase in energy costs are causing consumer's to look for those products which are environment friendly. There has been a change in consumer attitudes towards lifestyle. Today most of the consumers have become environment conscious and the main challenge is to find a way how marketing can fulfill the needs of the most of the world's population for a better standard of living. To grasp the new emerging opportunities and to ensure better standard of living, the new concept – Green Marketing has emerged. Green Marketing promotes marketing of such products which are safer for the planet & people. This Paper is a way to present how people respond to greener products & what impact does green marketing creates in minds of consumers.

Keywords: Consumer Attitude; Consumer Behavior; Green Campaigns; Green Marketing; Green Products

INTRODUCTION

The concept of green marketing has been emerged since the first earth day in 1970. Also the government of India launched an Eco -mark scheme in 1991 to increase consumer awareness in respect of green products. The aim of the scheme is to encourage the customers to purchase those products which have less harmful environment impact. Today's consumer is more concerned about its environment and would prefer paying premium for a greener product that could save its planet. Marketers are trying to come up with products that are harmonious with the nature For Example Levis concept of making jeans out of scrap bottles(1 JEANS = 8 BOTTLES) is a way to attract large chunks of market.

The American Marketing Association (AMA) defines green marketing as the marketing of products that are presumed to be environmentally safe; it incorporates several activities such as product modification, changes to production processes, and packaging, advertising strategies and also increases awareness on compliance marketing amongst industries. The American Marketing Association (AMA) organized the first workshop on "Ecological Marketing" in 1975. The proceedings of this workshop resulted in one of the first book on green marketing entitled "Ecological Marketing". Two tangible milestones for green marketing came in the form of published books, both of which were called Green Marketing. They were by Ken Peattie (1992), in the United Kingdom and by Jacquelyn A. Ottman (1993), in the United States of America.

Green Marketing is the marketing of products which are considered not to be harmful for environment. Various terms like ecofriendly, recyclable, ozone friendly are often associated with green marketing. Green Marketing offers various incentives to business firms & provides growth possibilities.

According to Peattie (2001), the evolution of green marketing has three phases.

First phase: "Ecological" green marketing and during this period all marketing activities were concerned to address environment problems and provide remedies for environmental Problems.

Second phase: "Environmental" green marketing and the focus shifted on clean technology that Involved designing of innovative new products, which take care of pollution and Waste issues.

Third phase: "Sustainable" green marketing. It came into prominence in the late 1990s and early 2000

REVIEW OF LITERATURE

According to Kangis (1992), green marketing must be more than either a green way of marketing, or the marketing of so-called green products. Green has to refer both to the method and to the product. This is why the very idea of green marketing needs considerable development and analysis, with rules and integrity in economic, scientific, academic and ethical terms. Charter (1992), has defined green marketing as a holistic and responsible strategic management process that identifies, anticipates, satisfies and fulfils stakeholder needs, for a reasonable reward, that does not adversely affect human or natural environmental well-being.

Pride and Ferrell (1993), Green marketing, as environmental marketing and sustainable marketing, refers to an organization's efforts at designing, promoting, pricing and distributing products that will not harm the environment. Polanski (1994) has defined green marketing as all activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants, such that the satisfaction of these needs and wants occurs, with minimal detrimental impact on the natural environment. Green marketing has been defined as all activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants such that the satisfaction of these needs and wants occurs, with minimal detrimental impact on the natural environment' by Polanski (2011).

A green consumer can be identified to be one who avoids any product which may harm damage to any living organism, cause deterioration of the environment during process of manufacturing or during process of usage, consume a large amount of non renewable energy , involves unethical testing on animals or human subjects (Ellington, 1994). Prakash (2002), green marketing refer to the strategies to promote products by employing environmental claims either about their attributes or about the systems, policies and processes of the firms that manufacture or sell them", while (Posonsky,2007), has defined it as " green or environmental marketing consist of all activities designed to generate and facilitate any exchange intended to satisfy human need or wants, such that the satisfaction of these needs and wants occurs, with minimal detrimental impact on the natural environment ."

According to Ottoman (1999) green marketing serves two key objectives as follows:

- To develop the products that incorporate consumers' needs for convenience, affordable pricing and performance while having a minimal impact on the environment.
- To project an image of high quality, including environmental aspects, both in regards to product attributes and the manufacturer's track record for environmental fulfillment.

RESEARCH OBJECTIVES

The main objective of the current study is to understand the concept of green marketing and to identify the relationship between various consumer attitudes and green marketing. A questionnaire was developed and on the basis responses were collected from 60 respondents and a brief description of responses has been provided in the paper. Its main purpose is to trigger minds of marketers so that they can evolve new products that are environment friendly. Various cases have also been presented to show the steps taken by big firms to save planet.

Importance of Green Marketing

What to produce? This is the basic question posed in our economy. People are becoming more conscious about their environment due to alarming increase in global warming & growing rate of

ozone depletion. As Human resources are limited having unlimited wants; we must try to consume such goods which are recyclable, reusable & are eco- friendly. This leads to emergence of so called concept of green products, also known as eco- friendly products. The only way to save our planet from turmoil is to go green on a full swing as quickly as possible. Green Marketing is the way out. Green marketing is the marketing of products which are considered not harmful for the environment. Consumers are becoming environment friendly and purchase only those products which are safe for their planet. The marketers should strive to produce only those products which are environment friendly. Many companies can avail first mover advantage if they are going green. Green Marketing offers various advantages as follows:-

- It provides sustained long term growth opportunities.
- It saves money in the long run.
- It helps in accessing new markets & gain competitive advantage.
- It makes both consumers and marketers socially responsible.
- It satisfies the customers
- Substantially increases profits.
- Environment Friendly approach

Companies are constantly trying to find best ways to reach customers with their green message. Firms are coming up with innovative products as for example McDonald's replaced its clam shell packaging with waxed paper because of increased concern relating to polystyrene production and ozone depletion, Voltas have launched various products which are energy efficient and are environment friendly.

Some Cases of Successful Green Marketing Strategies

- **L&T:** The cabins of all the executives are with sensor electricity facility i.e. if someone walks out of the corridors of the cabin then the lights are off automatically and vice versa. It has already discontinued the use of ozone depleting substances.
- **CNG IN DELHI:** New Delhi was being polluted at a very fast pace until Supreme Court of India forced a change to alternative fuels. In 2002 Hon'ble Supreme Court of India ordered the Delhi Government to examine ways and means to reduce pollution in Delhi, Hon'ble Court asked the Government to introduce clean fuel like CNG in public transport system. This put pressure on petroleum companies for launching clean fuels with low sulphur content and leads free petrol. This led to Delhi Transport Corporation becoming the largest CNG powered transport system in the country. It also spurred development in the automobile sector which manufactured vehicles that could run on CNG fuels.
- **NTPC:** Badarpur Thermal Power Station of NTPC in Delhi is devising ways to utilize coal-ash that has been a major source of air and water pollution.
- Kansai Nerolac Paints has been at the forefront of paint manufacturing for more than 88 years pioneering a wide spectrum of quality paints. Kansai Nerolac has worked on removing hazardous heavy metals from their paints – among this lead being the most prominent metal. Kansai Nerolac does not add any lead or other such heavy metals in its manufacturing process.
- Dell has been one of the vendors who focus on producing green IT products. They have a strategy called "Go green with Dell" to sell these products in the market. It also comes in an eco-friendly packaging with a system recycling kit bundled along.

- Nike is the first among the shoe companies to market itself as green. It is marketing its Air Jordan shoes as environment-friendly, as it has significantly reduced the usage of harmful glue adhesives.
- In India we have Eco-hotels like Orchid, Rodas, Rain tree etc. believing and practicing green Marketing
- Barauni refinery of IOC is taken steps for restricting air and water pollutants
- The Taj chain, is in the process of creating eco rooms which have energy efficient mini bars, Organic bed linen and napkins made up of recycled papers
- Tuna manufacturers modified their fishing techniques because of the increased concern over driftnet fishing, and the resulting death of dolphins.
- Xerox introduced a high quality recycled photocopier paper in an attempt to satisfy the demands of firms for less environmentally harmful products.
- HP's promise to cut its global energy use 20 percent by the year 2010. To accomplish this reduction below 2005 levels, The Hewlett-Packard Company announced plans to deliver energy-efficient products and services and institute energy-efficient operating practices in its facilities worldwide.
- Van Heusen introduced Eco shirts in Indian Markets.
- ITC has created with the greenest luxury chain of hotels in the world - an identity that helped the company position differently in the market. All its hotel properties are LEED Platinum certified. Leadership in Energy and Environmental Design (LEED) is a rating system developed by Green Building Environment council in the US that sets standards for sustainable buildings.

Top-Ten Green Marketing Campaigns

Tide Coldwater Challenge: This landmark marketing campaign addressed the money saved by washing in cold water and the product's deep cleaning and whitening abilities making green the ancillary benefit. The far-reaching campaign included national advertising, in-store programs, product sampling, a strong Internet presence, consumer promotions and strategic alliances. (2005)

Jamie Oliver: Jamie Oliver, the outspoken English Chef and healthy food advocate, is a brand into himself; he uses "disruptive media and public visibility" to communicate and motivate, creating a new kind of "infotainment." (2006)

Diesel Clothing "Global Warming Ready": In print ads promoting its 2007 spring/summer collection, the Italian-based clothing company depicted landscapes transformed by environmental disaster, thus proving that green marketing and tongue in cheek humor, when done well, resonate with young audiences. (2007)

GE Eco Imagination: A massive multi-medium campaign for Eco Imagination established GE's green position in a competitive marketplace where credibility and believability were paramount to success. The resulting creative was simple, beautiful and compelling and delivered the message in engaging ways. (2008)

HSBC "No Small Change": A highly successful campaign elevated HSBC's environmental Credentials and consolidated their environmental leadership position; it exceeded all expectations without TV or radio. (2008)

TOMS Shoes "Project Holiday": For the month leading up to Christmas 2008, TOMS Promoted their Project Holiday campaign to sell 30,000 pairs of shoes, so they could give the same number of

protective rubber shoes to kids in Ethiopia. By the end of the campaign, they exceed their goal by 23% and raised unprecedented awareness for their cause – all without paid media. (2008)

Toyota Prius “Harmony”: a fully integrated multi-medium campaign that showed how the Prius delivers extra power, space, safety, advanced technology and superior gas mileage. (2009)

Timberland “Earth keepers”: A global campaign showcasing the Earth keepers’ collection of eco-friendly apparel that includes TV, print and retail ads, as well as social media and a micro site that uses 3D technology. (2009)

Method “Just Say No To Jugs”: A cheeky campaign typical of Method’s marketing mocks mainstream cleaning products as feeding a household’s “jug” habit. The campaign relied only on print and online ads. (2010)

BMW Diesel “Ch-ch-changes”: A winning campaign launched at Super bowl XLV that communicated valuable information and a relevant message to the American audience about the environmental benefits and ch-ch-changes in diesel technology. (2011)

Green Strategies by Tata

Tata Metaliks has given a green slant to all of its business and plant operations in a bid to reduce its carbon footprint and mitigate its environmental impact. At Tata Metaliks (TML) every day is Environment Day. While most organizations are still formulating their strategy on climate change, the company has already rolled up its sleeves and begun to tackle the issue. Managing director Harsh Jha encapsulates his company’s strategy on climate change in the simple phrase, 'Express concern simply'. He says, “The issue of climate change is mired in jargon, so the message gets diffused. The average person finds it difficult to relate to it. We decided to express the message simply so that everyone would feel motivated to do something.” In a striking instance of walk-the-talk, Mr. Jha announced that employees at Tata Centre in Kolkata must work between 9am to 5:30pm. Working on Saturdays is discouraged. This instruction, combined with the practice of keeping the lights switched off during the day and depending solely on sunlight, helped lower the electricity bill by nearly 30 per cent.

A similar approach has inspired the construction of Metaliks House in Kharagpur, which is designed such that 80 per cent of the office space does not require artificial lighting during the day. It is the simplicity of TML’s environmental initiatives that has appealed to employees everywhere. All across the company’s locations, there is a quiet revolution happening as people support the company in its attempt to counter the adverse effects of climate change. The company’s plant in Kharagpur, West Bengal, is seeing dedicated activity at every level. TML has thought of innovative means to reduce its carbon footprint.

Going green

One of these initiatives has to do with increasing the green cover around the plant. The Ministry of Environment and Forests mandates that 33 per cent of the area around a plant should consist of greenery. TML’s 197-acre plot has already achieved a green cover of 33.46 per cent. The green cover provides several benefits: the plants absorb carbon dioxide, give out oxygen and also helps suppress noise and reduce dust. The goal for 2010-11 is to increase the green cover to 35 per cent. As of 2009-10, there were nearly 40,000 varieties of plants in the TML and Tata Metaliks Kubota Pipes (TMKPL) plantations. The vegetation includes indigenous plant species, flowering plants, foliage, herbaceous annuals, biannual, perennials and ornamental shrubs that provide both environmental and aesthetic value.

Using nature

TML has also adopted the use of natural fertilizer made with compost and vermiculture; in this it has taken the help of ladies of a local self-help group. Furthermore, TML has constructed 16 houses in Kharagpur for its employees that have a unique environment friendly feature — they remain cool in summer and warm in winter. The roof terraces of these buildings are filled with a layer of upturned

kulhads (small clay pots), topped with an inch of cement. The *kulhads* entrap air, which expands in summer but blocks heat. In the winter, the air contracts, leaving a vacuum that acts as an insulating layer.

Through all these initiatives, TML has clearly expressed its commitment to the planet. The company deserves commendation for pursuing economic development in tandem with environment protection.

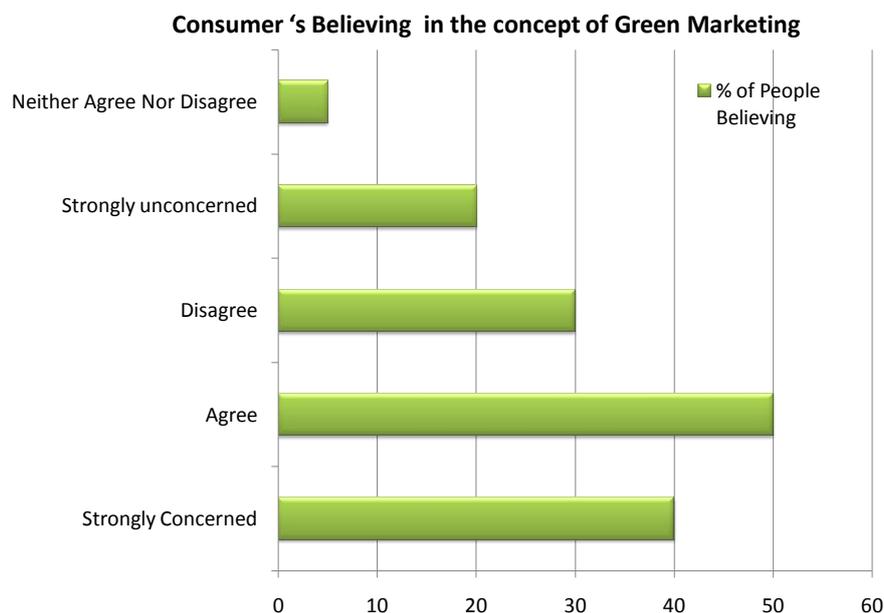
The Green Machine Case

The Tata Motors facility near Pune is dotted with woods and lakes, but this is no gift of nature. Rather, it has taken years of determined effort and dedication to transform what was 800 acres of wasteland into a naturalist's delight

Go Green: Energy-Efficient Devices A Top Priority among Indians

The increasing drive all over the world to promote great eco-awareness and environmentally friendly efforts now hits among the Indians. Most of the Indians today favor activities that targets saving the earth and reducing energy consumption. As such, they prefer more energy-efficient device overlooking how expensive it is, revealed GfK report. As per the recent study conducted by GfK, among 1000 respondents in the country revealed positive beliefs and attitudes from over 80 percent towards green behaviors ranging from buying low energy consumption devices, to supporting climate-friendly public transport, and carrying out energy saving renovation measures.

So, From above research made out we can conclude that people are more concerned about their environment & are making a full swing shift towards the green products. Also the data has been collected from 60 respondents on the basis of a questionnaire which is represented as follows:



Source: on Field Survey

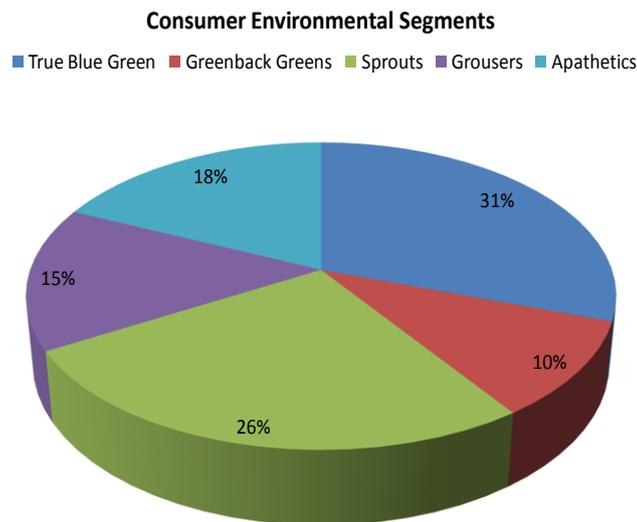
Figure 1.

Consumer Attitudes towards Green Products

Green Marketing depends on the consumer's attitude towards the environment. If there is no strong demand for such a shift in consumer attitude, businesses will not put in the extra effort to move towards introducing green products and services. Green Marketing is done by businesses to increase awareness levels and to show that people worried about the environment can do something to solve

some of the issues. Businesses have started to understand consumer attitude towards environmental problems and have therefore started to provide green products that provide an alternative to consumers. Consumers are becoming more demanding and have started to pay more attention to the environment. So, in this era where consumers determine the fate of a company, green marketing imparts a proactive strategy for these companies to cater the market by imparting nature friendly products which otherwise reduce or minimize any detrimental impact on environment.

The segmentation of consumer according to their concern towards environment has been represented as follows:



Source: Green Guage Report

Figure 2.

Challenges Ahead

1. It requires renewable & recyclable material which is costly.
2. It requires huge investment in R & D.
3. Majority of people are not ready to pay an extra premium for green products.
4. Initial Profits are low.
5. Firms have to strive hard in convincing the stakeholders

CONCLUSION

Green Marketing is a tool for protecting the environment though it is not easy to adopt it in short run but in the long run it will have a positive impact on the firm. Green marketing is in its initial stage, a lot of effort is required to gain its full acceptance. It protects our planet from looming global warming crisis, ozone depletion, and deforestation. Green Products as the name suggests are eco friendly products and positively influence the purchasing behavior of consumers. Marketers are trying to come up with new innovative products in the market which are energy efficient and free from various toxic substances. Going Green can save our planet, so let us all try to make our planet a one free from pollution, global warming & threat of ozone depletion. This research paper is a study of various aspects related to green marketing and consumer attitudes towards green products. For this purpose a study is carried out involving a survey of 60 respondents. These respondents were asked a series of

questions about their preferences and related responses has been presented in the paper with the help of pie charts.

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**HOW TO IMPROVE THE WORKING CAPITAL OF A
COMPANY**

Hemanshu Kapadia

Proprietor, Practicing Company Secretaries, Hemanshu Kapadia
and Associates, Mumbai, India
Email : hemanshu@hkacs.com

ABSTRACT

Working capital is also called as Circulating Capital. It is that part of capital which is required for meeting the day-to-day expenses of a business unit. A managerial accounting strategy focusing on maintaining efficient levels of both the components of working capital that is current assets and current liabilities. Working capital management ensures a company has sufficient cash flow in order to meet its short-term debt obligations and operating expenses. To improve working capital cycle company has to take various measures like improve the debtors and creditors cycle, accept advance payment, equity financing, focus on factoring and letter of credit discounting etc.

Keywords: Working Capital Management; Financial Management

INTRODUCTION

According to Field Backer Malott, “Working capital means a sum of current assets only.”

Working capital is the life blood of all businesses and is the primary indicator of business health. In financial accounting working capital is also known as Statement of Working capital. In an ideal business cycle, you will always have more cash inflow than cash outflow. In a simple experiment, a sign of healthy working capital is always having funds available to pay creditors on time, but when business cannot do this, then they face a problem of ‘cash crises’, which result downfall of business organization. To overcome from such problem there must be required an excellent team to manage effective working capital. In a credit crunch environment, where access to liquidity is restricted, cash management becomes critical to survival. The effect of working capital is real, immediate and, if mismanaged, totally unforgiving.

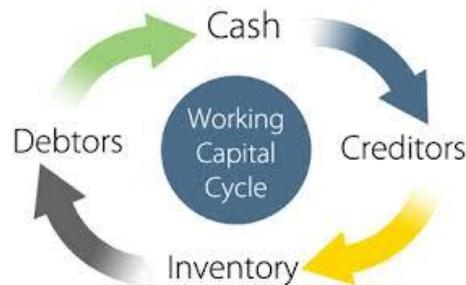
OBJECTIVES OF THE STUDY

1. To understand the review of literature in the related area.
2. To understand the importance and cycle of working capital in a business organization.

Working capital Cycle

The working capital cycle means time taken to convert net current assets and current liabilities in to cash. Every business unit uses cash to acquire resources like purchase of material, payment to outstanding expenses and payment to routine expenses etc. All resources are put to work and goods and services produced. These are then sold to customers and we collect payments and again we invest such fund in new resources, and so the cycle repeats. The longer the cycle is, the longer a business is tying up capital in its working capital without earning a return on it. Therefore, companies strive to reduce its working capital cycle by using factoring facility, letter of credit discounting, managing receivables and payables, giving pricing discount to consumer, equity financing, inventory

management, bank overdraft, cash credit facility, packing credit facility for exporters, commercial paper and so on.



Component of Working Capital

Net Working Capital

It represent excess of total current assets over total current liabilities and it is measured by current ratio 2:1, indicate greater solvency while a very low ratio indicates insolvency.

Net working capital = Current Assets (cash + marketable assets + accounts + bills receivable + inventories + securities) minus (-) Current Liabilities (trade dues + sundry creditors + provision + taxes + loans + bills payable)

Gross Working Capital

It is equal to total sum of current assets and may represent both owned capital and loan capital. The gross concept gives only quantitative information about the company's finance minus (-) circulating assets. The concept of gross working capital is financial concept while that of net capital is an accounting concept.

Advantages of managing a good Working capital

1. Liquidity

With strong cash in hand or at bank position solve the problem of liquidity at the maximum extent. Such surplus plays very significant role to get the price benefit from creditors and it improves the credit worthiness of the company.

2. Productivity

When working capital is under control then managing financial operations such as accounts creditors' outstanding payment, banks interest and timely repayment of principle loan etc. are very easy, and management can easily focus on company's productivity and their business developments.

3. Re-invest in the business

Improved working capital can help the company to earned money back into the business. Such money is useful to expand the business, recruit new employee, expand current assets, build new facilities, and invest in new processes and technologies to make our business more productive, profitable and competitive.

4. Reduce Debt

Surplus cash allows us to pay down debt, reducing monthly financial commitments such as high-interest rates and potential late-payment fees.

5. Peace of Mind

In each organisation the condition of management to handle effective working capital is always stressful. But if the company has surplus of working capital, then definitely it creates the peace of mind which makes managements to be ready for whatever opportunities or challenges lie ahead.

Ratios

Ratio plays very significant role to analyze the company's financial data. There are various ratios which plays an important role for maintaining a good Working capital cycle.

Current Ratio

Low Risk	Average Risk	High Risk
Over 1.5	1.0-1.5	Under 1.0

Liquidity Ratio

Low Risk	Average Risk	High Risk
Over 1.25	0.75-0.25	Under 0.75

Profit/Sales Ratio

Low	Average	High
Under 3%	3-10%	Over 10%

Debtor's days Sales outstanding

Low	Average	High
Under 55 days	55-85 days	Over 85 days

Creditor's days Sales

Low	Average	High
Under 45 days	45-60 days	Over 60 days

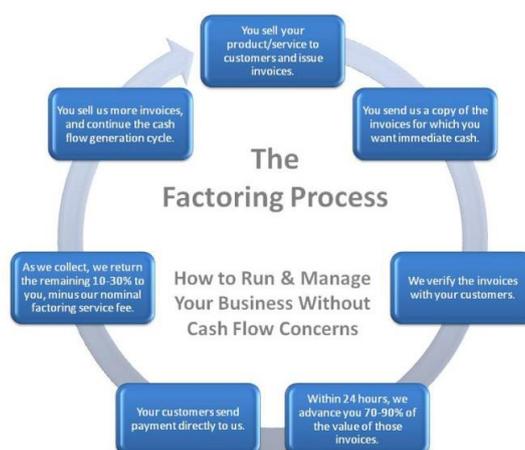
Sources to improve Working capital

The important key elements to improve effective working capital are as follows.

Factoring

The Factoring is a financial option for the management of receivables to improve the Working capital cycle. Factoring means conversion of credit sales into cash for the short term period i.e. for 15, 30, 60, 90days or maximum up to the approved trade cycle. In factoring, a financial institution (factor) buys the accounts receivable of a company (Client) and pays up to 70% to 90% of the amount immediately of the invoice value. Factoring company pays the balance 10% to 30% (after deducting finance cost i.e. Interest Cost & Invoice handling charges and Service Tax) to the customer when the factor received 100% amount on the due date from the client's debtors.

Factoring Works



Advantages of Factoring

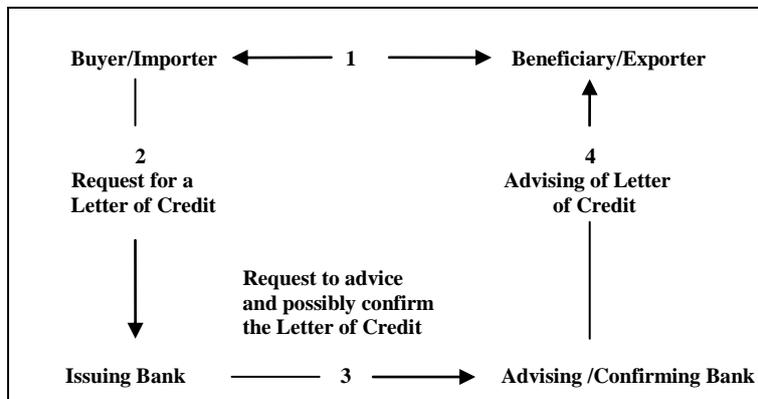
There are various advantages of factoring; some of the important advantages are as given below:

1. Helpful for arranging immediate short term finance.
2. Helpful for reducing operating expenses.
3. Smooth flow of working capital and quicker access to working capital.
4. Better financial standing, creditworthiness, and solvency.
5. Factoring is helpful for enhancing the potentiality of balance sheet.

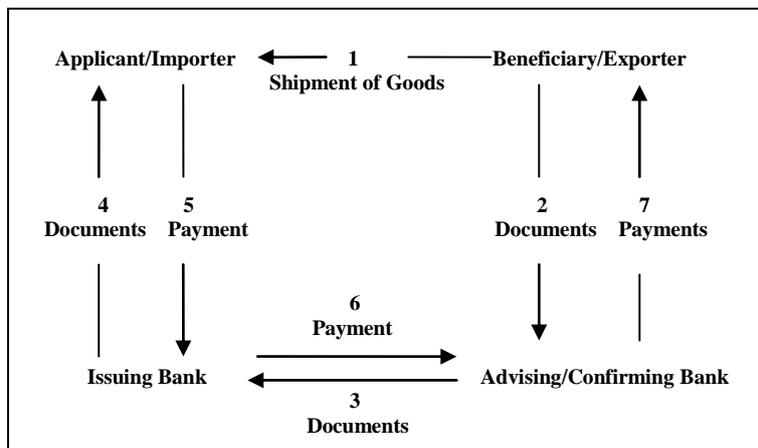
Letter of Credit (LC)

Letter of Credit is a commercial document helpful for maintaining a good Working capital cycle. Because it is issued by a bank in normal course of business which carries a payment guarantee obligation in case of adverse situation arises. A bank issue LC on the request of its client in favor of a third party (beneficiary). It is important instrument to the extent that it smoothens & secures the transactions ensuring to the party in whose favor the LC is opened that if any adverse situation arises and its client failed to make the payment than the issuing bank will pay subject to the terms and conditions mentioned at the time of issue of LC. This document is most important in case both the parties doing business first time. These parties can do business without any or very low risk, as bank gives a safety assurance to both the parties, involved with the transaction.

Issuance of Letter of Credit



Payment under Letter of Credit



Handling Receivables (Debtors)

Receivables plays very significant role to maintain effective working capital in a company. Slow payment has a crippling effect on business, specially for the small and medium size industries. The following measures will help to manage your debtors:

1. Have the right mental attitude to the control of credit and make sure that it gets the priority it deserves.
2. Establish clear credit practices as a matter of company policy.
3. Make sure that these practices are clearly understood by staff, suppliers and customers.
4. Be professional when accepting new accounts, and especially larger ones.
5. Check out each customer thoroughly before you offer credit. Use credit agencies, bank references, industry sources etc.
6. Establish credit limits for each customer and stick to them.
7. Continuously review these limits when you suspect tough times are coming or if operating in a volatile sector.
8. Keep very close to your larger customers.
9. Consider charging penalties on overdue accounts.
10. Consider accepting credit /debit cards as a payment option.
11. Monitor your debtor balances and ageing schedules, and don't let any debts get too large or too old.

Managing Payables (Creditors)

Managing Creditors are a vital part to maintain effective working capital in a company. Improper or wrong time Purchase initiates cash outflows and an over-zealous purchasing function can create liquidity problems. The following measures will help to manage your Creditors:

1. Maintaining good credit relations with suppliers.
2. Who authorizes purchasing in your company - is it tightly managed or spread among a number of (junior) people?
3. Are purchase quantities geared to demand forecasts?
4. Do you use order quantities which take account of stock-holding and purchasing costs?
5. Do you know the cost to the company of carrying stock?
6. Do you have alternative sources of supply? If not, get quotes from major suppliers and shop around for the best discounts, credit terms, and reduce dependence on a single supplier.
7. How many of your suppliers have a returns policy?
8. Are you in a position to pass on cost increases quickly through price increases to your customers?
9. If a supplier of goods or services lets you down can you charge back the cost of the delay?
10. Can you arrange (with confidence!) to have delivery of supplies staggered or on a just-in-time basis?

There is an old adage in business that if you can buy well then you can sell well. Management of your creditors and suppliers is just as important as the management of your debtors. It is important to look after your creditors - slow payment by you may create ill-feeling and can signal that your company is

inefficient (or in trouble!). So the company must take suitable measures to handle their creditor's cycle properly, and if this handle properly then definitely it will gives boost to manage working capital cycle properly.

Inventory Management

Managing inventory is a juggling act. Excessive stocks can place a heavy burden on the cash resources of a business and insufficient stocks can result in lost sales, delays for customers etc. Important point in inventory management is to know how quickly your overall stock is moving or, put another way, how long each item of stock sit on shelves before being sold. Obviously, average stock-holding periods will be influenced by the nature of the business. For example, a fresh vegetable shop might turn over its entire stock every few days while a motor factor would be much slower as it may carry a wide range of rarely-used spare parts in case somebody needs them. To manage effective inventory cycle then there should be follow following measures:

1. Review the effectiveness of existing purchasing and inventory systems.
2. Know the stock turn for all major items of inventory.
3. Apply tight controls to the significant few items and simplify controls for the trivial many.
4. Sell off outdated or slow moving merchandise - it gets more difficult to sell the longer you keep it.
5. Consider having part of your product outsourced to another manufacturer rather than make it yourself.
6. Review your security procedures to ensure that no stock "is going out the back door!"

Pricing Discounts

This option plays very significant role to improve company's working capital cycle very quickly. It means giving offer of discounts to your customers if they pay early. While this practice may impact your profit margin, it may help your management of working capital by incentivizing customers to make payments earlier than billing cycles typically require. Your company may also take advantage of this with suppliers and others that you owe, but be careful that your early payments of debt don't leave you with a working capital shortfall.

Equity Financing

A company can finance its operation by using equity, debt, or both. *Equity financing means* cash paid into the business either the owner's own cash or cash contributed by one or more investors. The main advantage of Equity financing to the company is saving of interest cost which leads to improve the working capital cycle. In this case investors put cash into a company in the hope of sharing in its profits and in the hope that the value of the stock will grow (appreciate). They can earn dividends of course (the share of the profit) but they can realize the value of the stock again only by selling it.

Bank Overdraft

Bank overdraft facilities consist of an agreed line of credit on which a small business entrepreneur can draw current account cheques. Commercial banks generally provide overdraft facilities to small enterprises for a period 6 to 12 months. The period of overdraft is generally arranged in conjunction with a cash requirement of the firm.

Cash Credit

This represents the overdraft facility on the hypothecation of inventories and book debts. Periodic inventory and debtor statement have to be submitted to the bank.

Packing Credit facility for Exporters

The commercial banks in India offer packing or Pre-Shipment finance to the exporters on the basis of confirmed export order and/or letter of credit issued by the importer's bank.

Commercial Paper

Commercial paper represents short term unsecured promissory notes issued by firm which enjoy a fairly good credit rating. Generally, well established companies with sound financial background are to issue commercial paper. The maturity period normally ranges between 90 to 180 days. Commercial paper is sold at a discount from its face value and redeemed at its face value.

CONCLUSION

A company can use a working capital statement to forecast future working capital, which helps with matters in budgeting. For investors, the working capital shows company's financial health whether the company is financially sound or not, and if the company is financially not sound then there is a need of maintaining effective working capital cycle. In this article as per my knowledge I include all the key elements which are very important for improving the working capital cycle and if the company follows this system then definitely such company will never face working capital problem.

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**FLEXIBLE WORKING SOLUTIONS – A MANTRA FOR
COMPLETING A BALANCED DAY**

Anitha K.¹

M. Phil Research Scholar, School of Management Studies,
Vels University, Chennai, India
Email : anitharamesh211@gmail.com

Annie Sam²

Associate Professor, School of Management Studies,
Vels University, Chennai, India
Email: annie@velsuniv.org

ABSTRACT

Work-life balance is the buzz phrase of the 21st century. By taking a flexible approach to work, one can spend more time with family. That elusive 'my-time' or simply work at a time that suits one, rather than 9 to 5 timings imposed by many organizations are changing eventually. Employees search employers that offer flexible solutions as to lead a happy life. Organizations move into the dynamic changing environment by introducing flexible working solutions. Hill defines flexible working solutions as the degree to which workers are able to make choices to arrange core aspects of their professional lives, particularly regarding where, when, and for how long work is to be performed. This conceptual study gives a detailed structure of flexible working, its need for the employers and employees, types, barriers in implementing a flexible solution and ends with the impact of flexible working to complete a balance day.

Keywords: Flexible Working; Impact; Work-Life Balance

INTRODUCTION

Flexible Working- An Overview

From a theoretical outlook, flexibility is a highly “amorphous” term (Pollert, 1991; 3), and does not have a straightforward definition yet. It has been utilized as an umbrella-term including a broad range of practices, work arrangements and workforce organization systems (Kelliher and Anderson, 2008; 420) Flexible work solutions include any work pattern that alters the hours, days, schedule or location of work on either a permanent or ad-hoc basis. There lies a strong belief that it is beneficial to both the organization and the employees (Martinez-Sanchez et al., 2009). Flexible policies are most welcomed by both employees and employers for the following reasons Reducing overall hours worked, Changing work schedule, Changing place of work, Stopping work for an extended period and the most important is Ad-hoc flexibility. It satisfies the employer by providing reduced absenteeism and high productivity and satisfies the employee for balancing work-life.

OBJECTIVES

1. To identify the need for flexible-working.
2. To examine benefits of flexible working.
3. To enumerate the impact of flexible working on Work-life balance

LITERATURE REVIEW

A recent survey states that employers have begun to provide more of flexible working conditions and this will increase markedly in the years to come. This trend has been fuelled by growing concern over work-life balance (Bailyn et al, 2001), the desire to be seen as an ‘employer of choice’ (Rau and Hyland, 2002). It could be argued that the introduction of flexible working practices is likely to contribute to job quality, since they offer employees some degree of choice over where and when they do their work, normally designed to assist them achieve a better work-life balance. In a meta-analysis carried out by Baltes et al (1999), flexi-time and compressed working were found overall to have a positive effect on job satisfaction. The lack of social interaction has been found in some studies to lead to feelings of isolation and to impact negatively on job satisfaction (Igbaria and Guimaraes, 1999), whereas in others, job satisfaction has been found to be higher for remote workers (Baruch,2000).

If flexible working offers choices to employees which help them achieve a more satisfactory work-life balance, one might expect it to have the effect of reducing stress levels. Cooper and Kurland (2002) found that remote workers had concerns over the lack of development opportunities offered to them, including informal learning and mentoring from colleagues. But it should be noted that employees having the ability to handle work alone increases their self-confidence. In terms of progression, Frank and Lowe (2003) found that flexible workers were perceived to have lower long-term career potential, although in contrast, McCloskey and Igbaria (2003) found no direct or indirect effect on career prospects.

While for decades the flexibility debate was dominated by employer concerns, rather than by workforce needs (Blyton, 1992), growing recent research has been looking at these practices from the perspective of the employee (Russell et al., 2009; Pitt-Catsouphes and Matz-Costa, 2008; Grzywacz et al., 2008). In this sense flexibility is conceptualized as “the degree to which workers are able to make choices to arrange core aspects of their professional lives, particularly regarding where, when, and for how long work is performed” (Hill et al., 2008a; 151). Fleetwood (2007; 387) states that “some flexible working practices are employee friendly and sought by employees whereas other practices are employer friendly sought by employers, primarily to pursue profit”.

Baltes, Briggs, Huff, Wright, & Neuman, 1999) determined that flexi-time was associated with employee productivity, job satisfaction, satisfaction with work schedule, and employee absenteeism, with the largest effect found for absenteeism. The authors also found that compressed work- week schedules related positively to job satisfaction and satisfaction with work schedule. DeNisi & Griffin, 2001 cites that Flextime programs enable employees to exercise a decision regarding the time of day they will arrive at and leave from the workplace.

Need For Flexible Working

Organizations Perspective of Accepting Flexible Working

In this context, flexibility is a practice or a set of practices that allow organizations to adapt to changes in their environment, with only minor regard to workers (Dastmalchian and Blyton, 2001, 1). Flexibility is one of the keys to success and survival in a changing, competitive and technologically challenging environment. Most of the organizations are aware of the benefits of flexible working conditions. The top reasons why employers accept flexi-time is:

- Ageing workforce
- Skills shortage
- Female participation
- Generational divide
- Competition for talent.

Mardi Deller-Pugh of Ericsson cites that “We believe flexible working is an employee privilege. As long as employee makes a valuable and productive contribution, then we as an organization will support them. It’s a partnership built on trust and shared responsibilities.” Also Christine Shewry of IAG says that flexible work arrangements have been effectively implemented in our business and there is a high employee engagement score.

Individual Perspective of Accepting Flexible Working

Employees who are in the need of leading a balance life, they urge for creative or flexible arrangements from the employer. The entry of flexi-time serves to be an apt solution for the employees to balance their work-life. The reasons why employees accept flexi-time is :

- Combining work & study
- Taking care of elderly parents.
- Being an active parent and fulfilling family requirements.
- Participating in community activities and volunteer work.
- General pursuit of happiness.

A survey completed in UK in 2005 by Charter institute Of Personnel & Development (CIPD) interviewed over 550 human resource professionals to understand the motive for introducing flexible work practices. It resulted that 47% agrees that flexible working was introduced to retain staff and 43 % agrees to meet employee needs.

Benefits of Flexible Working

Employers and employees can equally benefit from flexibility and see it as an organizational must to increase performance and innovation (Martinez-Sanchez et al., 2009). Judith Pettit of Vic Roads says that the benefits of flexible work solutions include retention, improved productivity, full engagement, demonstrating employer of choice values and creating a contemporary workforce and environment. Again to look from both perspectives the benefits vary but still both employer and employees are benefited.

Employer Benefits

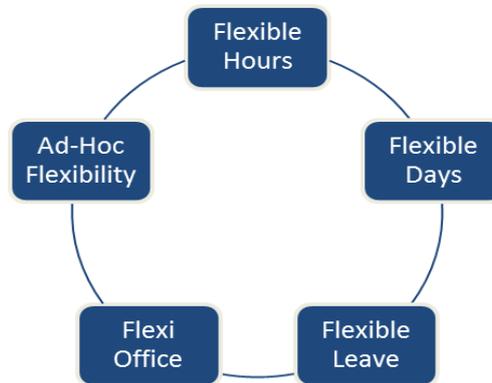
- Access to great skills and expertise
- Ability to manage 24/7 workforce
- Increased employee retention and reduction
- Increased performance and productivity
- Ability to manage peak workload
- Increased motivation
- Improved competitiveness
- Reduced sickness and absenteeism

Employee Benefits

- Increased sense of recognition and value
- Increased workplace cooperation, motivation and commitment.
- Reduced travel costs
- Ability to maintain career progression.

Categories of Flexible Work Solutions

Flexible working arrangements have been identified as one of the effective tool in balancing work and life (Evans 2001; Glass and Estes, 1997; Dex and Smith, 2002). Flexible working solutions vary according to organization values and culture. One can classify flexible working into 5 categories.



Each category excels in itself in providing pertinent benefits to both employer and employee. It has its own pros and cons giving a detailed structure of it, also providing varied opportunities for the employer to implement the best solution that suits the organization. As Sue Sjuve of National Australia Bank says “Flexibility can be a creative tool to help achieve improved business outcomes”.

Flexible Hours: An employee is expected to work 40 hours per week. With the help of flexible hours one can complete this 40 hours according to employee wish. Also one has to keep in mind to finish the roles and work within the deadline. Flexi-time is the most viable solution used by most of the organizations today. It is also heart welcomed by the employees as they can balance their work and life effectively. Next option would be Time in lieu where one compensates time to finish the planned work. Another option which is widely used in most organizations is rostered days off where the employee works additional hours. Summer time hours or compressed work week are the most preferred option in Western countries as they can work long hours from Monday to Friday morning and the rest half of the day is taken as weekend off.

Flexible Days: An employee works either 5 or 6 days in a week. Job-sharing is the most preferred solution as 2 persons can plan their roles and responsibilities among them in order to complete the task. This option saves more time and also enhances team work and productivity. Next option would be permanent part-time working as it is fixed job timing for few hours and the rest of the day can be spent fruitfully. Other options would be term-time working and annualized hours which only few organizations support.

Flexible Leave: Leaves are the major concern today to maintain the equilibrium of work and life. Maternity is one leave which prevails for quite a long time and is being accepted by organizations too. But only few organizations accept parental leave where a mother or a father is allowed to take leaves for the concern of their children may be for a school function or to take the child to a doctor. The next one would be the career leaves which is prevalent among western countries as they perceive career breaks would enhance the skill of employees that the growth is seen within organization too. Other options include purchased leaves, leave on half pay, community service leaves etc.

Flexi Office: As the name states office-the work environment itself is flexible. The universal 2 options would be Telecommuting and home working. Telecommuting involves the use of personal computers, networks, and other communications to do work in any place rather than the traditional workplace (Hartley, 2002). Home working is a form of telecommuting but mostly telecommuting places would be public places like library, hotels, airport etc. Work from home is the best option for many employees as they can do their work in a relaxed manner.

Ad-hoc Flexibility: This is what is needed in today's busy schedule to balance work-life. It is like taking a couple of hours to go to the dentist, attend an exam or take your parents to the doctor etc.

Barriers to Flexible Working

Though there are ample benefits for flexible working still it has few barriers too. Some of them are listed below:

Cultural Barriers

- Flexible workers are less committed to the organization than full time workers.
- Flexible working is an employee perk.
- Working flexibility will affect career advancement opportunities.
- Managers will lose control.

Historical Barriers

- Flexible working will not suit the business and way of working
- Customers don't want the organizations to change the way of work
- Flexi work arrangements have not worked in the past so organizations regret to try
- Creating a flexible environment is too hard and is not worth it.
- The company has all policies in place but nothing happens in practice.
- Flexi solutions are only available for non-managerial admin positions.

Myths

- Implementation cost is high.
- Requires increased supervision.
- Productivity of a flexi worker is not as good as traditional worker.
- Flexi working is only solutions for working mothers.
- Once implemented everyone will want to work flexibly.
- Flexible Working is not possible while working in client facing roles.

Impact of Flexible Working on WLB

For the growing literature on the relationship between work and personal life, flexibility is contemplated as a ladder towards balance and employee autonomy (Hill et al., 2008a). Work life balance seems to be a concern with employees having dependent children and elderly and sick parents. Flexi-time or ad-hoc flexibility will really help these employees to effectively maintain a fair ratio on both sides. Employees who work flexibly often have a greater sense of responsibility, ownership and control of their working life. The next concern would be on career progression. If a manager helps an employee to balance their work and home life this can be rewarded by increased loyalty and commitment. An employee may focus on their work and to develop their career. Another concern is the employee can work in a relaxed manner which will certainly reduce conflicts at both work and at home. This will intensely reduce the stress level of the employees. With varied options available in flexible-working one can plan and schedule each task right from morning till night keeping in mind to accommodate and finish all tasks within the day. For instance, apart from going to office one has to leave child at school, going to bank, taking a parent to the doctor, school meetings, family functions etc can be properly handled with the aid of flexible working. Taking Job sharing into consideration, the relationship among peers increases day by day. This enhances responsibility of the employees at

home in meeting the adequate requirements and at work in doing the task effectively. As studies conclude flexible working has a positive impact on work-life equilibrium.

CONCLUSION

Flexi working is a partnership between managers and employees. Both needs to be equally committed and responsible for making such arrangements a success. Other factors that organizations and employees need to understand that affect their ability to create a flexible work environment and culture would be

- Nature Of Business
- External Forces
- Culture and Management Ethos
- Business Priorities

One should keep “3 things: in mind in-order to identify a flexible work solution, say whether it’s evitable for the employer or the employee.

1. Identify flexible working category.
2. Identify flexible work solution that suits the organization.
3. Identify the impact on role of the employee.

Though there are many barriers for organizations to accept a flexible solution, it’s all just an eye-wash. Most employees are expecting their employers to introduce flexible solutions. Not anyone can opt for a flexible solution. One should not keenly whether the option is useful for them to enhance productivity or to spend some time for personal life. Employees need to understand the real benefit of using flexible solution. Most of the employees have a perception that peers are using the benefit so let us also use it. One should not generally use the solution instead the real benefit should be utilized. This lies only in the hands of the employee who knows what to do and when to do, in short the one who plans his work-life will best utilize it. This study is concluded with the research finding of Tausig and Fenwick who in the year 2001 stated that it is not the flexible schedule itself that helps employees to unbind their time, but rather it is the perceived control over their own work schedule that enhances a sense of balance.

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**JUNIOR COLLEGE STUDENTS' EXPECTATIONS ON
CHOOSING INSTITUTIONS FOR HIGHER EDUCATION AND
INSTITUTIONS MARKETING STRATEGIES FOR
ADMISSIONS**

Dhyana Sharon Ross

Research Scholar, Vels University,

Chennai, India

Email : dhyanamohan90@gmail.com

ABSTRACT

The Indian higher education is no longer the stuff of dreams and plans. People around the world are watching this transformation with great interest particularly in light of increasing global competition between higher educational institutions and systems for the best students and faculty. "Higher education" is one of the most important service industry that emerged in the last decade. The most of the higher education are involved in marketing themselves to build up a good image, to improve the level of satisfaction of students and the stake holders, to gain competitive advantage with respect to competitors and as well as to increase their market share. This study is to gain more insight into the expectation of students in the higher education level from the institutions and the strategies that has to be followed by the educational institutions to attract quality students.

Keywords: Educational Institution; Marketing; Students' Expectations; Quality Education

INTRODUCTION

The need for marketing has gone high in educational institutions today. The reason behind this, is the sudden blooming of many educational institutions and universities and the high level of outgoing students from the junior college or schools. About a decade ago, there was never a need for educational institutes or universities to aggressively market themselves, as the demand for quality education generally outgrow supply. Today however, increasing competition there is growing awareness within the community, about the importance of marketing a institution and conscious need establish the institutional brand, attract quality students and stay ahead of competitions at all times.

OBJECTIVES

1. To analyse the factors among students that defines educational experience.
2. To examine the marketing strategies that has to be followed by the educational institution in marketing themselves.

Students' Expectations

Academic advising effectiveness: This includes university's role of advising the students regarding their academics issues. It also includes advices related to non-academic issues that relate to the general life of university processes.

Campus climate: This is about, how the students feel about the campus

Campus life: The expectation and experience of social amenities and facilities

Campus support services: Support services include restraints, canteens, and other non-academic facilities.

Quality teaching: Qualified staffs with good subject knowledge always tops the expectations of students when looking for admissions in universities and institutions.

Placement and financial aid: Another top priority given by students while looking for admissions is the percentage of placement and the effort taken by the management for the same. They also expect the management to support the poor students with effective academic background who seek concessions in fee amount.

Safety and security: The students' feel about the campus safety in terms of noise, crimes, and other related risks

Service excellence: It is how the students feel about the services like library, computer, dormitory and other related services that are provided by the university or institutions.

Student centeredness: This means how the students are viewed by the university and the level of importance given by the institution for their students as well as academically and non-academically.

REVIEW OF LITERATURE

A large body of the available literature tends to emphasise traditional marketing approaches to higher education institutions. Educational programs being the product and the students as the sole customers Weaver (1976); Robinson and Long (1988); Dondere (1997); Doyle (1998); Palihawadana and Holmes (1999).

As Thomas (1978) mention, the education services is directed at people, and it is "people based" rather than "equipment base". Just like all other marketable services education services are perishable, inseparable from the production, heterogony and intangible. Each one produces difficult problems and requires deliberate marketing strategies.

As Parasuraman and Berry (1985) mention within their consumer behaviour theoretical model the consumer satisfaction is influenced by the availability of customer service and the provision of the quality customer service which turn out to be important business concerns. Thus, the companies' attempts to spend substantial resources to measure and manage customer satisfaction should not be surprise. Hence, customer satisfaction has long been an area of interest in academic research.

Universities seeking to achieve success in international markets must undertake a range of services designed to attract prospective students from around the world. A university of college characterised as market oriented must develop an appreciation that understands present and potential student needs. Providing superior education service encourages the systematic gathering and analysis of information regarding students and rival universities (Kohli and Jaworski, 1990; Narver and Slater, 1990).

Analysis of customers and target markets, positioning and image building have become the core competency tools in the education sector. Higher education institutions usually try to build a good image in the eyes of their customers and society as a whole. By having a reputable name, university becomes an assemblage of communities with different ideologies, agenda and academic traditions held together by a common institutional logo and name (Barnett, 1992; Lundsrom, White, and Schuster, 1996; Dickter, 1985).

The higher education industry in order to survive, it must develop successful marketing strategies and learn how to act professionally. They must formulate competitive strategies, which satisfies the needs of potential customers. According to Conway *et al.* (1994), higher education sector has to become more market oriented. A university characterised as market oriented must understand the unique characteristics of education marketing. Because doing things right does not guarantee success.

Researches in customer satisfaction about the service industry have increased dramatically in recent years. This increment has been aggravated by the increasing growth of the service industries. Also

today's increasingly competitive environment forces companies to be more customer-oriented (Kotler, 2003).

RESEARCH METHODOLOGY

Research Design: The research design used in this study is descriptive and analytical in nature

Sampling Technique: The sampling technique followed to collect the data is Simple Random Sampling.

Sample Size: The sample size consists of 150 respondents.

Nature of respondents: The nature of the respondents was drawn from students

Data Collection: Primary data were collected from students through distributing questionnaire. Secondary data were collected from articles, journals.

Tools and techniques: Percentage analysis used.

DATA ANALYSIS

S. No	STUDENTS EXPECTATIONS	Strongly Agree (%)	Agree (%)	Neutral (%)	Disagree (%)	Strongly Disagree (%)
1	Academic Advising Effectiveness	42.9	57.1	0	0	0
2	Campus climate	60	30	10	0	0
3	Quality teaching	71.4	28.6	0	0	0
4	Campus life	34.3	54.3	11.4	0	0
5	Campus support services	52.9	37.1	10	0	0
6	Placement and financial aid	77.1	20.0	2.9	0	0
7	Safety and security	67.1	32.9	0	0	0
8	Service excellence	58.6	40.0	1.4	0	0
9	Student centeredness	30.0	42.9	20.0	1.4	5.7

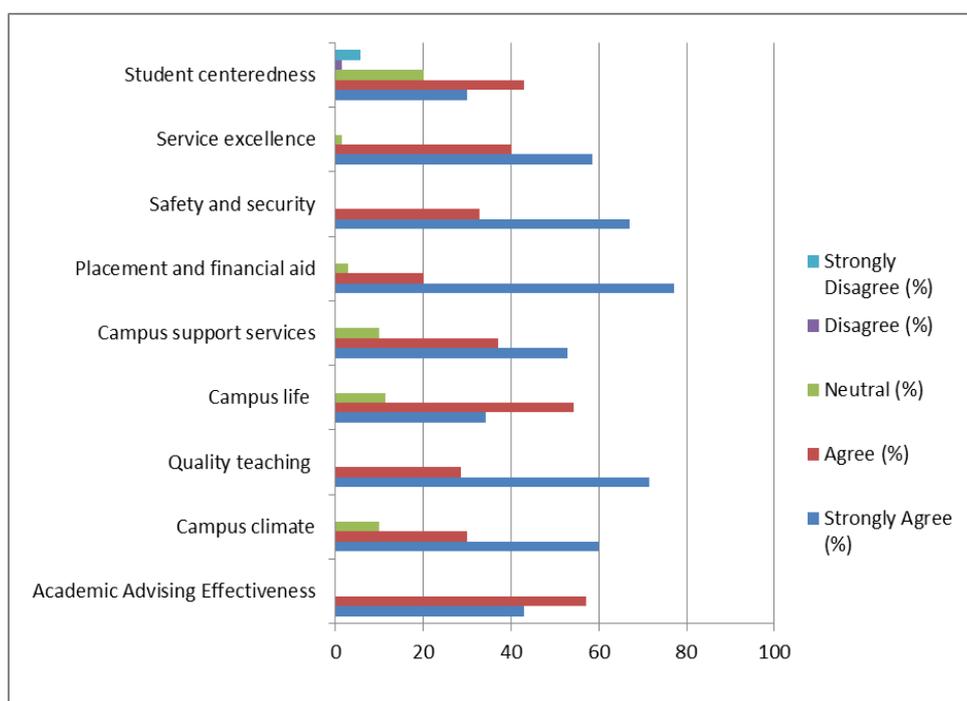
Source: Primary data

Inference: From the above table it is inferred that placement and financial aid, quality teaching, safety and security and campus climate given preferences while choosing an institution for higher studies as it was strongly agreed by more than 60% of the students. Other factors like academic effectiveness, campus life, service excellence, etc also gained good response in choosing an institution for higher education.

FINDINGS

- 57.1% of students agree that they are seeking for an institution that is very much concerned about each student academic issues. They needed an institution that provides effective advices regarding students' academic issues.
- 60% of the students strongly agree that they would choose an institution that would provide them a comfortable feel inside the campus.
- 71.4% students strongly agree and 28.6% agree that they need an institution with qualified faculties so that they can receive quality teaching. None of the student disagreed this.
- 54.3% of the students feel that institution with good campus life will provide them social amenities and facilities and so they have agreed on that.
- 52.9% of students strongly agreed that campus support services are important for them in choosing institution for their higher education.

- 77.1% of students strongly agreed that placement is more important for an institution to grab students for admission.
- Safety and security inside the institution plays an vital role for students. Hence 67.1% students have strongly agreed on that.
- 58.6% of students have strongly agreed that services excellence also plays an vital role in students admission.



SUGGESTIONS

Simple Strategies to Increase Admissions

Offer Some Free Classes/Workshops Related to Your Products And/ Or Services – To market their institutions, the institutions can offer free classes or workshops or camps to junior college students for their upcoming board exams. For instance, someone with a aptitude coaching can offer special works on entrance exams. A yoga instructor might offer a class such as Yoga for students.

Join Local Business Organizations And Networking Groups: Many, such as school-based business groups, are inexpensive to join. And the marketing benefits are huge. Once they get to know about the university or institution and what they do, the other business people in the group will mention this business to others and may even give referrals. Local business organizations are also great opportunities to create and participate in some cooperative marketing strategies, such as holding special market days or other events.

Create Or Become Front and Centre in a Charitable Event: A university or institution can get huge amounts of press for events like this – which can translate into new customers. The university don't even have to take the effort of creating their own event; many charities have established events that institutions can become a very visible part of by becoming a sponsor.

Creating Own Blog: By creating own blogs the institution can use it to build an audience of people who would be interested in getting direct information from the institution itself. Creating a blog is easier than creating a website - and savvier too. They can write regularly about topics related to the events and what the institution is doing.

Join and Use Social Networking Sites: If the university or institutions have time to get to know and use a variety of social media, they can do. If the university has time they can attract students through these social networking sites like, facebook, twitter, google+, youtube, etc.

Ask For Referrals: Institutions can ask for referrals from their current students by offering concession in the tuition fee of the current students. These also make current students to show interest in the development of their institution.

CONCLUSION

The “quality” is customer satisfaction, and that this concept has been extended to services sector such as the education sector. In the education sector, these customers may include a wide range of groups representing all those that are interested in the university with different needs to be met. Management must take quality related initiative on enriching the students’ education experience and satisfaction by focusing on these dimensions.

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ROLE OF TRADE FINANCE

Hemanshu Kapadia

Proprietor, Practicing Company Secretaries, Hemanshu Kapadia
and Associates, Mumbai, India
Email : hemanshu@hkacs.com

ABSTRACT

Trade Finance plays vital role in developing countries to enhance export competitiveness. Trade financing can be planned as a safe mode of financing, both for the long and short term. As it provides flexibility to the movement of goods and services worldwide, trade financing has been used in more than 90% of trade transactions (mostly short term credit) in the world.

Keywords: Trade Finance

INTRODUCTION

Definition

According to Campbell R. Harvey, trade finance refers to financial transactions involving the exports and imports. This could involve payment facilities, down payments, hedging, guarantees, and transportation linked issues.

The term "Trade Finance" means, finance for Trade. For a trade transaction there should be a Seller to sell the goods or services and a Buyer who will buy the goods or use the services. A variety of mediators such as banks and financial institutions plays very important role in facilitating the trade transaction by financing the trade. The absence of an adequate trade finance infrastructure is, in effect, equivalent to a barrier to trade. Limited access to financing, high costs, and lack of insurance or guarantees are likely to hinder the trade and export potential of an economy. Trade facilitation aims at reducing transaction cost and time by streamlining trade procedures and processes. One of the most important challenges for traders involved in a transaction is to secure financing so that the transaction may actually take place.

OBJECTIVES OF THE STUDY

1. To study the product under the umbrella of trade finance.
2. To understand the review of literature in related area.

Importance/Benefit of Trade Finance

Trade finance plays very crucial role to solve not only liquidity problems but also promotes to their business organization to the maximum extent. Trade finance provides various benefits to such businesses like:

1. Rapid growth which has consumed all available cash
2. Additional inventory or raw material purchases where price increases have materially exceeded inflationary rises
3. Increasing product range
4. Freeing up general banking facilities blocked by Letters of Credit

5. Seasonal or cyclical cash flow fluctuations which are not catered for by general banking facilities.
6. Opportunistic purchases of parcels of inventory from time to time
7. Taking advantage of early settlement discounts from suppliers
8. Improved pricing for bulk orders
9. Obtaining better shipping rates by consolidating orders
10. Dispensing with the need to offer settlement discounts which erode gross margins
11. Avoiding the need to change commercial banking relationships to obtain higher facilities
12. Additional layer of funding over and above normal banking lines which provides added flexibility

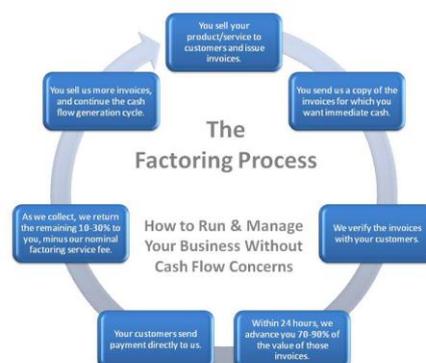
Trade Finance Products

There are hundreds of trade finance products which are useful to different –different industries as per their needs and demand. Some of the important trade finance products which are using regularly are as follows:-

1. Factoring: Factoring is a financial option for the management of receivables. In simple definition it is the conversion of credit sales into cash for the short term period i.e. for 15, 30, 60, 90days or maximum up to the approved trade cycle. In factoring, a financial institution (factor) buys the accounts receivable of a company (Client) and pays up to 70% to 90% of the amount immediately of the invoice value. Factoring company pays the balance 10% to 30%(after deducting finance cost i.e. Interest Cost & Invoice handling charges and Service Tax) to the customer when the factor received 100% amount on the due date from the client's debtors.

The account receivable in factoring can either be for a product or service. Examples are factoring against goods purchased, factoring for construction services (usually for government contracts where the government body is capable of paying back the debt in the stipulated period of factoring. Contractors submit invoices to get cash instantly) etc. There are various types factoring like Null factoring, Recourse factoring, Maturity factoring, Advance factoring, Bulk factoring, Invoice discounting, Agency factoring, Single/Direct Factoring, Direct export factoring, Direct import factoring and Back to back factoring etc.

Working of Factoring:



2. Channel Financing: Channel Financing is an innovative option for extending working capital finance to dealers who have business relationships with large companies. Channel Financing is the mechanism through which a Bank / Financial Institution meets the various funds related requirements along the Supply Chain at the suppliers end. This thereby helps the supplier in sustaining a seamless business flow and avoiding Working Capital related difficulties. Channel Finance usually covers

discounting of Trade Bills drawn by a company and accepted by its dealers, distributors or Channel Partners. It also provides overdraft facility to the dealers or distributors who have business dealings with large Corporate.

3. Dealer finance: Loans that are originated by a retailer to its customers and are then sold to a bank or other third-party financial institution is called dealer financing. The bank purchases these loans at a discount and then collects principle and interest payments from the borrower, it is also called an indirect loan. A well-known example of dealer financing is auto dealers that offer car purchase financing. Many car dealer's markup the finance company's interest rate and keep the difference as additional profit. Let us see below how the dealer financing works:

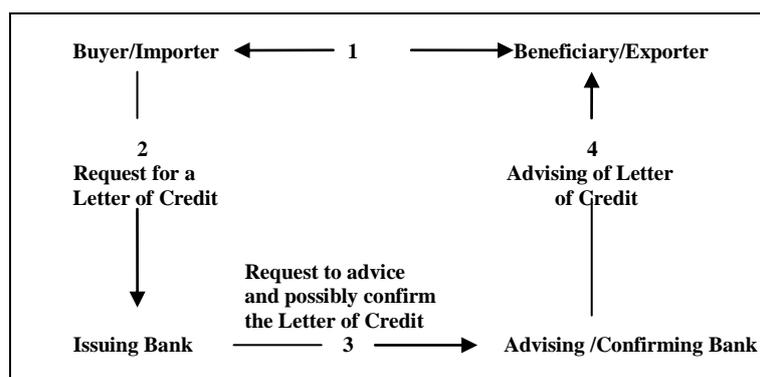
4. Warehouse Financing: A form of inventory financing in which loans are made to manufacturers and processors on the basis of goods or commodities held in trust as collateral for the loans. The goods may be held in public warehouses approved by the lender, or may be held in field warehouses located in the borrower's facilities but controlled by an independent third party. A financial institution engaged in warehouse financing will usually designate a collateral manager who issues a warehouse receipt to the borrower that certifies the quantity and quality of the stored goods or commodities.

5. Pre Shipment Finance: Pre Shipment Finance is issued by a financial institution when the seller wants the payment of the goods before shipment. The main objectives behind preshipment finance or pre export finance are to enable exporter to procure raw material, carry out manufacturing process, provide a secure warehouse for goods and raw materials, process and pack the goods, ship the goods to the buyers and meet other financial cost of the business.

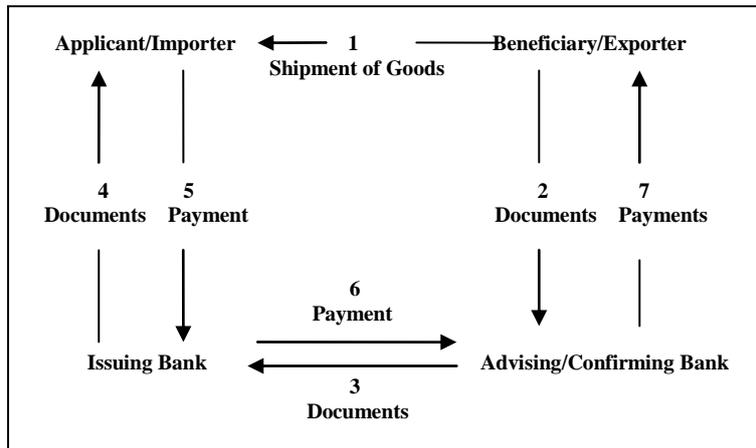
6. Post Shipment Finance: Post Shipment Finance is a kind of loan provided by a financial institution to an exporter or seller against a shipment that has already been made. This type of export finance is granted from the date of extending the credit after shipment of the goods to the realization date of the exporter proceeds. Exporters don't wait for the importer to deposit the funds.

7. Letter of Credit (LC): LC is a commercial document issued by a bank in normal course of business which carries a payment guarantee obligation in case of adverse situation arises. A bank issue LC on the request of its client in favor of a third party (beneficiary). It is important instrument to the extent that it smoothens & secures the transactions ensuring to the party in whose favor the LC is opened that if any adverse situation arises and its client failed to make the payment than the issuing bank will pay subject to the terms and conditions mentioned at the time of issue of LC. This document is most important in case both the parties doing business first time. These parties can do business without any or very low risk, as bank gives a safety assurance to both the parties, involved with the transaction. There are various types of Letter of credit: Import/ Export LC, Revocable LC, Irrevocable LC, Confirmed LC, Unconfirmed LC, Nontransferable LC, Deferred/Usance LC, At sight LC, Red Clause LC and Back to Back LC etc.

Issuance of Letter of Credit

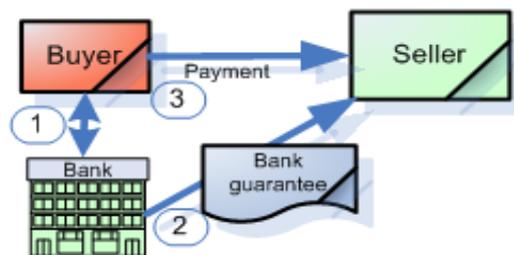


Payment under Letter of Credit



8. Bank Guarantee (BG): BG is a guarantee made by a bank on behalf of a customer (usually an established corporate customer) should it fail to deliver the payment, essentially making the bank a co-signer for one of its customer's purchases. Guarantees are important instruments used to minimize the risks that are involved in commercial contracts. For the enforcement of ordinary guarantees, as construed dependence of the guarantee on the main contract may lead to unnecessary disputes and litigation, arising from the main contract. These disputes may have a material effect on the guarantee, thereby blocking funds in litigation. Hence, there was a need for an innovative instrument which would enable the guarantee to serve its original purpose, namely, providing a form of security. The bank guarantee is one such innovative financial instrument whereby, if the beneficiary perceives that there has been a breach of contract by the other party, he can encash the guarantee and avail of the amount immediately, without having to undergo the hassles of litigation. Thus, the relevance of a bank guarantee achieves relevance. There are various types of Bank Guarantee: Financial BG, Performance BG and Differed Payment BG etc.

Working of Bank Guarantee



9. EPCG: The Export Promotion Capital Goods (EPCG) scheme was one of the several export-promotion initiatives launched by the government in the early '90s. The basic purpose of the scheme was to allow exporters to import machinery and equipment at affordable prices so that they can produce quality products for the export market. The import duty on capital goods — like all other items — was high during that period, inflating the cost of capital goods nearly 50%, so the government allowed exporters to import capital goods at only 25% import duty. For waiver of the remaining portion of import duty, exporters were supposed to undertake an 'export obligation' (a promise to export) which was worked out on the basis of the duty concession obtained.

CONCLUSION

Trade finance plays very important and active role to fulfill short term working capital requirements in a company. Apart from large scale business organization, small and medium scale business organizations are highly employment generated sources for India, but they also faces the problem of smooth flow of working capital. With the help of trade finance such problems solves to the maximum

extent. Trade Finance and secure payment systems should be part of our International Trade Policy. I hope the areas covered have at least provided a flavor of what can be gained by applying a practical approach to your trade finance needs.

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**E- GOVERNANCE IN EDUCATION SYSTEM – KNOWLEDGE
MANAGEMENT BASED ECONOMY**

Dr. A. Chandra Mohan¹

Professor, SRM school of Management,
SRM University, Chennai, India
Email : dracm_annavarapu@yahoo.com

Dr. G. Santha Rao²

Research Associate, Centre for study social exclusive and inclusive
policy, Andhra University, Visakhapatnam, India
Email: pauleteggudapati@gmail.com

K. K. K. Chand³

Research Scholar, Saveetha School of Management,
Saveetha University, Chennai, India
Email: chand@recams.in

ABSTRACT

In all societies, the formation of public governance is largely dependent on its contextual parameters, including social structures, economic condition, political atmosphere, cultural pattern and technological trend. Electronic Governance or E-Governance is the latest buzzword for governments trying to involve people in administration, address transparency in the bureaucracies and make themselves more responsive to their citizens. The benefits of E-Governance are faster decision making, reduction of duplication of work, detection of corruption and illegal transaction, prevention of knowledge drain. The E-Governance will truly allow citizens to participate in the government decision making process, reflect their true needs and welfare by utilizing E-Government as a tool. E-Governance can play a major role to strengthen the technical education system by focusing on Knowledge Management (KM). This means proactive facilitation by E-governance means to evolve consensus based knowledge bank on key evaluation factors, how to combine these factors, and useful tools that offer greater value and consensus based case study knowledge. In this context we demonstrated the use of KM based Analytical Hierarchy Process (AHP) application as a useful tool for a more effective technical evaluation system.

Keywords: E-Governance; Knowledge Management (KM); Analytical Hierarchy Process (AHP); Evaluation; Facilitation

INTRODUCTION

In all societies, the formation of public governance is largely dependent on its contextual parameters, including social structures, economic condition, political atmosphere, cultural pattern and technological trend. The nature of governance often changes depending on the intensity and speed of transition in some of these surrounding factors. In the current age, one of the most significant contextual phenomena affecting public governance is the revolution in information and communicating technology (ICT).

India is one of the leading countries venturing into E-Governance. Recently, the Indian government has set the target of delivering at least 25 percent of dealings and services electronically. In this regard the Indian government major policy measures have been defined in computer density, connectivity content, cost and cyber laws. More specifically, The Indian government has decided to boost computer connectivity by improving telecommunication system based on optic fibre networks; to upgrade content by making government sources on computers readable by ordinary citizens to cover the cost of ICT by ensuring adequate allocation in the national budget and to introduce cyberlaws by adopting the Information Technology Act. Under this overall policy framework , the government has introduced various measures for e-governance, which can be categorized into national and state-level initiatives and institutions.

Electronic governance or E-Governance is the latest buzzword for governments trying to involve people in administration, address transparency in the bureaucracies and make themselves more responsive to their citizens. The benefits of E-Governance are faster decision making, reduction of duplication of work , detection of corruption and illegal transaction, prevention of knowledge drain.

Now a days E-governance occupies the topmost position in the development agenda of almost all governments in the world and lot of money is being pumped to various eGovernance initiatives. Therefore very intelligent planning is required to produced desired results.

The spectrum of E-Governance is beyond the scope of e-government. While e-government is defined as a merely delivery of basic government service and information to the general public using electronic ways, E-Governance allows direct participation of constituents in government activities. Blake harris summarizes the E-Governance as the following ; E-Governance is not just about government Website and E-Mail. It is not just about service delivery over the internet. It is not just about digital access to government information or electronic payments. It will change how citizen relate to each other. It will bring new concepts of citizenship, both in terms of needs and responsibilities. E-Governance will allow citizens to Communicate with government; participate in the government's policy making and citizens to communicate to each other. The E-Governance will truly allow citizens to participate in the government decision making process, refelect their true needs and welfare by utilizing E-Governemnt as a tool.

LITERATURE REVIEW

Government all over the world are attempting to move from the era of efficiencies in the service sector to that of effectiveness in providing services (Satyanarayana, 2004). They are convinced that a significant transformation of governance is possible if the tools of the digital world are strategically deployed. The state government has begun to computerize most departments, especially the education department. In major city Bangalore, is known as an IT hub attracting over 1500 IT companies from advanced industrial nations and its Indian Institute of Information Technology has a very advanced infrastructure and IT facilities (Silicondia, 2001) Furthermore under its deparment of Information Technology, the government plans to create a centre of E- Governance. It recently signed a memorandum of understanding with the Microsoft Company with a view to computerizing all departments. Similarly the government of Tamil Nadu strongly committed to transforming the state into an advanced system of e-governance by computerizing all departments.

Technical Education System (TES) which at a much faster rate, creates a lot of opportunities but at the same time requires sufficient control over the technical institutes to follow the quality standards of education (Liberatore and Nydick, 1999). This need to monitor and evaluate periodically the performance of the institutes is based on several criteria. The quality evaluation of the institute's means to decide quality factors or criteria based on critical Knowledge Management (KM) based evaluation. Saxena and Wadhwa (2004) suggest growing need for focusing on the influence of knowledge transfer in human resource development. They have given adequate direction to incorporate globalization and knowledge management in human resources development systems in order to meet digital era goals. TES is facing a huge challenge because of constraints in resources such

as finance, trained teachers, infrastructure and costly technologies (Bodin and Gass, 2003). KM provides processes to capture a part of tacit knowledge through informal methods and high percentage of explicit knowledge, reducing the loss of organizational knowledge (Nonaka and tekeuchi, 1995)

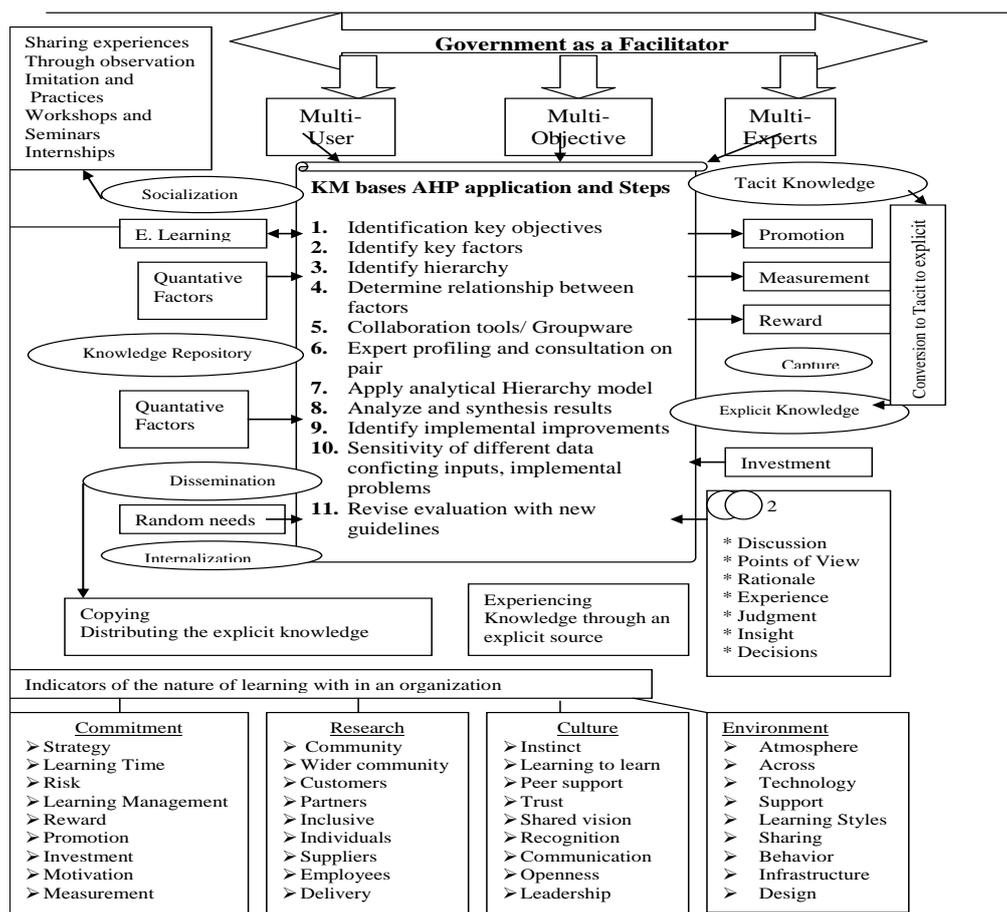
OBJECTIVES OF E-GOVERNANCE IN EDUCATION SYSTEM

1. Education system is the important service sector that needs more focus on E-Governance deployment, especially for Technical Education System (TES). TES is an important facilitator of economic development.
2. Knowledge Management Based Analytical Hierarchy Process for the Education System.
3. In order to provide potential services to students, the TES is making use of KM and E-learning as means of promotion and improving upon the quality of technology.
4. E-learning has the potential to revolutionize the basic tenets of learning by making it individual rather than institution or industry based, more concerned about TES knowledge transfer and training, eliminating clock hour measures in favor of performance and outcome measures.

Benefits of E-Governance in Education System

KM practice can help to share this knowledge with technical institutes on need basis. Continual efforts to grow awareness, aquire, adapt, apply and advanced environment-focused knowledge distribution as it significantly affects the TES. The e-governance framework can integrate localized knowledge sources into a single integrated system can serve as one stop for governance (Gupta et.al. 2003).KM can facilitate the government to share knowledge in institutes-government integration environment.

E-Governance in Education System: Acknowledge Management Based Approach



It is based on direct observation of knowledge experts and sometimes enriched by an expert general evaluator. The evaluations process is lengthy and affected by individual expert opinion or his benchmarks. The automation of the process with the AFP based software can remove the problem satisfactorily and contribute to the improvement in quality.

PROBLEM DEFINITION

The typical problem examined by the AHP consists of a set of alternatives and set of decision criteria. Since the problem is very common in many engineering application, AHP has been a very popular decision tool. Another reason that contributes to the wide use of AHP is the development of Expert Choice Software. Furthermore, many other computer packages have been developed and are based on the principles of the AHP.

Selected real life case of four technical institutes (i.e Institute A1, Institute A2, Institute A3, Institute A4) which are evaluated on the basis of seven criteria including sub criteria and formed a hierarchy structure of interdependency. The detail classification of these factors are given below:

1. Mission, Goals and Organization (100):

Management (50) (Mgmt.)

Organizational Governance (50) (O&G)

2. Financial Resources and Physical Resources and their utilization (100): (FR & PR)

Financial Resources (40): (FR)

Physical Resources (40): (PR)

Other resources (20): (OR)

3. Human Resources: Faculty and Staff (200) : (F & S)

Faculty (150): (Fac)

Supporting staff (Tech/Admin) (50): (SS)

4. Human Resources Students (100): Stud

5. Teaching – Learning process (350)(TLP)

Syllabus and Academic, Calendar (100): (SAC)

Evaluation, Procedures, Feedback, Laboratory and Workshop (50): (EPF)

Computer facilities, library, Budget for Consumables (100): (CF)

6. Supplementary Processes (50) : (SP)

7. Industry-Institute interaction and Research and Development (100): (IIRD)

The aforesaid factors evaluate the institute's performance and finally the aggregate score is being used to compare the different alternatives. This evaluation is mostly used for institute promotion and development. This direct evaluation of the institute is more accurate and providing an absolute rating but still not feasible because of lengthy, time consuming and unjustified procedures.

FINDINGS

The potential benefit can be saves expert time, money, transparent functioning, more responsive and accountable, information of all the institutions approved becomes available on the internet, information in respect of infrastructure facilities of the institute becomes available to the general public in order to make choice for rewards, etc. In our opinion, well planned investment focusing on the judicious use of IT can maximize the value from the KM efforts in the TES domain. It is suggested that the use of IT in form of databases, expert systems, industrial engineering tools, simulation tools

and enterprise modeling tools can help in improving many similar processes. An important point for us is to learn from global experiences, but develop our own ingenious solutions for our specific needs. For example we need to position KM as a support to the TES professionals and not a replacement of the knowledgeable professionals.

CONCLUSION

The conventional IMS based E-Governance use a concept of knowledge centers to share knowledge. Our model of E-Governance based on knowledge management system is built on KM cycle of Knowledge capturing, Knowledge sharing, Knowledge enhancing and knowledge preserving.

E-Governance can play a major role to strengthen the technical education system by focusing on KM. This means proactive facilitation by E-governance means to evolve consensus based knowledge bank on key evaluation factors, how to combine these factors, and useful tools that offer greater value and consensus based case study knowledge. In this context we demonstrated the use of KM based AHP application as a useful tool for a more effective technical evaluation system. The direct evaluation process, which is based on the allotment of the marks, fails when the expert's opinion is different and perception is on the basis of individual decision. We have suggested an alternative methodology to resolve this problem using KM based AHP as a multi-criteria decision support. This approach can assist experts in critical decision making and justification. In this context governance systems need to promote new ways of system evaluation. A core function of technical education system is to be an intensive knowledge sharing organization. It is, thus, essential to manage its knowledge resources more effectively. Knowledge resources are the key to a scholarly teaching learning environment. It is useful to identify the KM inputs based on government process and the knowledge sharing attributes relevant for the system under study. The KM cycle to enrich E-Governance may include knowledge awareness, knowledge acquisition, knowledge adaptation, knowledge application and knowledge advancement facilitations. E-Governance system may also encourage technical institutes to support knowledge sharing between institutes and government that will ultimately strengthen the technical education system in the country.

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**BARRIERS FACED BY MICRO, SMALL AND MEDIUM
ENTERPRISES IN RAISING FINANCE**

Nishanth.P¹

Research Scholar, School of Management Studies, Cochin
University of Science and Technology (CUSAT), Kochi, India
Email : nishpulpambal@gmail.com

Dr. Zakkariya K. A.²

Associate Professor, School of Management Studies, Cochin
University of Science and Technology (CUSAT), Kochi, India
Email: zakkariya@gmail.com

ABSTRACT

Worldwide, Micro, Small and Medium Enterprises (MSMEs) have been accepted as an engine of economic growth and for promoting equitable development. In developing countries including India, Micro, Small and Medium Enterprises sector constitute an important part in its development. In spite of this importance, this sector face number of constraints like absence of adequate and timely supply of bank finance, difficulties in procuring raw materials, marketing and distribution challenges and non availability of suitable technology. Review of literature found that there exists problem in accessing finance from banks and financial institutions and this problem may differ from region to region, between sectors, or between individual enterprises within a sector. This paper tries to identify the various barriers faced by these units in raising finance and also try to identify the various sources of finance other than banks. The study is based upon the primary data collected from the 200 MSMEs owners in Kozhikode District of Kerala. The data has been analysed with the help of percentage. The study attempts to submit some recommendations to enhance the overall credit accessibility to MSMEs sector.

Keywords: MSMEs; Banks; Credit; Finance

INTRODUCTION

The financing of Micro, Small and Medium Enterprises (MSMEs) has received much attention in recent years and it is considered as an important topic for research in the field of economics and finance. It is mainly because of the role played by MSMEs in the country's economic development in the way of rural industrialization, creation of employment opportunities and entrepreneurial development.

Worldwide, the Micro, Small and Medium Enterprises (MSMEs) have been accepted as the engine of economic growth and for promoting equitable development. The major advantage of the sector is its employment potential at low capital cost. The labour intensity of the MSME sector is much higher than that of the large enterprises. The MSMEs constitute over 90% of total enterprises in most of the economies and are credited with generating the highest rates of employment growth and account for a major share of industrial production and exports. SME play an important role in alleviating poverty and contribute significantly towards the growth of developing economies (Agbeibor, 2006).

The MSMEs segment also plays a major role in developing countries such as India in an effort to alleviate poverty and propel sustainable growth. They also lead to an equitable distribution of income due to the nature of business. Moreover, MSMEs helps in efficient allocation of resources in a country by implementing labour intensive production processes, given the abundant supply of labour force in these countries, wherein capital is scarce.

Micro, Small and Medium Enterprises in India

In India, the enterprises have been classified broadly into two categories:

- (i) Manufacturing; and
- (ii) Those engaged in providing/rendering of services.

Both categories of enterprises have been further classified into micro, small and medium enterprises based on their investment in plant and machinery (for manufacturing enterprises) or on equipments (in case of enterprises providing or rendering services). The present ceiling on investment to be classified as micro, small or medium enterprises is as under:

Table 1. Classification of Micro, Small and Medium Enterprises

Classification	Investment Ceiling for Plant, Machinery or Equipments	
	Manufacturing Enterprises	Service Enterprises
Micro	Upto Rs.25 lakh	Upto Rs.10 lakh
Small	Above Rs.25 lakh & upto Rs.5 crore	Above Rs.10 lakh & upto Rs.2 crore
Medium	Above Rs.5 crore & upto Rs.10 crore	Above Rs.2 crore & upto Rs.5 crore

BACKGROUND OF THE STUDY

Third All India census shows a declining trend in the growth of SSI units in the registered sector.

In Kerala, it shows an increasing trend. As per the fourth census report SSI units in the unregistered sector in Kerala achieved higher growth compared to national level. (Rajeevan & Sulphrey, 2012). Absence of adequate and timely supply of bank finance, limited capital and knowledge, lack of power, low quality inputs, low return, non availability of suitable technology, low production capacity, ineffective marketing strategies are the main problems of MSMEs in India. (Shiralashetti, 2012)

Lack of capital, business information, technology, and skilled workforce, difficulties in procuring raw materials, marketing and distribution challenges, and govt. policy and regulations are the main constraints' faced by SMEs. Theses constraints may differ from region to region, between sectors, or between individual enterprises within a sector. (Tambunan, 2011).

Generally, such enterprises operate on tight budgets, often financed through owners own contribution, loan from friends and relatives and some bank credit. In this background, an attempt is made to study the various financial barriers faced by MSMEs in Kozhikode district. The Kozhikode district is selected for the study because it is one of the most industrialized districts in the northern part of the Kerala.

Profile of the Kozhikode district: Kozhikode district is situated on the south west coast of India. The district is bounded on the north by Kannur district, on the east by Wynad district, on the south by Malappuram district and on the west by the Arabian sea. All the three taluks are spreaded over the three regions.

STATEMENT OF THE PROBLEM

Micro, Small and Medium Enterprises (MSMEs) is one of the fastest growing industrial sectors in the world economy. Micro, Small and Medium Enterprises are socially and economically important since they represent percentage of all enterprises and provide self employment there by contributing entrepreneurship and innovation.

All kinds of business enterprises require sufficient funds in order to meet the fixed capital as well as working capital requirements. Finance is one of the critical inputs for growth and development of MSMEs. They need credit support not only for running the enterprises but also for diversification, modernization/up gradation of facilities, capacity expansion etc.

Financial and competitive barriers are mostly affected in Micro and Small Enterprises for their development (Fumo & Jabbour, 2011). Inability to obtain external financing, inability to obtain internal financing, insufficient capital, start up costs, expensive raw materials, high whole sale price are the common financial problems MSMEs (Naidu & Chand, 2011). Inadequate credit from banks is the major reasons for finance problems of Micro Enterprises. Reluctance by banks to extend credit to women, inability to provide adequate security and margin money, tight repayment schedule are the main problems being faced by this enterprises (Rao & Ganesh, 2011) The major reason for not seeking credit was lack of information about credit and lack of required security (Mishra and Brahme, 2011). Formal financial intermediaries, such as commercial banks, usually refuse to serve poor households and micro-enterprises because of the high cost of small transactions, lack of traditional collateral, lack of basic requirements for financing and geographic isolation. (Report of Rebobank, Nederland, 2005)

According to the Report of Prime Ministers Task Force on MSMEs, Government of India, January, 2010, access to adequate and timely credit at a reasonable cost is the most critical problems faced by this sector.

While going through the above literature we find the various financial problems in different perspectives. So the present study tries to identify the various barriers faced by MSMEs for accessing credit and also try to identify the various sources of finance other than banks in the context of Kozhikode district in Kerala.

OBJECTIVES OF THE STUDY

Following are the main objectives of the study:

1. To identify the various barriers faced by MSMEs in raising finance.
2. To identify the various sources of finance other than banks.

METHODOLOGY

Population of the study consisted of the owners of MSMEs registered in Kozhikode District. In the present study, population is finite, so a systematic random sampling is adopted to select the sample of respondents. Out of 4075 MSMEs registered in Kozhikode district, 200 units were selected for the study through systematic random sampling methods. Both primary and secondary data were used for the study. Primary data were collected from the owners of 200 MSMEs in Kozhikode District and secondary data were collected from District Industries Centre, published reports, earlier studies related to MSMEs, books, journals and various web sites. Self developed interview schedules were administered to collect responses. Primary data were analysed with the help of percentage.

ANALYSIS

The present study tries to analyse the various barriers faced by MSMEs in raising finance, also try to analyse the various sources of finance other than banks. On the basis of these objectives the following analysis has been made:

Nature of business wise classification of MSMEs: The nature of business means the type of activity they are undertaken. On that basis the business is classified into mainly two. i.e., manufacturing and service. In the present survey it is observed that out of 200 enterprises covered in the study, 84% of enterprises are manufacturing units and 16% of enterprises are service units.

Type of organization: The organizational set up has a great influence on the performance of any business organization. Considering this fact, the survey results shows that majority of enterprises are

(85 %) sole proprietorship, followed by partnership (11 %) form of business, Self Help Group (2.5 %) and Co-operative society (1.5 %).

Credit Scheme availed by MSMEs: In this section we checked the various credit scheme availed by MSMEs units and it shows that in case of sole proprietorship firms 67.65 % of firms do not use the credit schemes. With regard to partnership firms, 54.55% of firms uses credit schemes. In case of S H G and co-operative society firms uses credit scheme as 80 % and 66.67 % respectively.

Reasons for non-availing credit schemes: The financial barriers of MSMEs can be reduced to a great extent by understanding the real reasons for non-availing the credit schemes by this units. The survey results indicates that in case of sole proprietorship firms, 39.13 % of firms has not availed credit due to too many formalities and 15.65 % of firms has not availed credit due to reasons such as no requirement for credit, high interest rates, difficult to give collateral security.

Considering the partnership firms 10 % of firms has not availed credit due to reason such as no requirement for credit, high interest rates, difficult to give collateral security and 40 % of firms has not availed due to too many formalities. In case of S H G firms, 100 % of firms has not availed due to too many formalities and co-operative society firms has not availed credit due to other reason such as no requirement for credit, high interest rates, difficult to give collateral security. (See Table II)

Problems in securing loan from banks: Commercial banks act as a mediator for mobilizing savings from people and channelizing the excess savings into productive purposes. This can be achieved only through the units get sufficient loan without any problems. Looking forward, we ask MSMEs owners, what kind of problems they being faced when they are approaching banks.

In case of sole proprietorship firms, majority of respondents (41.82 %) face the problem as banker's non co-operative attitude to this sector and 10.91 % of firms experienced delay in disbursement while sanctioning the loan.

The survey results shows that in partnership firms, large part of respondents (41.67 %) face other problems such as too much paper works, insisted by bank official to give collateral security etc, and 25 % of firms face the problem as banker's non cooperative attitude to this sector.

Considering S H G firms, majority of respondents (50 %) face the problem as delay in sanction and in case of co-operative society firms 100 % of firms face other problems such as too much paper works, insisted by bank official to give collateral security etc. (See Table III)

Purpose for availing credit: The survey results shows that in case of sole proprietorship firms, 3.64 % of firms availed credit for purchasing of machinery and equipments and 30.91 % of firms availed the credit for up gradation of facilities. While considering partnership firms majority of firms (50 %) availed the credit for up gradation of facilities and least of the firms (8.33 %) availed the credit for purchasing of machinery.

In case of S H G firms also majority of firms (75%) availed the credit for up gradation of facilities and 25 % of firms availed credit for diversification. In case of co-operative society firms 50 % of firms availed the credit for diversification and remaining 50 % of firms for up gradation of facilities. (See Table.IV)

Repayment position: While evaluating the repayment of position of these units we can find that, majority (74.55 %) of sole proprietorship firms partially repaid the loan and least of the firms (10.91%) not repaid the loan. In case of partnership firms, 58.33 % of firms partially repaid the loan. Considering S H G firms 100% of firms partially repaid the loan and co-operative society firms also majority of firms (50%) partially repaid the loan.

Banks from which the credit availed: The survey results about banks from which the credit availed shows that, majority of (67.27%) sole proprietorship firms availed credit from public sector banks and least of the firms (3.64%) availed the credit from private sector banks. Considering the partnership firms, 75% of firms availed credit form public sector banks and only 8.33% of firms availed credit

from Regional Rural Banks. Regarding the S H G firms 100% of firms availed credit from public sector banks and in case of co-operative society firms, 50 % of firms availed from public sector firms and 50% of firms availed from co-operative bank.

Multiple loan availed from banks: In this section our intention was to check whether these firms availed the multiple loans from banks. The survey results show that majority of (92.94%) sole proprietorship firms not availed multiple loan from banks. With regard to partnership firms, highest percentage of firms (68.18%) firms not availed the multiple loan from banks and 31.82% of firms availed the multiple loan. Considering S H G firms, large portion of respondents (80%) not availed the multiple loans but in case of co-operative society firms we can find an interesting fact that, 66.67% of firms availed the multiple loan from banks.

Raising of capital: Raising of capital indicates that whether they are using owned fund or borrowed fund or both owned and borrowed fund. The analysis depicts that in case of sole proprietorship firms, 1.18 % of firms used only borrowed fund in their capital and 79.41 % of firms uses both owned and borrowed fund.

Considering the partnership firms 9.09 % of firms used only borrowed in their capital and 86.36 % of firms used both owned and borrowed fund in their capital. With regard to S H G and Co-operative society firms 100 % of firms used both owned and borrowed fund in their capital.

Sources of borrowed fund: The survey results shows that in case of sole proprietorship firms, 1.46 % of firms use friends as their sources of borrowed fund and 72.99 % of firms uses banks as their sources of borrowed fund. With regard to partnership firms, 4.76 % of firms use friends as their sources of borrowed fund and 76.19 % of firms uses banks as their sources of borrowed fund. In case of S H G and cooperative society firms, 100 % of firms uses banks as their sources of borrowed fund. (See Table V)

RESULTS AND DISCUSSIONS

Naidu & Chand (2011) suggest that financial problems faced by MSEs could be classified into 3 broad categories. Financing problems, operational problems and administrative problems, sales and debtors problems. The purpose of our study was to find out the various barriers faced by MSMEs in raising finance especially in Kozhikode district of Kerala. Singh and Belwal (2008) found that women entrepreneurs are mostly unaware of the schemes. According to their studies 33 % of the respondents unable to comments the schemes and 27 % of showing disagreements against the availability of such schemes. The present study also confirms that 63.50 % of the respondent has not availed the credit scheme offered by banks. While analyzing the reasons for not availing credit we can find that 39.37 % of respondents have not availed credit due to too many formalities insisted by the banks concerned.

According to Fumo & Jabbour (2011) financial and competitive barriers are the main barriers faced by MSEs. These barriers vary according to the field of activity of enterprise. Our survey results also found that 9.59 % of the respondent, who availed the credit face the problem of delay in disbursement and 35.62 % of respondent, who availed the credit face the problem as bankers non co-operative attitude to this sector. So we can say that the attitude of the bank staffs must be changed otherwise it may not help the MSMEs owners to get credit facility from banks.

While analysing the purpose of availing credit facilities it should be noted that 36.99% of respondents availed the credit for the purpose of up gradation of facilities. It is also found that 72.60 % of respondent, who availed the credit have partially repaid the loan and 8.22 % of respondent, who availed the credit not repaid the loan.

The study found that, major portion of respondents (69.89 %) availed credit from public sector banks, only a meager portion (2.74 %) of respondent from private sector banks. It is found that only 11 % of the respondent availed multiple loans from banks. It is found that 81% of respondent use both owned and borrowed fund in their capital.

Tambunan (2011) states that even though there are various government sponsored credit schemes, the majority of SMEs especially located in rural areas never receive credit from such schemes. SMEs depend fully on their schemes, money from relatives and credit from informal lenders for financing their daily business operations. Our survey reveals that 8.43 % of firms use relatives as their sources of borrowed fund and 74.70 % of respondents use banks as their sources of borrowed fund.

CONCLUSION

We have analysed the various barriers faced by MSMEs units in raising finance within the purview of Kozhikode District of Kerala. The analysis of preliminary results reveals that only a small percentage of firms availed the credit scheme offered by banks. While evaluating the reason for non availing credit schemes, we can see an interesting fact that, highest percentage of respondents feel that too much formalities are there while availing credit schemes. From these findings the following recommendations have been made:

1. District Industries Centre must give proper training regarding the maintaining of accounts, getting various licenses and clearances it will help to increase the managerial capacity of owners of these units.
2. Banks must provide details (features of various schemes) regarding various credit schemes. They must conduct more campaign to attract more customers. At the same time, the bank officials must ensure that the beneficiaries get loan amount without any delay and they also need to reduce the formalities regarding the loan sanctioning.

The conclusion drawn from this paper is that barriers for raising finance can be reduced to some extent while the owners make their effort to increase their knowledge and better utilization of schemes. And the other part can be reduced only through the changing the attitude of banker. So it can be concluded that the growth and development of MSMEs can be ensured by initiating actions by government and banks for arranging the MSMEs to avail more credit by way of reducing the barriers perceived by the entrepreneurs.

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APPENDIX

Table II. Reasons for non availing credit Schemes – Ownership wise classification

Ownership	Lack of information	Too many formalities	Inability in repayment	Any other reason	Total
Sole Proprietorship	33 (28.70) **	45 (39.13)	19 (16.52)	18 (15.65)	115 (100)
Partnership	3 (30.00)	4 (40.00)	2 (20.00)	1 (10.00)	10 (100)
Self Help Group	-	1 (100)	-	-	1 (100)
Co-operative Society	-	-	-	1 (100)	1 (100)
Total	36 (28.34)	50 (39.37)	21 (16.53)	20 (15.76)	127 (100)

Note: **Figures in bracket denote percentage to total

Source: Filed survey

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Table III. Problems in securing loans from banks – Nature of business wise classification

Nature of business	Delay in sanction	Delay in disbursement	Banks non co-operative attitude to this sector	Other reason	Total
Manufacturing	18 (28.12) **	7 (10.94)	22 (34.38)	17 (26.56)	64 (100)
Service	3 (33.33)	-	4 (44.45)	2 (22.22)	9 (100)
Total	21 (28.77)	7 (9.59)	26 (35.62)	19 (26.02)	73 (100)

Note: **Figures in bracket denote percentage to total

Source: Filed survey

Table IV. Purpose for availing credit – Ownership wise classification

Ownership	Diversification	Modernisation	Up gradation of facilities	Capacity expansion	Others	Total
Sole proprietorship	16 (29.09)**	11 (20.00)	17(30.91)	9(16.36)	2(3.64)	55 (100)
Partnership	-	3 (25.00)	6 (50.00)	2 (16.67)	1 (8.33)	12 (100)
Self Help Group	1 (25.00)	-	3 (75.00)	-	-	4 (100)
Co-operative Society	1 (50.00)	-	1 (50.00)	-	-	2 (100)
Total	18 (24.66)	14 (19.18)	27 (36.99)	11 (15.07)	3 (4.10)	73 (100)

Note: *Figures in bracket denote percentage to total

Source: Filed survey

Table V. Sources of borrowed fund – Ownership wise classification

Ownership	Banks	Relatives	Friends	Money Lenders	Both banks and other sources	Total
Sole Proprietorship	100 (72.99)**	14 (10.22)	2 (1.46)	5 (3.65)	16 (11.68)	137 (100)
Partnership	16 (76.19)	-	1 (4.76)	1 (4.76)	3 (14.29)	21 (100)
Self Help Group	5 (100)	-	-	-	-	5 (100)
Co-operative Society	3 (100)	-	-	-	-	3 (100)
Total	124 (74.70)	14 (8.43)	3 (1.81)	6 (3.61)	19 (11.45)	166 (100)

Note: **Figures in bracket denote percentage to total

Source: Filed survey

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**MARUTI SUZUKI- SETTING UP SUBSIDIARY IN GUJARAT –
IS IT CORPORATE GOVERNANCE ISSUE!**

Deepak Chikhale

Student, Nagpur, India

Email : deepakchikhale@gmail.com

ABSTRACT

In this paper an attempt has been made to look into recent Maruti Suzuki's decision about setting up of 100% subsidiaries by Suzuki Motor Corporation in Gujarat and analyze whether it is about corporate governance issue. The paper contemplates the issue in terms of principles of Corporate Governance and whether more proactive steps in reaching out to shareholders especially minority shareholders would have helped the cause in mitigating avoidable frictions in the matter. The paper uses secondary data from relevant sources, which has been acknowledged.

Keywords: Corporate Governance; Maruti Suzuki; Shareholders; Subsidiary

INTRODUCTION

Corporate Governance is about the ways the company affairs are to be conducted. On account of principal agent structure, those who actually own the company are not the ones who actually manage it, leaving the scope in the hands of management to take decisions which are more conducive to management rather than for the owners. The world has seen many scandals in the past on account of excessive powers in the hands of few sitting on board and actual owners (shareholders) haplessly watching it without much of the action on their part since the corporate governance code was in the process of evolving during those times.

However during last some years there has been remarkable change, with so many Codes coming up in UK and advent of Sarbanes Oxley in USA has certainly helped the cause of Corporate Governance. The management and owners (shareholders) have become aware of their responsibilities and both parties know the available remedies.

Here is an attempt to look into recent Maruti Suzuki's decision about setting up of 100% subsidiaries by Suzuki Motor Corporation and analyze whether it is about corporate governance issue.

OBJECTIVES

To apply principles of Corporate Governance to real life scenario and assess whether there is scope for pro active action in the matter.

What is the Case!

Maruti Suzuki India Limited and which is better known in India as Maruti Udyog Limited is subsidiary of Japanese Automobile and Motor Cycle Manufacturer –Suzuki. Maruti Udyog has started its functioning in India way back in the year 1981 and has brought quite a revolution in Indian Four wheeler segments.

At the point of its entry in Indian Four wheeler segments way back in 1981 , the only known brands which had presence in India at that time were Premier Padmini and Ambassador. In short span of time, Maruti Udyog changed landscape of Indian car industry and maruti became household name in 1980s

and 1990s till it started facing heat from Hyundai, Tata, Mahindra, Ford. However as on date its' market share ranges from 35% to 40% to denote the company is still dominant force in Indian auto sector.

Shareholding Pattern on Maruti Suzuki India

As on December 31, 2013 – with 56.21% stake held by Suzuki Motor Corporation followed by Foreign Institutional Investors to the extent of 21.47% and institutional investors such as LIC, ICICI Prudential etc. Individuals holding nominal share capital to the extent of less than One Lakh INR were 1.94%

Case Study – Maruti Suzuki's decision of setting up subsidiary in Gujarat

Maruti Suzuki India (MSI-India) announced that Suzuki Motor Corporation of Japan-(SMC-Japan) (Parent of MSI-India) would set up plant in Gujarat to manufacture cars for MSI-India. The fully owned subsidiary Suzuki Motor Gujarat Pvt Ltd (SMG-Gujarat) would be formed for the purpose.

Around 1200 acres land in Mehsana district –Gujarat were acquired for the purpose. The Company had also signed an agreement with the State Government to set up a plant with an annual capacity of 250,000 units with an initial investment of about 4,000 crore. It has also been announced that

SMG –Gujarat would not be public listed company and would only be a manufacturing unit. All the marketing and expansion of the dealer network would be taken care of by MSI-India and profits will be shared by MSI –India, SMC –Japan and SMG –Gujarat.

Logic for allowing SMC –Japan to fund and own SMG-Gujarat was that SMC-Japan has funds to the extent of 25000 Cr in Japan on which it (SMC –Japan) was earning less than 1% return. However there is another view that MSI –India which also has cash reserves to the extent of 7500 Cr which could have been utilized in setting up of SMG-Gujarat by MSI-India itself rather than allowing SMC-Japan to do it.

Reaction to announcement by MSI India about setting up subsidiary in Gujarat

After raising the red flag over a deal between MSI India and its Japanese parent for the proposed Gujarat project, the car maker's institutional shareholders took up the matter and announced that they would be doing everything in their strides to safeguard their interest. Investors have fear that the deal would transform MSI India into a distribution company from a manufacturing one. Investors are concerned about turning this critical and highly profitable project into a 100 per cent subsidiary of SMC Japan instead of MSI India. Investors are worrying about the fact that this move would lead to significant erosion of value for the shareholders. The Stock market reacted adversely as shares of MSI India lost some 8 odd percentages after announcement.

Case for Corporate Governance

Now the issue is going to be analyzed only from the perspective of Corporate Governance Principles rather than merit of business decision from the company's point of view. We are also not going to assess the legality of the decision and whether the decision needs concurrence from institutional and individual investors in order to be legal, as it falls under the domains of legal pundits and about what would be stand of SEBI in the matter.

The scope of this analysis does not take those aspects into account. The purpose of this analysis is only academic and is being done with the sole purpose to assess whether corporate governance issues are involved in the matter or not.

Corporate governance addresses the principle-agent structural issue, found within large publicly quoted companies today. The 'principals' e.g. thousands of company shareholders, hire 'agents' e.g. a board of directors, to run the company and add value on their behalf e.g. maximize profit, dividends and their share price.

Investors invest in shares and own them both for dividend growth and capital growth. Even if we keep Dividend Irrelevance Theory aside on account of imperfect market conditions –investors (including minority shareholders) do expect both dividends with growth at regular intervals and also capital appreciation.

The essence of Corporate Governance regulations emphasis the need for treating minority shareholders fairly. While taking decisions which would obviously be backed up by majority shareholders in their own interest, corporations are expected to cater to the aspirations and concerns if any of shareholders and especially of minority shareholders. Thus Corporate Governance Codes lay importance on being fair to all stakeholders rather than to shareholders in more ethical and responsible manner.

Thus Corporate Governance Codes have enlightened shareholders including minority shareholders to keep scrutiny of decisions by board and assess their impacts on future growth of company and its value.

The Corporate Governance Codes emphasis on the transparency in managing the affairs of the company . It emphasizes on the composition of board and necessity of having Non Executive Directors who would be keeping tab on the decision making in the interest of shareholders. It also emphasizes on the existence of Audit Committee of independent directors who would be monitoring internal controls and safeguard company's interest.

MSI- India has Board having non executive directors in terms of Corporate Governance Principles, to keep tab on every decision of the Board whether it is being taken in the best of interest of shareholders including minority shareholders. MSI –India also has independent audit committee.

The essence of Corporate Governance principles also stress the importance of transparency in decision making and taking everybody on the board at least on landmark decisions. Taking everybody on board does not necessarily mean that every faction to be consulted and to be taken into account before taking any decision which may not be practicable in real life scenarios.

However use of management tools such as Mend low's Matrix Analysis which spells out process of identifying stakeholders and according them treatment in terms of power and interest these stakeholders have holds good in real life scenarios such as this. This would certainly obviate the negativity either in the form of protest or displeasures by some factions after the decision is taken.

Now there are concerns expressed by institutional investors about sustaining long term value of MSI – India's shares and they have got every right to get those concerns explained. The Board of MSI-India might have considered all the pros and cons of the business decision about setting up of subsidiary by SMC Japan rather by itself but from the perspective of corporate governance principles either before taking such landmark decisions all the stakeholders should have been taken on board by MSI India.

Now since that stage has already been crossed (as decision has already been taken), it requires on the part of Board –MSI India to assuage the feelings of institutional investors and minority shareholders and convince them merits of the decision.

Corporate Governance aims at enhancing corporate image and thereby value. By the present episode, unfortunately MSI-India trusted brand name in Indian Auto Industry is coming up in the news for wrong reasons. There are certain statements in this regard issued by MSI-India management to allay investors' fears but much more concentrated and proactive approach in coming up with more facts and assumptions on the basis of which the business decision was taken needs to be followed and more importantly reaching out to minority shareholders and convince them about decision would go long way in MSI-India's corporate journey. It would not only enhance its image among investors and stakeholders but also exhibit its capabilities to come over such delicate situations and coming out victorious and making win-win situation for MSI India and also its shareholders including minority shareholders.

CONCLUSIONS

Corporations face such dilemmas many a times in their journey towards achieving glory and brand name. It is for the astute board to act in swift and decisive way to come over the situations. If Board sincerely feels the decision has been taken in the best of interest of MSI India and its shareholders in the medium and long term, the next important stage would be opening up and taking all on the board to convince them. It is very rare in reality that every decision would be unanimous and welcome by all stakeholders but what lies in corporate strength of Institution is to make sincere attempt in reaching out to all and putting the facts and convince and if possible have safeguards to accommodate the fears and apprehensions if there is headroom to do it.

Let us hope MSI India would soon come out of it and would be able to concentrate on the important projects including the present one to take it to further glory in Indian Auto Industry.

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**A STUDY ON EMPOWERMENT FACTORS IN ITES/BPO
ORGANISATIONS BASED IN CHENNAI REGION**

Deepa S.¹

Research Scholar, Vel's University,
Chennai, Tamil Nadu, India
Email : deepa@gmail.com

Shree Kala Kurup²

Research Scholar, Vel's University,
Chennai, Tamil Nadu, India
Email : shreekala.kurup@gmail.com

ABSTRACT

Nowadays many IT firms and BPO firms like are on gaining a competitive advantage in the market and have realised that companies should gain competitive advantage over competition on their industry the most important factors are the empowered employees in the organisation. The Employee empowerment, which is one of the concepts of new management, gaining from different knowledge, skill and talent of the employees at the highest level, plays an important role in internal and external customer satisfaction. In this study, the role and importance of employee empowerment on three factors like organisational factor, individual factor and occupational factors in the empowerment of the employees working in ITES/BPO Sector are concentrated.

Keywords: Employee Empowerment; Organisational Factors; Individual Factors And Occupational Factors

INTRODUCTION

Employee Empowerment is the process of enabling or authorizing an individual to think, behaves, take action, and control work and decision making in autonomous ways. It is the state of feeling self-empowered to take control of one's own destiny. When thinking about empowerment in human relations terms, try to avoid thinking of it as something that one individual does for another. This is one of the problems organizations have experienced with the concept of empowerment. People think that someone, usually the manager, has to best empowerment on the people who report to him. Consequently, the reporting staff members wait for the bestowing of empowerment, and the manager asks why people won't act in empowered ways. This led to a general unhappiness, mostly undeserved, with the concept of empowerment in many organizations. This research is Empirical study based on the collection and analysis of responses from 100 employees working in information technology organisations and in BPO companies with the help of structured questionnaire and from the studies, reports, periodicals and books related to the topic of study in order to investigate the different factors of employee empowerment specifically on the factors like individual factors, organisational factors and occupational factors. In this we have tried to find out the most empowering factors for the employees working in the ITES/BPO sector. We have segregated the empowerment factors into three major sections like Organisational factor, Individual factor and Occupational factor.

The organisational factors include the factors which are the environmental related to the organisation. The employees working are affected with many reasons and the organisational factors relating to the

supervision of the employees, safe and secure working environment, Higher education support from the company, job related training and seminars and the stress management activities are included which makes a great impact to the empowerment level for the employees. The Individual factors include the sense of belongingness to the company, satisfaction with the recognition and rewards from the company; efficiently working with the teams, encouragement and recognition of individual employees by the superiors are some of those factors which empower the employees in an individual way. The occupational factors are those factors which are work related to the employees which include the performance appraisals, work distribution, better relations with the superiors, freedom of expression of thoughts and decisions related to the work.

OBJECTIVES OF THE STUDY

1. To analyze the empowerment levels of employees with the organisational factor, Occupational factor and Individual factors.
2. To study the most influencing factors of empowerment which influence employee in ITES/BPO sector in Chennai.

REVIEW OF LITERATURE

Mowday, Porter and Steers (1982) explained three components of organizational commitment viz., acceptance of organization's goals and values, extra effort on the organization's behalf and desire to stay with the employer.

O'Reilly and Chatman (1986) advocated three dimensions of organizational commitment viz., compliance, identification and internalization.

Conger and Kanungo (1988) explained empowerment as a process of enhancing the feelings of self-efficacy amongst organizational members. Thomas and Velthouse (1990), cited in Spreitzer (1995) expressed empowerment as increased intrinsic task motivation manifested in a set of four cognitions reflecting an individual's orientation to his or her work role: meaning, competence, self-determination and impact.

Spreitzer (1995) defined meaning as individual's perceived self-worth of the job, competence as the perceived ability to perform the job, self-determination as the perceived autonomy in one's work and impact as the perceived influence that the employee has in his/her department.

Meyer and Allen (1991) defined organizational commitment as a psychological state that would define the employees' relation with their organization and propounded that it would impact the employees' intention to stay in the organization. They proposed three components of organizational commitment viz., affective commitment, normative commitment and continuance commitment. They defined affective commitment as employees' emotional attachment with their organization; continuance commitment as employees' awareness of costs related to leaving the organization and; normative commitment as employees' feeling of obligation to stay longer with an organization.

As per Honold, (1997), the Contents of empowerment can be explained: As the empowerment can be done at individual level, it can be done at a team level which in size contains all employees in a process, in a unit or in a company or in an organisation.

Empirical studies on psychological empowerment and organizational commitment suggest a positive relationship between the two. Liden, Wayne and Sparrowe (2000) suggested empowerment of individuals results in higher levels of work satisfaction, organizational commitment and job performance.

Ugboro & Obeng, (2000) explains it in short; the aim of all these activities is to increase the satisfaction of the internal and external customers.

Chen, Sui and Farh (2002) defined organizational commitment as psychological attachment of employees to their organization

According to Koçel, (2003) has defined an empowerment from top to bottom or from managers to employee's means giving power to employee at four dimensions that consists of "authority", "specialization", "resource" and "personality". Authority is the power dimension which makes up the essence of empowerment or the body. The other power dimensions are the characteristic which uses authoritative power effectively, supportively, easily and complementary.

Kocel explained the authority dimension of empowerment, the right to take decision related to the meaning, the environment and content of the work done by employees; the specialization dimension, the knowledge and skill of decision making/application; the resource dimension, being the most important sharing of knowledge, the possibility of attaining and using resources related to their work; the personality dimension, however, are the self-confidence to use the authority and motivation.

According to Chaturvedi, (2008) has defined Empowerment as one of the most effective ways of enabling employees at all levels to use their creative abilities to improve the performance of the organization they work for, and the quality of their own working life.

Chaturvedi, (2008) Employee empowerment is a kind of the risk management process whereby a culture of empowerment is developed information—in the form of a shared vision, clear goals, boundaries for decision making, and the results of efforts and their impact on the whole is shared competency in the form of training and experience is developed; resources, or the competency to obtain them when needed to be effective in their jobs, are provided; and support in the form of mentoring, cultural support, and encouragement of risk-taking is provided. Rawat (2011) in her study of IT, ITES and Banking & Insurance employees concluded that psychological empowerment had a significant impact on organizational commitment.

RESEARCH METHODOLOGY

Research Design

Descriptive research design was followed in this research. The study is to identify the most influential factors of empowerment on the employees working in IT & BPO Company in Chennai

Sampling techniques

For conducting this study the Purposive sampling was adopted in selecting the respondents; the sampling was restricted to only employees working in ITES/BPO companies in Chennai.

Data collection and sample size

The study is based on primary data and secondary data and the respondents are employees from IT & BPO Sector working in Chennai. The primary data was collected through structured questionnaires related to the empowerment factors and the Secondary data were collected from books, journals, news papers and websites.

Sample Size

The study was done by 100 respondents, who were working in the IT & BPO Company as Supervisor, Manager, Administrative, Office Support, Professional, Technical Analyst, Trainee and Customer service in Chennai

Statistical tools: This data was analyzes through Reliability test, ANOVA, Factor Analysis.

DATA ANALYSIS AND INTERPERTATION

Reliability test

The questionnaires were tested for their reliability. The following table summarizes the Cronbach's Coefficient scores

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Cronbach's alpha

Table 1. Case Processing Summary

		N	%
Cases	Valid	100	100.0
	Excluded ^a	0	.0
	Total	100	100.0

Note: a. Listwise deletion based on all variables in the procedure.

Table 2. Reliability Statistics

Cronbach's Alpha	N of Items
.891	22

Inference: From the above table it is inferred that the value of Cronbach alpha (.891) it shows that the reliability of the questionnaire is valid to for this study.

One way ANOVA

Hypothesis:

Null hypothesis H0- There is no significant difference between Age and Team work

Table 3. Age and team work

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	47.735	4	11.934	30.390	.000
Within Groups	37.305	95	.393		
Total	85.040	99			

Inference: Based on the result generated by SPSS, the significant value is .000 and it is lower than 0.05 so reject null Hypothesis. Hence there is a significant difference in the age and in the organization everyone contributes to a team effort to getting their work done.

Factor Analysis

Table 4. Organisational Factor

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.514
Bartlett's Test of Sphericity	Approx. Chi-Square	449.599
	df	36
	Sig.	.000

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1.Aware of Expected from work	2.755	30.616	30.616	2.755	30.616	30.616	2.231	24.790	24.790

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Contd....

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
2. Getting Continuous explanation about the task I have to perform	2.081	23.118	53.734	2.081	23.118	53.734	1.863	20.697	45.487
3. I have a great deal of control over my Work	1.591	17.678	71.412	1.591	17.678	71.412	1.833	20.367	65.854
4. The Atmosphere in facilities Service Helps me to perform a good job.	1.092	12.136	83.548	1.092	12.136	83.548	1.592	17.693	83.548

Inference: High value of KMO(0.514>0.5) of indicates that a factor analysis is useful for the present data. The significant for Barlett's test of Sphericity is 0.000 and it is less than 0.05. Which indicates that there exists significant relationship among the variables. The resultant value of KMO test and Bartlett's Test indicates that the present data is useful for factor analysis. The total variance accounted for by the two factors with Eigen value is greater than 1 is 83.545 % among the four factors the first factor for around 24% of variance which is the prime criteria in organisational factor.

Table 5. Individual factors

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.588	
Bartlett's Test of Sphericity	Approx. Chi-Square	321.890
	df	15
	Sig.	.000

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1. Everyone in my department Contributes to a team effort in getting our work done.	2.729	45.479	45.479	2.729	45.479	45.479	2.138	35.633	35.633
2. I feel a sense of belonging to my organisation.	1.489	24.813	70.292	1.489	24.813	70.292	2.080	34.659	70.292

Inference: High value of KMO(0.588>0.5) of indicates that a factor analysis is useful for the present data. The significant for Barlett's test of Sphericity is 0.000 and it is less than 0.05. Which indicates that there exists significant relationship among the variables. The resultant value of KMO test and

Bartlett's Test indicates that the present data is useful for factor analysis. The total variance accounted for by the two factors with Eigen value is greater than 1 is 70.292 % among the two factors the first factor for around 35% of variance which is the prime criteria in individual factor.

FINDINGS

- The value of Cronbach alpha (.891) it shows that the reliability of the questionnaire is valid to for this study.
- The significant value is .000 and it is lower than 0.05 so reject null Hypothesis. Hence there is a significant difference in the age and in the organization everyone contributes to a team effort to getting their work done
- The factor analysis reveals that out of 9 factors, 4 factors have been highlighted based upon survey report by IT employees. In that aware of expected from work has high value 2.755 when compare to other factors.
- The factor analysis reveals that out of 6 factors, 2 factors have been highlighted based upon survey report by IT employees. In that everyone in department Contributes to a team effort in getting their work done has high value 2.729 when compare to other factors.

CONCLUSION

The present research identified the relationship between an employee's empowerment with his/her level of organizational commitment. The study attempted to explain the comparison of different empowerment factors on the various dimensions of organizational commitment, individual factor (the 'wants to' feeling), occupational factor (the 'has to' feeling). The study was determined on interaction of these three variables of empowerment (organisation, occupational and individual) in context of an IT & BPO companies set up in Chennai. The study concluded that empowerment of the employees has a positive impact of the three factors. An interesting observation however, in this case is that empowerment has a positive significant relationship with organisational factors and individual factors while it is not having that much strong and significant relation with the occupational factors like work distribution, verbal praise from superior.

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**ROLE OF TOURISM ORGANISATIONS IN THE
DEVELOPMENT OF TOURISM INDUSTRY OF MALAYSIA**

Mohd Motasim Ali Khan

Research Scholar, Department of Commerce,
Aligarh Muslim University, Aligarh, India
Email : khanmughees@gmail.com

ABSTRACT

Tourism has now become one of the key activities in Malaysia. It has been earmarked to play an important role in the socio-economic development of the country. Tourism is currently the second highest contributor to Malaysia's Gross Domestic Product (GDP) after manufacturing. This paper will discuss about the tourism organisations of Malaysia. Further, it will also discuss the objectives and functions of these organisations in detail. The Government has actively promoted both domestic and international tourism. Government has been giving special emphasize on the tourism sector. The rising significance of tourism in terms of its arrivals and receipts has motivated the government to take several steps time to time for the development of tourism industry. A number of travel and tourism organizations (Government & private both) are formed and approved, which cooperate and helped the travel & tourism industry in growing and development. We found that tourism organisations play an important role in the development of travel & tourism industry in Malaysia.

Keywords: Malaysia; Tourism Development; Tourism Organisation; Tourism Planning; Tourism Promotion; Travel Trade

INTRODUCTION

Tourism industry becomes an important sector in many countries because it contributes to the foreign exchange earnings. Besides, tourism industry also creates a lot of employment opportunities and hence prevents the increasing rate of unemployment. Other advantages contributed by tourism industry are increasing income, economic growth, savings, investment and business activities. Besides, the tourism industry helps in generating the strong flow through effects on other industries such as transportation, retail, construction etc. Since the tourism industry provides a lot of benefits to the country, it is imperative for the public and private sectors to improve the satisfaction of the tourists and consequently survive in the competitive tourism industries.

Malaysia is one of the economic superpowers in South East Asia emerging as a major player in Global Travel and Tourism, prospering at a fast pace as tourism is becoming one of the most important sectors of its economy. Malaysia's main areas for activities in leisure and recreation tourism which include entertainment, beach & island tourism, adventure & sports and rural tourism in the form of home stays programmes that it offers extensively throughout the country. Malaysia has a natural advantage for reeling in tourists. Tourism has now become one of the key activities in Malaysia. It has been earmarked to play an important role in the socio-economic development of the country. Tourism is the second highest foreign exchange earner for the Malaysian economy, after manufacturing. The Government has actively promoted both domestic and international tourism. The rising significance of tourism in terms of its arrivals and receipts has motivated the government to take several steps time to time for the development of tourism industry. Many national tourism policies are drafted, committees are formed and actions plans are adopted in this regard. A number of travel and tourism organizations

(Government and private both) are formed and approved, which cooperate and helped the travel & tourism industry in growing and development.

OBJECTIVES

This paper will discuss about the tourism organisations of Malaysia. Further, it will also discuss the objectives and functions of these organisations in detail.

Tourism Organizations in Malaysia

The tourism planning organisation in Malaysia is complex and influenced by the three-tier form of government i.e. Federal government, State governments and Local Authorities:

The National Tourism Organisation

Essentially, tourism is a Federal affair and the overall policy planning is carried out by the Ministry of Culture, Arts and Tourism (MOCAT) (Ministry of Tourism as from April 2004). Meanwhile, the Malaysia Tourism Promotion Board (MTPB or Tourism Malaysia) is responsible for the marketing and promotional aspects of tourism. In addition to the MOCAT/MOT and Tourism Malaysia, Federal government agencies related to rural development are also involved directly in tourism development. These agencies are as follows (Hamzah, 2004):

1. Department of Agriculture (agro tourism)
2. Department of Forestry (ecotourism)
3. Department of Fisheries (coastal tourism)
4. Department of Wildlife and National Parks (ecotourism)
5. Department of Aborigines' Affairs (ethnic tourism)
6. Department of Museums and Antiquities (heritage/cultural tourism).

State Tourism Organisation

In Malaysia, land is a State matter and the State Economic Planning Unit (SEPU) is entrusted to formulate strategies and policies related to tourism development within each state. As tourism in Malaysia is private-sector led, both the Federal and State governments are only required to provide the infrastructure to facilitate private investments. By way of practice, however, the provision of tourism infrastructure includes not only the 'hard' infrastructure such as roads, airports and jetties, etc. but also the 'soft' infrastructure in the form of the organisation of special events.

As competition between the various states increases, the lack of coordination in implementing promotional blitzes sometimes experienced clashes in timing. The aggressive but fragmented promotional blitzes carried by the various State governments fail to take into account the fact that the majority of tourists to Malaysia only stay at 2 different locations during their visit.

In response to the State governments' request for more representation on tourism matters, the Federal government set up the State Tourism Action Council (STAC) in 2002 for each and every state in Peninsular Malaysia. Established under MOCAT, the STACs are supposed to form a link between the Federal government and the various State governments on tourism related matters. With a small operating budget, the STACs are empowered to carry out product development and organising events but their efforts, so far, have been focused mainly on the latter (Hamzah, 2004).

Local Tourism Organisation

At the local level, the local authorities are now required to not only 'Think Tourism' but also to 'Act Tourism'. However, MOCAT/MOT's call for local authorities to be more proactive in the planning, management and promotion of tourism has not been well received by the local authorities, citing the lack of funding and qualified personnel as the major constraints. Moreover, local authorities do not

regard tourism as their core business since their establishment under the Ministry of Housing and Local Government is for the purpose of providing and maintaining public facilities such as recreational areas, landscaping and garbage disposal. Another main reason for their reluctance to be actively involved in tourism is the lack of mechanism for direct revenue capture given that almost all income from tourism are channeled back to the Federal government coffers.

At the local authority level, the bulk of the tourism-related projects carried out are in the form of street improvement and beautification programmes. Modeled on the successful Bintang Walk project in Kuala Lumpur, several local authorities have embarked on their own programmes to create a vibrant focal point cum tourist attraction within their cities/town (e.g. Hang Tuah Mall in Melaka, Star Walk in Alor Star, Batu Pahat Walk in Batu Pahat, Meldrum Walk in Johor, etc.). However, these projects have not been able to emulate the success of Bintang Walk due to the lack of critical mass (Hamzah, 2004).

Tourism Malaysia

Tourism Malaysia or Malaysia Tourism Promotion Board (MTPB) is an agency under the Ministry of Tourism, Malaysia. Tourism Malaysia, formerly known as the "Tourist Development Corporation of Malaysia (TDC)", was established on 10 August 1972. It was then under the former Ministry of Trade and Industry. On 20 May 1987, the Ministry of Culture, Arts and Tourism (MOCAT) was established and TDC moved to this new ministry. TDC existed from 1972 to 1992, when it became the Malaysia Tourism Promotion Board (MTPB), through the Malaysia Tourism Promotion Board Act of 1992 (Annual Report, 2010).

Functions of Tourism Malaysia

In accordance with the Malaysian Tourism Promotion Board Act 1992, the functions of the Board (Tourism Malaysia) are as follows (Annual Report, 2010):

- Stimulate and promote tourism to and within Malaysia.
- Invigorate, develop and market Malaysia internationally and domestically as a tourist focal point.
- Coordinate all marketing or promotional activities relating to tourism conducted by any organisation, government, or non-governmental agency.
- Recommend to the minister relevant measures and programmes that stimulate development and promotion of the Malaysian tourism industry and to implement them upon approval.

In line with the role of Tourism Malaysia as a promotional organisation, the following objectives were upheld:

- Increase foreign tourist arrivals.
- Extend the average length of stay of the visitors to increase tourism revenue.
- Stimulate the growth of domestic tourism.
- Increase the benefits/share obtained from the Meetings, Incentives, Conventions and Exhibitions (MICE) market.

Malaysia Tourism Centre

The Malaysia Tourism Centre (MaTiC) is located within a building in Kuala Lumpur, which is both an architectural and historical landmark. Built in 1935, the main building served as the residence of a wealthy mining and rubber estate tycoon, Eu Tong Seng. Its architecture is typically colonial reflecting the era during which it was built.

In 1941, it briefly housed the war office of the British Army. However, when the Japanese invaded Malaya during the Second World War, it became the headquarters for the Japanese Imperial Army until the end of the war in 1945. Soon after, the new government of the Federation of Malaya (as Malaysia was then termed) claimed ownership of the building. A conference hall was added and named the Tunku Abdul Rahman Hall, in honour of YTM Tunku Abdul Rahman Putra Al Haj, the country's first Prime Minister.

Since then, the Hall has become the venue for numerous historical events including the Malayan Parliament in 1959 and the Installation Ceremonies for several of Yang DiPertuan Agong (Malaysian Kings).

In 1988, the then Ministry of Culture, Arts and Tourism refurbished the main building, added two wings to the existing building and renamed it the Malaysia Tourist Information Complex (MATIC). Opened to the public since mid-August 1989, MaTiC offered a wide range of facilities and services to assist tourists in planning unforgettable holidays in Malaysia. It also enabled them to experience the essence of Malaysia within the Complex through the various cultural shows and demonstrations. On February 16, 2001, the name was changed and the Malaysia Tourism Centre (MaTiC) or also known as Pusat Pelancongan Malaysia, was born.

A division within the Ministry of Tourism, which is currently headed by YB Dato' Sri Dr Ng Yen Yen, MaTiC was formerly known as the Malaysia Tourist Information Complex (MATIC). However, February 16, 2001 witnessed the birth of a new identity while the new logo was officially launched by the Deputy Prime Minister on October 26, 2001.

A one-stop tourist centre, MaTiC is driven by the vision to place Malaysia on the global map as one of the finest tourist destinations in the world. The various services and facilities offered by MaTiC include the Tourist Information Counter, Tourist Police Counter, Internet access to its tourism e-portal, Saloma Bistro & Theatre Restaurant, Saloma Retail Centre, ATM Machine, Money Changer, Karyaneka and Hop On and Hop Off Ticket Counter and etc.

MaTiC is dedicated and committed towards providing a quality, professional and friendly service to local and foreign tourists in its endeavour to become a leading one-stop tourist centre. Since the opening of the tourist information centre after its official launch as well as its establishment as one of the pickup points for KL city tours in January 2002, MaTiC has witnessed a tremendous increase in the number of visitors (<http://www.matic.gov.my/>).

Objective

To project the Malaysia Tourism Centre (MaTiC) as a world-class one-stop tourist centre for foreign and local tourists through various professionally run services and facilities such as the tourist information counters, modern and equipped halls, meeting rooms and event venues, E-portal terminal and facilities, Culture Show Activities, handicraft centers and many other tourism related services only have in MaTiC.

Function

- To promote tourism-related activities organised by the ministry as well as state-run activities through the tourist information counters, tourism websites, printed materials and the electronic board.
- To plan, implement and manage programmes including cultural and tourism-related events through shows, exhibitions, briefings and demonstrations to attract local and foreign tourists.
- To provide the space and infrastructure together with technical assistance for art and culture proponents (<http://www.matic.gov.my/>).

Islamic Tourism Centre (ITC)

The Islamic Tourism Centre was established to facilitate the Ministry of Tourism in undertaking strategic research for tourism policy formulation that will enhance travel and promote goodwill via sustainable development of the tourism industry. It continues to serve the government and other stakeholders by providing an objective and impartial understanding of the tourism issues on national, regional and global importance (Annual Report, 2010).

Malaysian Association of Tour & Travel Agents (MATTA)

In 1975, a group of travel and tour agents initiated an association to represent their interests. That association, aptly named Malaysian Association of Tour and Travel Agents or MATTA for short, started with 30 members. The founder of MATTA was the late Mr Loh Yit Lock who was also the 1st President.

Today, MATTA boasts a membership of over 2,800 members, comprising local tour and travel organizations as well as numerous overseas affiliations. It is also the national umbrella representative body for the entire travel industry in the country. With a full time secretariat in Kuala Lumpur, its headquarters, MATTA has state chapters in Kedah, Penang, Perak, Melaka, Negeri Sembilan, Pahang, Terengganu, Kelantan, Selangor, Johor, Sabah and Sarawak. MATTA works closely with the Ministry of Tourism (Motour) as well as Malaysia Tourism Promotion Board (MTPB) (<http://www.matta.org.my/>).

Objectives of MATTA

- To unite, supervise and coordinate the activities of the members.
- To publicise, encourage, promote and extend the tourist and travel trade.
- To adjudicate and settle any differences which may arise between members whenever its arbitration is requested by both parties concerned.
- To develop friendship and common purpose among the members of the tourist and travel industry.
- To make representations on behalf of members to Government and all organisations with which the Association has common interest.
- To encourage the highest ethical standards of business conduct within the trade.
- To study and promote the interest of the tourist and travel trade and profession and to educate the public regarding the function of tours and travel agents.
- To discourage unfair competition without in any way interfering with initiative and enterprise based on fair trading.

Malaysian Inbound Tourism Association (MITA)

MITA was established under the Societies Act in July 1986 and comprises various associations related to the travel trade industry in the country. Malaysian Inbound Tourism Association (MITA) is a nonprofit membership association dedicated to building responsible travel to and within Malaysia. MITA which membership comprises of the various tourism companies in Malaysia, works closely with the government on matters relating to tourism development and promotion. Acting as a national body and representing the key industry stakeholders from the private sector, the Council plays a significant and meaningful role in supporting Malaysia's tourism objectives.

MITA on its part organises projects and events including seminars and conferences to enhance the growth of the industry and in particular to promote domestic tourism. (<http://www.mitamalaysia.com/>)

Objectives of MITA

- To take an active interest in the promotion of tourism to Malaysia;
- To disseminate information on the development and activities of tourism related organizations in the country;
- To provide feedback on matters relating to tourism to the government and to other public sector organizations;
- To establish and maintain linkages with various national and international tourism bodies;
- To encourage cooperation in tourism so as to create an awareness and an interest in the tourism industry;
- To work closely with other tourism related organizations, and
- To assist government agencies in the development of a national tourism master plan.

Functions of MITA

- Acting as an advisory body on matters relating to the tourism industry;
- Ensuring that there is no unfair competition among the travel trade and that business conducted by the industry conforms to accepted ethical standards.
- Assisting and taking an active interest in the promotion of tourism programmes within the country and overseas;
- Ensuring a high standard of service for tourists visiting Malaysia and to undertake public relations program to enhance the image of the industry, and
- Cooperating with and assisting the government in conducting tourism research and training courses.

Malaysian Association of Hotels (MAH)

Malaysian Association of Hotels (MAH) was initially established by a group of concerned and dedicated hoteliers to bring about a more dynamic hospitality industry and was given the approval to operate on 1 March 1974. It was officially registered with the Registrar of Societies on 18 May 1975 as Malaysian Association of Hotels & Restaurants (MAHAR). In 1982, MAHAR amended its constitution and it came to be known as MAH. The Malaysian Association of Hotels (MAH) is the umbrella body for hotels in Malaysia (<http://hotelmule.com/html/36/36-785.html>).

MAH's Objectives

- To unite hotels in Malaysia into one representative body;
- To promote and foster cooperation between hotels and all similar businesses within and without the areas of the Association;
- To protect and advance the interest of all Ordinary Members and Associate Members and secure mutual advantages;
- To encourage its members to provide quality service, to keep abreast of the changing needs of the travelling public, and to promote good relationships between the industry and the public;
- To promote international, regional and domestic tourism;
- To acquire, preserve and disseminate information and to provide educational programmes of value to the membership and the industry;
- To stimulate fellowship and friendship among its Members;

- To plan and organise project that will enhance productivity in the hotel industry;
- To undertake human resources development programme;
- To make representation on matters of interest affecting the industry to the local authorities, the State Government and the Federal Government, and other organisations within and without Malaysia; and
- To do anything proper, suitable and necessary for achieving these objectives and any others which are proper and lawful objectives of a national trade Association, all of which shall be consistent with the public interest as well as in the interest of the hotel industry.

CONCLUSION

Tourism has now become one of the key activities in Malaysia. It has been earmarked to play an important role in the socio-economic development of the country. The Government has actively promoted both domestic and international tourism. After reviewing the role of tourism organisations in the development of tourism industry of Malaysia we can conclude that the Government of Malaysia is taking interest in the development of travel & tourism industry and give important place to tourism in the overall development of the country. Government of Malaysia took several steps time to time for the development of tourism industry. The government adopts and formulates various laws and regulations to ensure sustainable tourism development as well as implement necessary policies. A number of travel and tourism organizations (Government & Private both) are formed and approved, which cooperate and helped the tourism industry in growing and development. Government has been giving special emphasize on the tourism sector. We found that tourism organisations of Malaysia play an important role in the development of travel & tourism industry of Malaysia.

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**HRM PRACTICES AND ITS IMPACT ON ORGANIZATIONAL
PERFORMANCE**

Sachin Bakshi¹

Research Scholar, Department of Management, AISECT
University, Raisen, Madhya Pradesh, India
Email : sachin.arun.bakshi@gmail.com

Dr. Neha Mathur²

Associate Professor (UTD), Department of Management, AISECT
University, Raisen, Madhya Pradesh, India

Dr. Gaurav Bhagat³

Assistant Professor (UTD), Department of Management, B.U.I.T.,
Barkatullah University, Bhopal, Madhya Pradesh, India

Deepanjali Kalyankar⁴

Research Scholar, Department of Management, AISECT
University, Raisen, Madhya Pradesh, India
Email: deepsach05@gmail.com

ABSTRACT

In an environment where human resources is an important source of competitive advantage, it is also the one that contributes to sustained competitive advantage through facilitating the development of competencies that are firm specific. Strategic human resource management (SHRM) concerns with the creation of a linkage between the overall strategic aims of business and the human resource strategy and implementation. The published research generally reports positive statistical relationships between the greater adoption of HR practices and business performance. The causal linkage between HR and organizational performance will enable the HR managers to design programmes that will bring forth better operational results to attain higher organizational performance. In this paper, after emphasizing that the human resources are an important source of competitive advantage, SHRM is defined. Through specific examples from academic research regarding the impact of SHRM practices on organizational performance, the conclusion is that the way an organization manages its human resources has a significant relationship with the organization's performance.

Keywords: Human Resources; Strategic Human Resource Management; Organizational Performance; Human Resource Management Systems; Linkage

INTRODUCTION

Economic environment is changing rapidly and this change is characterised by such phenomena as the globalization, changing customer and investor demands, ever-increasing product-market competition. To compete successfully in this environment, organizations continually need to improve their performance by reducing costs, innovating products and processes and improving quality, productivity and speed to market. The people who make up an organization -human resources- are considered to be one of the most important resources of today's firms. People and how they are managed are becoming

more important because many other sources of competitive success are less powerful than they used to. Recognizing that the basis for competitive advantage has changed is essential to develop a different frame of reference for considering issues of human resource management and strategy. Traditional sources of success such as product and process technology, protected markets, economies of scale, etc. can still provide competitive leverage but an organization's human resources are more vital for its sustainability. Parallel to the understanding that human resources are vital for an organization, human resource management function is also going up in organizational hierarchy. Human resource management aims to ensure that the organization obtains and retains the skilled, committed and well motivated workforce it needs. This means taking steps to assess and satisfy future people needs and to enhance and develop the inherent capacities of people – their contributions, potential and employability – by providing learning and continuous development opportunities. It involves the operation of recruitment and selection procedures, management development and training activities linked to the needs of the business.

Strategic Human Resource Management (SHRM) represents a relatively new transformation in the field of human resource management. SHRM is concerned with the role human resource management systems play in firm performance, particularly focusing on the alignment of human resources as a means of gaining competitive advantage. Organizations are becoming aware that successful human resource policies and practices may increase performance in different areas such as productivity, quality and financial performance considered to be one of the most important resources of today's firms.

People and how they are managed are becoming more important because many other sources of competitive success are less powerful than they used to. Recognizing that the basis for competitive advantage has changed is essential to develop a different frame of reference for considering issues of human resource management and strategy. Traditional sources of success such as product and process technology, protected markets, economies of scale, etc. can still provide competitive leverage but an organization's human resources are more vital for its sustainability.

OBJECTIVES

The following are the objectives of this research paper:

1. To review Strategic Human Resource Management and its benefits to the organization.
2. To provide key insights regarding implementation of HR Practices and improved Organizational performance.
3. To investigate the relationship between Human Resource Management practices and organizational performance.
4. To recommend key HR Practices that may lead to the improvement of organizational performance.

Human Resources as a Source of Competitive Advantage

The concept of competitive advantage was formulated by Michael Porter. Competitive advantage, Porter asserts, arises out of a firm creating value for its customers. Porter emphasized the importance of differentiation, which consists of offering a product or service 'that is perceived industry-wide as being unique', and focus – seeing a particular buyer group or product market 'more effectively or efficiently than competitors who compete more broadly'. He then developed his well known framework of three generic strategies, -cost leadership, differentiation, focus- that organizations can use to gain competitive advantage. Porter's widely accepted view suggests that the industry – environmental determinants affects a firm's performance. Resource-based view, on the other hand, asserts that the basis for a competitive advantage of a firm lies primarily in the application of the bundle of valuable resources at the firm's disposal. Competitive advantage, according to this view

differs from the environmentally focused strategic management paradigm in that its emphasis is on the links between the internal resources of the firm, its strategy and its performance.

The resource-based view suggests that human resource systems can contribute to sustained competitive advantage through facilitating the development of competencies that are firm specific. The sustained superior performance of many companies has been attributed to unique capabilities for managing human resources to gain competitive advantage.

Conversely, to the extent that HR systems inhibit the mobilization of new competencies and/or destroy existing competencies, they may contribute to profitable company or a healthy economy is the productivity of the workforce.

What is important to recognize is why success through human resources can be sustained and cannot readily be imitated by competitors. The reason is that the success that comes from managing people effectively is often not as visible or transparent as to its source. Culture, how people are managed, and the effects of this on their behaviour and skills are sometimes seen as the "soft" side of business, occasionally dismissed. Even when they are not dismissed, it is often hard to comprehend the dynamics of a particular company and how it operates because the way people are managed often fits together in a system. It is easy to copy one thing but much more difficult to copy numerous things.

HRM needs to achieve the following strategic goals in order for the company to gain and sustain competitive advantage:

- (i) To invest in people through the introduction and encouragement of learning processes designed to increase capability and align skills to organizational needs
- (ii) To ensure that the organization identifies the knowledge required to meet its goals and satisfy its customers and takes steps to acquire and develop its intellectual capital
- (iii) To define the behaviours required for organizational success and ensure that these behaviours are encouraged, valued and rewarded
- (iv) To encourage people to engage wholeheartedly in the work they do for the organization
- (v) To gain the commitment of people to the organization's mission and values
- (vi) To achieve these goals it is necessary to understand the linkage between HRM and business strategy

The Strategic Role of Human Resource Management

The human resource management function has consistently faced a battle in justifying its position in organizations. At good times when there are enough budgets, firms easily justify expenditures on training, staffing, rewards and employee involvement systems, but when faced with financial difficulties, such HR systems get the earliest cutbacks. The advent of the subfield of strategic human resource management (SHRM), devoted to exploring HR's role in supporting business strategy, provided one opportunity for demonstrating its value to the firm. The birth of the field of strategic human resource management can be dated back to 1984, when Devanna, Fombrun and Tichy extensively explored the link between business strategy and human resources. HRM discipline has witnessed a great deal of change over the past 25 years. These changes represent two major transformations. The first is the transformation from being the field of personnel management to being the field of human resource management. The second is the transformation from being the field of human resource management to being the field of strategic human resource management. The first transformation incorporated helped the recognition that people are an important asset in organizations and can be managed systematically.

The second transformation has built on the preceding knowledge base of the discipline. This transformation is based upon the recognition that, in addition to coordinating human resource policies and practices with each other, they need to be linked with the needs of the organization. Given that

these needs are reflected in the strategies of the firm, this transformation of “human resource management” came to be known as “strategic human resource management”.

Strategic human resource management is based upon the recognition that organizations can be more effective if their human resources are managed with human resource policies and practices that deliver the right number of people with the appropriate behaviours, the needed competencies and the necessary level of motivation to the organization. To put it another way, strategic human resource management is “the creation of linkage or integration between the overall strategic aims of business and the human resource strategy and implementation. In principle, the processes and people within the company are managed in such a way as to foster the aims of the business strategy and create an integrated approach to managing the various HR functions, such as selection, training and reward so that they complement each other”.

Strategic human resource management may bring a number of benefits to the organization:

- (i) Contributing to the goal accomplishment and the survival of the company
- (ii) Supporting and successfully implementing business strategies of the company
- (iii) Creating and maintaining a competitive advantage for the company
- (iv) Improving the responsiveness and innovation potential of the company
- (v) Increasing the number of feasible strategic options available to the company
- (vi) Participating in strategic planning and influencing the strategic direction of the company
- (vii) Improving cooperation between the HRM department and line managers

SHRM’s spreading popularity owes much to the promise of greater organizational effectiveness achievable, through the development of internally consistent bundles of human resource strategies which are properly linked to business strategies. Researchers in the field of SHRM have increasingly relied on the resource-based view of the firm to explain the role of HR practices in firm performance. Resource based view of strategy is that the strategic capability of a firm depends on its resource capability, especially its distinctive resources. Indeed, theoretical research on SHRM has suggested that systems of HR practices may lead to higher firm performance and be sources of sustained competitive advantage because these systems of practices are often unique, causally ambiguous, and difficult to imitate. HR practices can enhance firm performance when they are internally aligned with one another to manage employees in a manner that leads to competitive advantage. HR practices can create value for a firm when the individual practices are aligned to develop critical resources or competencies.

How SHRM Impacts on Organizational Performance

Many organizations face a volatile market situation. In order to create and sustain competitive advantage in this type of environment, organizations must continually improve their business performance. Increasingly, organizations are recognising the potential of their human resources as a source of sustained competitive advantage. Linked to this, more and more organisations are relying on measurement approaches, such as workforce scorecards, in order to gain insight into how the human resources in their organisation add value.

The increasing interest in measurement is further stimulated by a growing number of studies that show a positive relationship between human resource management and organizational performance. The relationship between HRM and firm performance has been a hotly debated topic over the last two decades, with the great bulk of the primary scientific research coming from the USA and, to a lesser extent, the United Kingdom. Both organizations and academics are striving to prove that HRM has a positive impact on bottom line productivity. The published research generally reports positive statistical relationships between the greater adoption of HR practices and business performance. The assumption underpinning the practice of HRM is that people are the organization’s key resource and

organizational performance largely depends on them. If, therefore, an appropriate range of HR policies and processes is developed and implemented effectively, then HR will make a substantial impact on firm performance.

Much of the research over the last two decades has attempted to answer two basic questions: ‘Do HR practices make a positive impact on organizational performance?’; ‘If so, how is the impact achieved?’ The second question is the more important one. It is not enough to justify HRM by proving that it is a good thing. What counts is what can be done to ensure that it is a good thing. Guest et al. modelled the relationship between HRM and performance. Although there are various stakeholders in an organization, the chief strategic goal of any business is higher financial performance or maximization of wealth for the shareholders. Financial performance of an organization depends to a large extent on effective operational performance. The operational performance of an organization is a function of people, process and technology. For effective interaction of people with technology and process, the people in the organization have to be competent enough, with the required knowledge, skill and abilities. Competence of the individual is an important factor that decides operational effectiveness in terms of providing quality products and services within a short time. HRM practices such as selection, training, work environment and performance appraisal may enhance the competence of employees for higher performance.

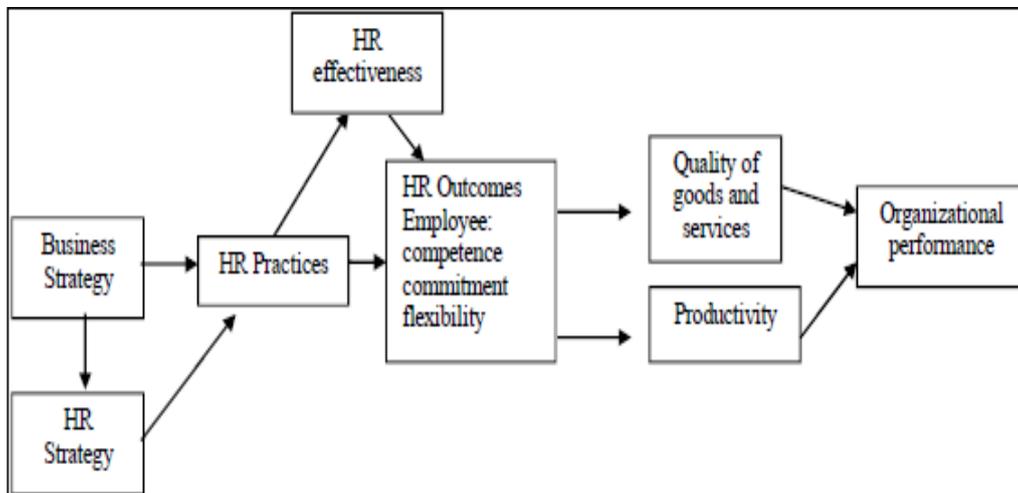


Figure 1. Linkage of HR Practices to Organizational Performance

Obviously, human resources rarely has a direct effect on firm performance. This is particularly true when the business logic of HR's effect requires that human resources drive firm performance through its contribution to effective strategy execution. HR professionals (and line managers) need to recognize that effective strategy execution is the basis of shareholder value and that effective strategy execution is a system of intermediate outcomes. Thinking like a strategy manager means recognizing the importance of the causal relationship between HR decisions and intermediate outcomes, which ultimately drive strategic success in organizations.

CONCLUSION

Since it is clearly understood from academic research that human resources are a source of sustained competitive advantage, while, traditionally, the costs associated with the development of HR strategy have been regarded as an operating expense, these costs would be better considered as an investment in capital assets. The way an organization manages its HR has a significant relationship with the organization's results, a revelation that supports the resource-based view, where business competitiveness is related, at least in part, to the investments in company specific assets. Although the published research generally reports positive statistical relationships between the greater adoption of HR practices and business performance, it should also be kept in mind that many other factors besides HR practices could influence organizational performance. Also, it is possible that there are complex

relationships between HR practices and other resources of the firm. The causal linkage between HR and organizational performance will enable the HR managers to design programmes that will bring forth better operational results to attain higher organizational performance. The focus of the HR management should be to understand organizational performance processes and design HR practices that influence process and outcome variables.

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A STUDY ON CHALLENGE FOR WOMEN EMPOWERMENT

Manav Aggarwal

Assistant Professor, D.A.V. College, Jalandhar City,
Punjab, India
Email : manavagg@rediffmail.com

ABSTRACT

Education among women is the most powerful tool of attaining power in the society. It helps in reducing inequalities and functions as a means for improving their status within the family. As we all know that education is must for everyone but unfortunately, in this male dominating society, the education of women has been neglected for a long time. Empowering women is an important end in itself and as women acquire the same status, opportunities and social, economic and legal rights as men, as they acquire the right to health and gender based violence, human well-being will be enhanced. The present study explores the role of education in women empowerment and the status of women education in India. It shows that the education is most important part in the life of every woman.

Keywords: Women Empowerment; Education; Health

INTRODUCTION

"To educate your women first and leave them to themselves, They will tell you what reforms are necessary." ---- Swami Vivekananda.

Education of women in India has been a major issue for both the government and civil society, as the educated women play a very important role in the development of the country. India, at present has largest number of illiterates in the world. As we all know that education is must for everyone but unfortunately, in this male dominating society, the education of women has been neglected for a long time. Mostly people think that to spend money on daughters would be vain. Now, we see the change in people's mentality that they are worried about the future of their daughters and they are ready to give the same place to position their daughters as they want for their sons. But in rural areas, we see that there are negligible changes in rural people's thinking. Most of the villagers provide education to their daughters but not as much as they want for their sons. If their daughters learn to read or write the letters or count the money, they think that it is sufficient and feel proud that they have done their duty very well.

A higher women literacy rate improves the quality of life both at home and outside home, by encouraging and promoting education of children, especially female children, and helps in reducing the infant mortality rate. It is true that empowerment can be gained with the help of education because it gives the knowledge of right and wrong, truth and lie.

Women constitute almost half the human race. Education has been recognized as an essential agent of social change and development in any society of any country. Education is considered as a potential instrument through which processes of modernization and social change come to existence. Education exposes people to new thoughts and ideas which provides necessary skills.

According to the Government of India, "Empowerment means moving from a weak position to execute a power." It is the ability to direct and control one's life. It is a process in which women gain control

over their own lives of knowing and claiming their right at all levels of society at the international, local and household levels. Women also bear almost all responsibility for meeting basic needs of the family.

LITERATURE REVIEW

Malik and Courtney (2011) studied that how higher education offers empowerment to women. The economic independence and increased standing with the family were the benefits of higher education. It also enabled the women to impact the discriminatory practices. Noreen and Khalid (2012) explored the possibilities and opportunities for women empowerment and how the participants in the study understand the role of higher education in empowerment of women at home and at work. They found out that the women should continue higher education and career by strategizing and acknowledging the support of their family members. Banerjee (2012) studied the empowerment of women through higher education. She concluded that the empowered women challenged the man in their workplace and were seen in the powerful corporate positions. Kandpal et al (2012) studied the participation in community level female empowerment program in India increases participants physical mobility, political participation and access to employment. Murtaza (2012) examined the current status of women in higher education in Gilgit Baltistan. He examined the challenges faced by the women were harassment at work places and work load. The parents didn't spend similar amount in educating their daughters as compare to their sons. Sonowal (2013) studied the effect of the SC and ST women in the rural areas of Sonitpur district. He found that the status of women in the present society, attitude of parents and guardians towards girl education. Taxak (2013) studied the disparity in education across the socio economic spectrum in India.

OBJECTIVES

There are two objectives of study:

1. To study the role of education as challenge in women empowerment.
2. To study the impact of women empowerment.

Challenge of Education

The vast majority of the world's poor population is women. "Around the world, healthy, educated, employed and empowered women break poverty cycles not only for themselves, but for their families, communities, and countries too." According to United Nations World's Women 2010 Trends and Statistics, two-third of the world's illiterate population is female. The majority of school age children, not in school are girls. Women all over the world are challenged by a number of obstacles that restrict their ability to play significant roles in their communities and the broader society. Today, HIV/AIDS is rapidly becoming a woman's disease. Near about 60 percent of people living in Sub-Saharan Africa were sufferings with HIV/AIDS.

When we talk about our country, the country has grown from leaps and bounds since its independence where education is concerned, the gap between women and men is severe. While 82.14% of adult men are educated, only 65.46% of adult women are known to be literate in India. Additionally, the norms of culture that state that the man of the family is the be-all and end-all of family decisions is slowly spoiling the society of the country.

Women face many social challenges today whether it be making soaps and incense in order to secure an income for her family to raise children amidst the harsh economic crisis. A woman is dynamic in many roles she plays. In the village of Warwarhere in Maharashtra 400 women stood up and raised their voices to ban alcohol and drugs. Women have withstood perennial health problems due to the lack of toilet facilities and are forced to use fields and open spaces



Figure 1. Showing the Literacy Facts of Women in India

The current world food price crisis is having a severe impact on women. Around the world, millions of people eat two or three times a day, but a significant percentage of women eat only once. And, now, many women are denying themselves even that one meal to ensure that their children are fed. These women are already suffering the effects of even more severe malnutrition, which inevitably will be their children's fate as well. The impact of this crisis will be with us for many years.

The Ministry for Women & Child Development was established as a department of the Ministry of Human Resource Development in the year 1985 to drive the holistic development of women and children in the country. In 2006 this department was given the status of a Ministry, with the powers to:- Formulate plans, policies and programmes, enacts/amends legislation, guiding and coordinating the efforts of both governmental and non-governmental organisations working in the field of Women and Child Development.

It delivers such initiatives such as the Integrated Child Development Services (ICDS) which is a package of services such as supplementary nutrition, health check-ups and immunisation. As mentioned earlier, the empowerment of women begins with their safety and health and this Ministry is committed to providing them.

SUGGESTION

Women Entrepreneur: According to a 2010 report Women Entrepreneurs Worldwide by Global Entrepreneurs Monitor that included interviews with more than 90,000 women across 59 economies—in only one of them did more women participate in entrepreneurship than men. Only eight out of 54 economies -Panama, Venezuela, Jamaica, Guatemala, Brazil, Thailand, Switzerland, and Singapore - have equal participation by men and women in entrepreneurship. The remaining economies show lower female participation, some as low as a 1:10 ratio. Women entrepreneurs made up between 1.5 percent and 45.4 percent of the adult female population in their respective economies. Around 83 million women across those regions ran businesses they had launched at least three and a half years before.

CONCLUSION

Education among women is the most powerful tool of attaining power in the society. Higher Education of women plays a very important role in releasing their energy and creativity and enabling them to

meet the complex challenges of the present world. It helps in lessening inequalities and functions as a means for improving their status within the family. The higher education increases the women to take independent decisions, to reduce violence, women's ability to claim legal rights, participation in civic society, economic independence and many more. The biggest challenge before the Government and NGO's is to create awareness and sensitization among people of all levels, especially in rural areas, about the special needs of women and girls.

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**CARDHOLDERS' PERCEPTION TOWARDS CREDIT CARD
SERVICES OF BANKS – A COMPARATIVE STUDY WITH
REFERENCE TO PUBLIC SECTOR BANKS AND PRIVATE
SECTOR BANKS IN SIVAKASI TALUK, TAMIL NADU, INDIA**

Yoges Waran

Assistant Professor, Ayya Nadar Janaki Ammal College,

Sivakasi, India

Email : yogeswaran.ganesan@gmail.com

ABSTRACT

Credit cards have become popular from past few years in Indian market as almost all the commercial banks came with the concept of credit cards. All the working employees and self-employed who have the regular monthly income are eligible to get a credit card. A credit card offers the customers with a lot of flexibility and saves time too. It is appropriate to study the cardholders' perception towards the credit cards since credit cards have offered more services. Hence, the present study was formulated with specific objectives to appraise and analyse the cardholders' perception scenario in the Public Sector Banks and Private Sector Banks.

Keywords: Credit Cards; Banks; Cardholders; Perception

INTRODUCTION

Credit cards have become popular from past few years in Indian market as almost all the commercial banks came with the concept of credit cards. All the working employees and self-employed who have the regular monthly income are eligible to get a credit card. Credit card is a plastic-card issued by a bank or non-banking financial company (NBFC) ready to lend money (give credit) to its customer. Credit card is a suitable alternative for cash payment or credit payment or deferred (installment) payment. It is used to execute those transactions which are compiled through electronic devices like a card swapping machine, computer with internet facility, etc. Cardholder is someone to whom a card is issued and who has an obligation to remit all necessary financial borrowings made on his card. A credit card offers the customers with a lot of flexibility and saves time too. It is appropriate to study the cardholders' perception towards the credit cards since credit cards have offered more services. Hence, the present study was formulated with specific objectives to appraise and compare the cardholders' perception scenario in the Public Sector Banks and Private Sector Banks.

OBJECTIVES OF THE STUDY

The main objectives of the present study are

1. To study the profile of credit cardholders.
2. To determine the factors influencing the usage of credit cards.
3. To compare the attitude of customers towards credit card services.

SCOPE OF STUDY

The scope of the Banking services is vast and ever expanding. This present work attempts to study the customer's perception towards the credit cards.

The study is being carried out with a special reference to Public Sector Banks and Private Sector Banks of Sivakasi Taluk only. It does not cover the Foreign Banks.

METHODOLOGY

a) Primary Data: The primary data has been collected from 200 respondents.

b) Secondary Data: The secondary data have been collected from books, journals, browsing through the internet and so on.

c) Collection of Data: The primary data have been collected by interview schedule from the credit card holders. The interview schedule has been pre-tested with randomly selected people before the actual collection of data.

d) Sampling Design: Of the different banks operating in the study area, only the State Bank of India (SBI) and Tamilnad Mercantile Bank (TMB) were selected purposely for the present study since SBI happens to be the biggest commercial bank in the country and the TMB is the leading private sector bank in the study area. Moreover, these two banks are found to be having more branches covering almost all places of the study area. All the branches of these two banks were selected using Census method.

From these bank branches, the researcher had selected 200 sample customers, 100 customers from each bank by adopting judgement sampling method for the study in order to ascertain the attitude of customers towards credit card services.

e) Plan of Analysis: To analyse and interpret the collected data, the researcher has been used the tools like Percentages, Chi- Square Test and Garrett Ranking.

HYPOTHESIS

The hypothesis framed for this study is as follows.

There is no significant relationship between income of the respondents and the impact of advertisement on selection of credit cards.

LIMITATIONS

Due to paucity of time, the researchers cover only Sivakasi Taluk.

Age-Wise Classification of the Respondents

The researcher has classified the respondents on the basis of age. It shows that in case of SBI, out 100 respondents, 56 respondents are under 31 to 50 age group, 28 respondents are belong to 18 to 30 age group, 11 of them are below 18 years and 05 are 51 and above years of age.

In case of TMB, majority (52%) of the respondents are under 31 to 50 years of age, 26% of them are under 18 to 30 years of age, 14 respondents are below 18 years of age and few of them (8%) are 51 and above years of age.

Gender of the Respondents

Gender plays a vital role in determining the factors of using credit card. In case of SBI, 90% of the respondents are male and remaining is female. In case of TMB, out of 100 respondents, 93 are male and 7 are female.

Occupation Details of the Respondents

The survey brings to light the details regarding the occupation of the respondents. In case of SBI, out of 100, 50 of the respondents are salaried people, 40 respondents are doing business and 10 respondents are professionals.

In case of TMB, the majority (45%) of the respondents are salaried. The study also discloses that 42 respondents constituting 42% of them are Firms and 13 of them are Professionals.

Educational Qualification

Education is a vital factor which influences the satisfaction of the respondents. Independent identity of respondents is proved only through education.

In case of SBI, 64% of the respondents were educated upto Under-graduate level followed by Higher Secondary (24%) and 12% of the respondents were Post-graduate. In case of TMB, majority of the respondents (60%) were upto Under-graduate followed by Higher Secondary (23%) and few of them (17%) were Post-graduate.

Income-wise Classification

Money is an important source to make use of any things. Generally rich people are having more than one credit cards than that of low income people. So the researcher has classified the various informants according to their level of income.

Out of 100 respondents in case of SBI, 40% are earning less than Rs. 10,000 per month, followed by 35% of respondents who earn Rs. 10,000 to Rs. 15,000 per month and remaining 25% of the respondents earn Rs. 15,000 and above per month. It also depicts that in case of TMB, out of 100 respondents, 43% are earning less than Rs. 10,000 per month, followed by 38% of respondents who earn Rs. 10,000 to Rs. 15,000 per month and remaining 19% of the respondents earn Rs. 15,000 and above per month.

Income-wise Classification

State Bank of India

Table 1 shows the Income-Wise classification of the SBI respondents and the impact of advertisement on credit card selection.

Table 1. Income of the Respondents and the Impact on Credit Card Selection

S. No.	Income (in Rs.)	Number of Respondents		Total
		Motivated by Advertisement	Not Motivated Advertisement	
1	Less than Rs. 10,000	30	10	40
2	Rs. 10,000 - 15,000	20	15	35
3	Above Rs. 15,000	15	10	25
Total		65	35	100

Source: Primary data

In order to test the null hypothesis, "There does not exist relationship between the income of the SBI respondents and the impact of advertisement on credit card selection", Chi-Square value was computed with the help of SPSS software. The p-value (0.225) is less than the chi square value (2.983), the null hypothesis is rejected. Hence, it could be concluded that there exists a relationship between the income of the SBI respondents and the impact of advertisement of selection of credit card.

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Tamil Nadu Mercantile Bank

Income-Wise classification of the TMB respondents and the impact of advertisement on credit card selection are shown in the Table 2

Table 2. Income of the Respondents and the Impact on Credit Card Selection

S. No.	Income (in Rs.)	Number of Respondents		Total
		Motivated by Advertisement	Not Motivated Advertisement	
1	Less than Rs. 10,000	26	17	43
2	Rs. 10,000 - 15,000	24	14	38
3	Above Rs. 15,000	12	07	19
Total		62	38	100

Source: Primary Data

In order to test the null hypothesis, “There is no significant relationship between the income of the TMB respondents and the impact of advertisement on credit card selection”, Chi-Square value was computed with the help of SPSS software. The p value (0.963) is greater than chi square value (0.075), the null hypothesis is accepted. Therefore, in case of TMB, there is no significant relationship between the income of the respondents and the impact of advertisement on credit card selection.

Type of Account of the Card Holders

The researcher has analysed the type of account of the card holders. It is lucid from in case of SBI, 60 respondents are having current account and 40 respondents are having Savings Bank account. While in case of TMB, 64 respondents are having current account and 36 respondents are having Savings Bank account

Period of operating the Bank Account

The researcher has also found out the period of operating the bank account for using the credit cards. It is inferred from the above table 11 that in case of SBI, out of 100 respondents, 65 respondents have 2 years to 5 years period followed by 30 respondents have more than 5 years and remaining 5 respondents have 6 months to 2 years period of using credit card. In case of TMB, majority of the respondents (60%) have 2 years to 5 years period followed by 32% of the respondents have more than 5 years whereas remaining 8% of the respondents have 6 months to 2 years period of using credit card.

Source of Information about Credit Card

Source of Information is a vital factor to know the details about the credit cards. The researcher has further analyzed the sources of information to know the credit cards. i.e., Bankers’ advice, journals and friends and relatives. Table 3 shows the source of information about the credit card.

Table 3. Source of information about the Credit Card

S. No.	Source	SBI		TMB	
		No. of Respondents	Percentage of Total	No. of Respondents	Percentage of Total
1	Banker	55	55.00	65	65
2	Journals	10	10.00	5	5
3	Friends & relatives	35	35.00	30	30
Total		100	100.00	100	100.00

Source: Primary data

It has been found from the above table that out of 100 respondents, 55% of the respondents and 65% of the respondents are directly persuaded to buy the product by the SBI and TMB Bankers

respectively. The direct approach is handled successfully till now. Another 35% of the respondents and 30% of the respondents have known about the credit card from friends and relatives in case of SBI and TMB respectively. The remaining 10% of the respondents and 5% of the respondents have known about the credit card through journals only for SBI and TMB respectively.

Factors Influencing to Get the Card

The next focusing point is to identify the factors, which influenced to purchase the card holders. The following table exhibits the factors.

Table 4. Influencing Factors of credit card

S. No.	Particulars	SBI		TMB	
		No. of Respondents	Percentage of Total	No. of Respondents	Percentage of Total
1	Self interest	30	30.00	25	25.00
2	On the advice of the Bankers	45	45.00	49	49.00
3	On the advice of friends & relatives	25	25.00	26	25.00
Total		100	100.00	100	100.00

Source: Primary data

It is revealed from the above table that in case of SBI, 45% of the card holders have purchased the card on the advice of the Bankers, 30% of the respondents have opted the card by their own interest, and the remaining 25% of the respondents have bought the card on the advice of friends and relatives. Whereas in case of TMB, 49% of the respondents have bought the credit card on the advice of the Bankers followed by 26% of the respondents has chosen the card on the advice of the friends and relatives and remaining 25% of the respondents have bought the card on their own interest.

Frequency of Using the Card

The card holders can make use of the card either frequently, monthly or during the festival time. According to their convenience they can use the card.

The survey indicates that in case of SBI, 55% of the respondents have used the card during festival time, because it is the best time for more offerings and discounts, 30% of the respondents have used the card on specific and important occasions only. 10% and 5% of the respondents are monthly and frequently users of the card respectively.

From the above table, it is also inferred that in case of TMB, 56% of the respondents have used the card during the festival time like diwali, pongal followed by 27% of the respondents have used the card on occasionally, followed by 9% of the respondents have used the card once in a month and remaining 5% of the respondents are frequent users of the card.

Place of Utilisation of Credit Card

The credit card is valid only in India. The card holders can make use of the card both in local and outstation. These details are presented in Table 5

Table 5. Place of utilisation

S. No.	Particulars	SBI		TMB	
		No. of Respondents	Percentage of Total	No. of Respondents	Percentage of Total
1	Local	20	20	30	30
2	Outstation	80	80	70	70
Total		100	100.00	100	100.00

Source: Primary data

It is observed from the Table 5 that in case of SBI, 80% of the respondents have utilized their credit cards in outstation and the remaining 20% of the respondents have utilised the card in study area. In case of TMB, 70% of the respondents are using their credit cards in outstation whereas the remaining 30% of the respondents are using the card in study area.

Utilisation of the Card

There are varieties of goods available in the market to make credit purchase. Those goods are Home appliances, Jewelleries, Consumer durables like TV and dress materials etc. The details of utilization of the card are given in Table 6.

Table 6. Utilization of the Card

S. No.	Sex	SBI		TMB	
		No. of Respondents	Percentage of Total	No. of Respondents	Percentage of Total
1	Consumer durables	20	20.00	18	18.00
2	Home appliances	10	10.00	3	3.00
3	Jewelleries	40	40.00	47	47.00
4	Dress materials	30	30.00	32	32.00
Total		100	100.00	100	100.00

Source: Primary data

It is evident from the Table 6 that in case of SBI, 40% of the respondents have purchased Jewelleries and 30% of the respondents have made a purchase of dress materials. 20% of the respondents have used the card for consumer durables and the remaining 10% of the respondents are purchasing Home appliances. In case of TMB, 47% of the respondents have purchased Jewelleries and 32% of the respondents have made a purchase of dress materials. 18% of the respondents have used the card for consumer durables and the remaining 3% of the respondents are purchasing Home appliances.

Mode of Repayment

Having seen the utilization of the credit card by the holder, an attempt has been made by the researcher to know the mode of repayment of dues to the bank. The following Table 7 shows the mode of repayment.

Table 7. Mode of Repayment

S. No.	Mode of Repayment	SBI		TMB	
		No. of Respondents	Percentage of Total	No. of Respondents	Percentage of Total
1.	Debited of SB A/c / CA Ac	85	85.00	95	95.00
2.	Direct payment	15	15.00	05	5.00
Total		100	100.00	100	100.00

Source: Primary data

It is apparent from the above Table 7 that in case of SBI, 85% of the respondents have made arrangement for debiting the dues to savings bank A/c and current A/c and the remaining 15% of the respondents have made the payment directly. Whereas in case of TMB, 95% of the respondents debited the dues to Savings bank A/c and current A/c and the remaining 5% of the respondents have made the payment directly.

Period of Repayment

The period of repayment of the borrower is analyzed. This is presented in the table 8.

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Table 8. Period of Repayment

S.No.	Period of repayment	SBI		TMB	
		No. of Respondents	Percentage of Total	No. of Respondents	Percentage of Total
1	Within 30 days	80	80.00	90	90.00
2	Above 30 days	20	20.00	10	10.00
Total		100	100.00	100	100.00

Source: Primary data

The above Table upholds that in case of SBI, 80% of the respondents have paid within a period of 30 days. The remaining 20 % of the respondents have paid penalty and interest charges for improper and delayed payment of more than 30 days. In case of TMB, 90% of the respondents have paid within a period of 30 days. The remaining 10 % of the respondents have paid penalty and interest charges for improper and delayed payment of more than 30 days.

Reasons for Using the Public Sector Banks' Credit Card

The cardholders are choosing the credit card for different reasons. The researcher has identified some reasons like. Moreover, to identify the reason which is the most vital one to the researcher has used Garret's Ranking Test. It is calculated as percentage score and the scale value is obtained by employing Scale Conversion Table given by Henry Garrett. The Percentage Score is calculated as

$$\text{Percentage Score} = 100 \frac{(R_{ij} - 0.50)}{N_{ij}}$$

N_{ij}

Where, R_{ij} is Rank given for i^{th} item j^{th} individual

N_{ij} is Number of items ranked by j^{th} individual

The percentage score for each rank from 1 to 5 are calculated. The percentage score thus obtained for all the five ranks are converted into scale values using Scale Conversion Table given by Henry Garrett. The scale values for first rank to fifth rank are 75, 60, 50, 40 and 25 respectively. The score value (fx) is calculated for each factor by multiplying the number of respondents (f) with respective scale values (x). The total scores are found by adding the score values (fx) of each rank for every factor. The mean score is then calculated to know the order of preference given by the respondents for the factors. Based on the mean score, the overall ranks are assigned for each. The ranking analysis of the reasons for using the Credit Card through Garrett's Ranking Technique is shown in Table 9 for SBI and Table 10 for TMB.

Table 9. Reasons for using the Credit Card - SBI

Particulars		I	II	III	IV	V	Total	Garrets Score	Mean Score	Rank
		75	60	50	40	25				
Avoidance of risk	f	25	30	15	15	15	100	5400	54.00	2
	fx	1875	1800	750	600	375				
Convenience	f	40	25	20	10	5	100	6025	60.25	1
	fx	3000	1500	1000	400	125				
Prestige power	f	15	20	35	20	10	100	5125	51.25	3
	fx	1125	1200	1750	800	250				
Immediate payment	f	10	15	10	35	30	100	4300	43.00	4
	fx	750	900	500	1400	750				
Cash withdrawal facility	f	10	10	20	20	40	100	4150	41.50	5
	fx	750	600	1000	800	1000				
Total		100	100	100	100	100				

f = No. of respondents; x = scale value; fx = score

It is clear from the above table that the respondents are giving more importance to the Convenience (60.25) followed by Avoidance of risk (54.00), Prestige power (51.25), immediate payment (43.00) and the least importance to Cash withdrawal facility (41.50).

Table 10. Reasons for using the Credit Card - TMB

Particulars		I 75	II 60	III 50	IV 40	V 25	Total	Garrets Score	Mean Score	Rank
Avoidance of risk	f	28	32	17	16	7	100	5685	56.85	2
	fx	2100	1920	850	640	175				
Convenience	f	42	22	22	10	4	100	6070	60.70	1
	fx	3150	1320	1100	400	100				
Prestige power	f	15	20	32	21	12	100	5065	50.65	3
	fx	1125	1200	1600	840	300				
Immediate payment	F	7	12	12	37	32	100	4125	41.25	4
	fx	525	720	600	1480	800				
Cash withdrawal facility	F	8	14	17	16	45	100	4055	40.55	5
	fx	600	840	850	640	1125				
Total		100	100	100	100	100				

Note: f = No. of respondents; x = scale value; fx = score

Table 10 shows the Garret Scores and Mean Scores. In case of TMB, the average scores are ranked according to their values. The first rank given to “Convenience”, “Avoidance of risk” got the second rank, “Prestige power” places the third rank, the fourth rank is given to “Immediate Payment” and the last rank is given to “Cash withdrawal facility”.

SUGGESTIONS OF THE STUDY

The following suggestions are offered to improve the credit card services by Banks in Sivakasi.

- Both Public Sector & Private Sector Banks must have to motivate all age groups to select credit cards for their personal use to make payment in the shop.
- All commercial banks shall given importance to the women customers to buy credit cards.
- Banks must extend its credit card facilities for withdrawal of cash from ATM.

CONCLUSION

By analyzing the credit cardholders’ perception towards credit card services and bank performance towards the credit card business show the people in Study area, they need not carry cash. Further people are empowered to spend the money, wherever and whenever they want, with their credit card within the fixed limits prescribed by the concerned banks. Since payment is a crucial part of the whole transactions.

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**EMPLOYER BRANDING AND ITS IMPORTANCE IN
ATTRACTING JOB APPLICANTS**

Deepanjali Kalyankar¹

Research Scholar, Department of Management, AISECT
University, Raisen, Madhya Pradesh, India
Email: deepsach05@gmail.com

Dr. Neha Mathur²

Associate Professor (UTD), Department of Management, AISECT
University, Raisen, Madhya Pradesh, India

Sachin Bakshi³

Research Scholar, Department of Management, AISECT
University, Raisen, Madhya Pradesh, India
Email : sachin.arun.bakshi@gmail.com

ABSTRACT

In today's increasingly competitive labour markets, attracting and retaining talent has become a prime concern of organisations. Employers need to understand the range of factors that influence career decision making and the role of employer branding in attracting human capital. Hence it is becoming increasingly important to understand the contribution of employer branding in organisations today. In order to gain a competitive edge for the company/organization over others it is important to create a differentiator, which sets it apart from its competitors. Employer branding helps create that differentiating factor to attract talented people who can help in the growth of the company/organization, and increase profitability. Basic things like investing in a tag line, and internal commitment to Employer brand promise, can help create your Employer brand in the market place.

Keywords: Employer Branding; Organisational Attraction; Marketing; Job Applicants; Brand Attributes

INTRODUCTION

Over the past few years the brand as a central concept in organizational and social life has increased. Every organization has a brand. For decades, however businesses have focused almost exclusively on consumer. The importance of branding in securing customer loyalty is well documented. We are now coming to appreciate how important branding can be. There is a fast growing body of research that shows branding as an important driver of brand success. There is a direct link between how your employees perceive the company and how they help you to deliver brand promises. In other words, if they believe in you and to what extent can they go to live up to your employer brand. The only way to align their perceptions is to communicate your brand so your employees can understand and know that they share the underlying values. Why should one work here and why should one stay here? A question that every company knows its employees have asked themselves before joining the organization or will ask in the future. This question comes with other questions like: — Can I use my creativity here; Can I make mistakes; Will people guide me on behaviour; Will they listen; Will I be allowed to think laterally and proactively. To answer these questions proactively, many initiatives are

being taken by companies under the banner of an emerging concept “Employer Branding for example, Samsung, Mahindra and Mahindra Unilever and Cadbury etc have all created brands that make it easier for these companies to recruit talented workers and to motivate their employees. And all this has been possible with the Employer Branding. Hence it important to know how the concept of employer branding can be effective in attracting potential candidates.

OBJECTIVES

This research paper aims to achieve the following objectives:

- To investigate the use of Employer Branding and understand its importance in organisations as a strategy to attract talent.
- To understand the concept of Employer Branding and its significance to organisations.
- To examine the Employer Branding strategy in the dynamic competitive landscape.

The Concept & Significance of Employer Branding

The concept of employer branding is a point where marketing strategy meets personnel management. At its most effective, the employer brand is a long-term strategy with a transparent message that promotes the organization as an employer of choice.

What is Employer Branding?

Employer Branding is defined as all the operations carried out by a Business, Company or an Organization to create and communicate its own identity to a target group composed of potential candidates and employees, so that the brand attracts and holds onto these subjects in line with the corporate culture and values. A strong employer brand should bond a company/organization’s values, its people strategy and HR policies and be aligned with its vision and mission. Employer brand is the true essence of the employer-employee contract. It is the reason people join a particular company/organization and stay with it.

Significance

The objective of continually strengthening the employer brand may provide a clear indication of what needs to be added or changed within the total rewards package. Then when it’s time to implement something new, the strength of the internal brand may greatly assist in characterizing the initiative as being of value to the employees. This preconception of value not only opens the door to receptivity, it sustains an environment of interest and acceptance.

The Need and Importance of Employer Branding

Market realities that emphasize the need for Employer Branding: Shrinking employability leads to a talent war: Manpower Group, the world leader in innovative workforce solutions, in its seventh annual Talent Shortage Survey in 2012, explained the world’s ongoing talent shortage crisis — in which one in three employers (34%) globally reported difficulty in filling jobs due to lack of available talent. This has mainly been blamed on the lack of competent applicants. This further leads to a rush to hire and retain employees. Strong employer branding can help both attract talent as well as retain it.

Rising attrition rate: Technological advancements have made people more independent. Today, each individual is free to search jobs all across the globe with the help of email and various job e-portals. With this rise in the number of opportunities we also see a rise in the number of people switching jobs and hence the rising attrition rate. In such a scenario, a strong employer brand helps create loyalty among employees, provided the company/organisation delivers its commitment promised by its brand

High cost of talent acquisition: Hiring new employees means more than just the salary which can be substantial all by itself. It also includes the cost of recruiting, training and more. The cost of recruiting includes: advertisements, time cost of internal recruiter, time cost of recruiter’s assistant in reviewing

resumes and performing other recruitment related tasks, time cost of the person conducting the interviews, medical check-up and background checks, and various pre-employment assessment tests. The cost of training also gets added; recruitment is just the first step in the process; once the right person is in place, businesses need to provide adequate training so the new employee can do the work and start producing for the company. The cost of salary plus benefits: the obvious cost of a new employee - the salary - comes with its own bundle of perks and benefits, as well. Benefits range from the minor things like free coffee to the major such as gym memberships, life insurance, disability coverage, dental plans, tuition reimbursement and the list goes on. Another cost is the cost of workplace integration: A company/ organization has to provide much more than simply providing a computer and a desk and- chair; there's also the cost of physical space as well as software, cell phone, travel and any special equipment or resources required for the job. All these costs added up together, make the cost of talent acquisition very high. This process can be avoided by retention of talent within the organisation. A strong employer brand can deter an employee's decision to leave the organisation.

Fierce competition: Today, talent has become more important than capital, strategy, or R&D, considering the popular sources of competitive advantage those companies have: capital, business strategy, technology, and talent. Today, capital is accessible for good ideas and good projects, with venture capitalists ready to fund new ideas. Strategies have become transparent: even if you have a smart strategy, others can simply copy it and the rate of advancement of technology is simply awe-inspiring. For many companies/ organizations, that means that people are the prime source of competitive advantage. Talented people not only have ideas but can also execute those ideas better and even develop other people in the company/organization.

Awareness levels of consumers and investors: With rapid growth in information exchange levels across the globe, the customer is more aware about the brand he purchases. Just as good customer service and high level of CSR activity can help create brand equity, similarly a strong employer brand helps towards creating an overall brand image in the marketplace Business advantages that stress on the importance for employer branding: Considering profit to be the main aim in any business, it is important to align all efforts to contribute to the bottom line. Employer branding can help make money in the following ways:

Create value: A well-defined employer brand is well integrated with the business strategy and articulates the shared responsibilities for achieving success. The Return on Investment (ROI) is not just an HR metric (i.e. cost-per-hire, time-to-fill, training cost, etc) but rather revenue growth. Employee satisfaction drives customer satisfaction/ loyalty and revenue growth. Employer branding fuels employee engagement, engagement fosters productivity, and productivity, in turn, fuels profitability.

Reduce Costs: With the help of good employer branding the employees connect with the cultural values of the company. This reduces the possibility of hiring unfit candidate. There is transparency in the employer employee agreement and the turnover goes down, thereby reducing recruiting costs.

Low cost initiative: Top management discussions, communication audit, employer branding surveys, executive interviews and internal focus groups can be used to define the employer brand.

Employer Branding: Constraints and Limitations

- **Organizational Resistance:** Employer Branding initiatives may encounter apprehension and resistance from employees as well as management. This is because management may expect employees to live the brand. Issues like is Employer Branding is ethical or desirable also need to be addressed in the contemporary context.
- **Marketing the Brand:** Another problem is how to express one employer brand when operating in the complex and dynamic organizational framework. Sustaining a brand may prove difficult in diverse workforce settings, varied geographies and cultures, strategic partnerships, joint operations and outsourcing.

Future of Employer Branding

Employer Branding will inevitably play a critical role in this recruitment process of organizations. However, this will be accompanied by HR managers borrowing and recasting other tried and tested tools from the marketing function. HR will start viewing employees and potential employees as ‘internal customers’ and will begin doing what core marketing function does i.e. anticipating, identifying and satisfying customer requirements. Other marketing tools will also be adapted by the HR function especially those that are deployed by companies to develop long-term relationships with their customers. Just as marketers seek to retain customers by adapting the products they offer to suit each stage of the typical consumer life cycle, so employers will use similar approaches to help recruit and retain staff.

CONCLUSION

Employer brand has become an effective and an essential tool to gain competitive advantage in today’s corporate world. The goal of corporations today is to achieve global recognition in a sustainable manner. The right kind of employer branding has plenty of advantages as it provides a personality to the company and helps structure recruitment. For organisations to succeed in attracting the right candidate with the help of employer branding it is very critical to establish what defines them. Hence, employer brand is the image of the employer in the minds of the existent and future employees. The need of having an employer brand is not only emphasized by the various market realities surrounding us, but also by the economic advantages of having a strong employer brand. Market realities such as shrinking employability leading to a talent war, rising attrition rate, high cost of talent acquisition, fierce competition, and awareness levels of consumers and investors push for creating and maintaining an employer brand. Economic advantages like employer brand as a means of revenue generation, as a money saver, and as an economically viable activity will support its creation. The popularity of employer branding and its importance in attracting job applicants is likely to be influenced by prevailing product and labour market conditions. However, the necessity of employer branding in all its forms is likely to become even more deeply embedded in our socio-cultural, economic and business landscape.

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**INFRASTRUCTURAL DEVELOPMENT AND GROWTH OF
UNDIVIDED BIHAR AFTER GLOBALIZATION A STUDY FOR
THE PERIOD 1991-2000**

Abhishek Srivastava¹

Accounts Manager, Primary Health Centre,
Belchhi, Patna (Bihar), India

Abhinna Srivastava²

Assistant Professor, Department of Commerce,
Guru Ghasidas Vishwavidyalaya, Bilaspur (C.G), India
Email: abhi.ggv@gmail.com

ABSTRACT

Bihar has now divided into two states for tribal development in southern Bihar which is presently Jharkhand. Unfortunately condition of these tribal even after bifurcation, has not changed much. We therefore can say that the true purpose of the bifurcation has not been fulfilled so far. Bifurcation of Bihar into two states in 2000 has adversely influenced the development of the state. Fast growing population makes it difficult to provide even the basic necessities like food, shelter, clothing education and health care to all. Benefits of growth get divided among too many and thus the level of well being cannot be raised to any appreciable extent. Containing fertility and growth of the population is thus, a pre condition for raising the level of human development. The apparent paradoxical situation of undivided Bihar i.e. rich in terms of natural resource and poor with respect to the economic and social development makes it more important to study the issue involved in it. In this context a study on the "Infrastructural Development and Growth of Undivided Bihar after Globalization" is needed.

Keywords: Undivided Bihar; Infrastructural Development; Globalization

INTRODUCTION

Undivided Bihar bounded by Nepal in the North, Orissa in the south, West Bengal in the East and parts of Madhya Pradesh and Uttar Pradesh in the West has a geographical area of 168957 Sq. km. And is the ninth largest state of the country. Population, however, ranks it second. Administratively, Bihar is divided into 52 districts. Of course, 10 districts were formed after the 1991 census. As far as natural regions are concerned, the state was divided into two parts, i.e, plains of Ganga and Chotanagpur plateau while undivided, in divided Bihar the plains of Ganga can be further sub-divided into the plains of the north and south. The northern plains are more fertile compared to the southern one. Both the regions are however watered by the tributaries of Ganga namely Gandak, Bagmati, Kamla and Kosi (north) and Punpun, Morhar, Karmnasha and Phalagau (south). The population of Bihar as per 1991 census is 867 lakh with an inter-censal growth rate of 23.5 percent. The sex ratio is 911 females per thousand males, lower than the natural average of 927. Level of urbanization is only 13.14 percent, which is much lower than the all India percentage of 25.71.

Undivided Bihar stood twelfth at an all India ranking of life expectancy. The economy of Bihar is predominantly agrarian both in terms of sectoral contribution to the economy and the workforce it employs. Out of the total of 169 lakh hectare, 115 lakh hectares is the gross cultivated area. Only 85 lakh hectares of land is under cultivation. The principal crops are rice, wheat, maize and pulses. Main

cash crops are sugarcane, oilseeds, tobacco, jute and potato. Nearly 32.2 per cent of population participate in gainful economic activities such as 29.7 per cent as main workers another 2.5 per cent as marginal workers. 80.7 per cent of the main workers earn their living from agriculture, 43.6 per cent as cultivator and 37.1 per cent as agricultural labours.

In terms of natural resources especially mineral resources and forests, the undivided state was among the richer ones. It accounted for nearly 40% of the total mineral production of the country. The share of Bihar in respect of other mineral i.e. Coal 34.5 per cent, mica 54.8 per cent, copper ore 24.2 per cent, uranium, limestone, Chinaclay, fireclay 10.4 per cent, bauxite 17.3 per cent and kainite 44.9 per cent. Regarding forests, nearly 17 per cent of the total area is under forests. Some of the key forest products are timber, Tendu leaves and lakh, Gum and Sal seeds.

PURPOSE OF THE STUDY

The objective of this research is to find out the infrastructural development and growth of Bihar after globalization during the period 1991-2000. The purpose of this research is to highlight the problems and prospects of Development infrastructure in Bihar and emphasize the role of the infrastructure facilities in the area of development of the human development. Therefore the objective of this research is to fill the void in related literature with the application of research methodology and technique to identify the weakness and to suggest improvements in the policy of the government which will serve as a valuable instrument for the development of infrastructure in undivided Bihar.

METHODOLOGY

The study is based on the secondary data. The data were collected from the websites of government and various authorities, different journals, newspapers etc. Data further been analyzed with the help of Statistical tools like Mean, Percentage and IT tools like MS Excel, MS Word.

INTERPRETATION AND ANALYSIS

The economic and social prosperity is not in consonance with the richness of natural resources. Bihar is among the lowest in the country on CMIE index, HDI, per capital income etc. The CMIE index, a composite measurement of development stands at 43 against the all India average of 100, the variation across districts is of the magnitude of 38.

Literacy and Primary Education

Education acts as a catalyst to being labour economic, social, cultural and technological changes in a society. The educational scenario has become alarming in Bihar.

The overall enrollment rate in the state is 72.68 per cent i.e almost every fourth child never goes to school. It is much lower among girls (50.9%) than boys (94.23%). Enrollment rate varies widely across districts from a low of 56.21 per cent in Khagaria to 84.36 per cent in Dhanbad. Enrollment among girls is lower than that of boys in all the districts.

Drop out rate is quite high at 65.53 per cent. It is marginally higher among girls than among boys. It is also observed that the drop out rate is higher among scheduled castes than among the rest of the population. Gender disparity in drop out rates is less pronounced among scheduled tribes. As per the 1991 census, literacy rate for SCs & STs are 19.49 per cent and 26.87 per cent respectively. This may be due to not only of lower drop out rates but also of higher enrollment rate among STs. Reason being that Christian Missionaries have played a major role in educating the tribal population in Bihar.

Quality of teaching definitely influences enrollment, drop out and achievement in education. Data show that there were on an average 60 students per teacher in the state (1986-87). The national policy on education suggests that there should be at least one teacher for each class at the primary level to improve the quality of teaching.

Education in general and basic education in particular plays very crucial role in empowering people to achieve social and economic change. According to 1991 census the literacy rate in the country was

52.21% while it was only 38.48% In Bihar. The percentage of literacy among female at national level was 39.29% whereas it was 22.89 in Bihar. The percentage of literacy among male and female varied from district to district. It was the highest in Patna district among both male and female which was 56.33 percent and 41.35% respectively. The lowest percentage among male 26.19 and among female 10.38 was recorded in Araria and Kishanganj districts respectively.

In 1996 in a report issued by the government of Bihar and UNICEF it was admitted that the state has no project worth the name to enroll 77 lakh children in the age of 6 to 14 years in 1997. What was more heartening was that even with a sanctioned strength of 2.27 lakhs teaching posts of which 20 thousand were vacant at the last count; Bihar had 1 lakh teachers and 25 thousand schools. Short of making its literacy campaign a success. Keeping in view of resource constraints, Bihar will be unable to realize the target for at least thirty years more. Further the percentage of literacy in rural areas, among Sc. and St. is lower than the state average on the one hand "Bihar missed a big opportunity to avail of a huge amount of Rs. 612.80 crores from the central Government in 1990-1991 when officials of the central education for the three days and even after that an audience with the officials was not granted."

The glory of Patna university once called Oxford of the east, has become a thing of past. Five universities established through an Act. In 1992 have not been affiliated to the university grants commission the apex body of higher education in the country because they do not fulfill maximum condition of land, building, cash deposit and remain deprived of sufficient grants from U.G.C. Thus the credibility of education right from primary to university level is on decline without any serious effort on the part of the Government to reverse the trend.

Public Health

In Bihar more than 85% of the population lives in rural areas. Therefore, rural health care facilities assume importance. Health care facilities provided by the government are uniform across the districts. At the state level there were 14794 sub-centers in all and one lakh population is served by 19.71 sub-centers the state average is not far away from the target of one sub-center for 5000 persons. The norm for PHCs per lakh population which is well below the norm on an average, there are 0.92 family welfare center per lakh Urban population, which are meant to provide maternity and child health and services.

According to world health organization health means a complete mental and social well being and not merely the absence of disease or infirmity. Public health bears direct impact on physical and mental capacity and thus increases productivity of society; public health requires medical facilities which should be in the reach of common man in hour of need.

There were 14799 health sub centers 2209 additional primary health centers, 1974 sub divisional hospitals, 37 district hospitals, 147 referral hospitals and several T.B and leprosy hospitals in the states. But the availability of per capita medical services is low compared to national average. In the state doctor population ratios 1:3431 while the accepted form is 1:1000. The number of hospital beds per million people according to 1991 census report in Bihar was 2307 whereas for the whole country was 2561 and in Kerala 5998. According to per capita expenditure health care Bihar stood last but one among the 15 major states with Rs 36.46 while Punjab stood first with Rs 83.49 in U.P it was Rs 34.62.

The percentage of children registered for natal care was lower than the national average. Some of the important components of health care sanitation, welfare of children and handicapped receive very little attention in the state.

Though per capita expenditure on medical care is low but that too, is unevenly disturbed. About 80% of the population of the state lives in rural areas but more than 80% medical facilities are located in urban areas. Primary health centers located in rural areas often go without doctor and medicine. Thus the medical facilities in the state are beyond the reach of persons below poverty line who live in the rural areas. The goal of health for all is not going to be achieved by the year 2010 AD in the state,

however NRHM by central government playing a pivotal role in building a better health facilities in the state. The State Health Society Bihar and District Health Society in the State too, paving the way as to reach medical facilities in rural areas. Janani Bal Surksha Yojana, Pulse Polio eradication Programme, routine immunization, Muskan ek Abhiyan etc successfully running and achieving its target.

Roads

In terms of population undivided Bihar is the second largest state in the country and the ninth largest in the area but in comparison the road length one of the most backward states. Out of total 67546 villages in the state only 32929 villages are linked with roads. Till 1996 the total length of the roads in state was 87956 Kms of which 39760Kms were metalled and 47196 Kms unmetalled. According to further breakup, the length of national high ways was 2237 Kms. State high ways 4:92 Kms district roads 42109 Kms village roads 2701 Kms and other roads over 10,000 Kms.

As per survey report up to March 1990 total national average road length per lakh population in country was 211 Km where as in Bihar it was just 124 Km . Comparative study of study of road situation of various states shows that in case of metalled road length Bihar was below ten states, whereas in total metalled and unmetalled road length it was on the ninth position. Similarly, the total road length over hundred square kilometer areas in Bihar was just 50.58 Km which was far behind, Kerala, Tamil Nadu, Karnataka, Maharashtra, Punjab, U.P. etc. As per report of Gramin Khetra Aivam Rojgar Mantralaya on rural road network the percentage of villages with 1000 population connected with all weathered road for in most of the states and union territories was cent percent whereas in Bihar it was 63.8% . On the one hand there has been inadequacy of roads in the state; the priority for road development has been declining since the second five year plan.

Irrigation

Irrigation is said to be the most vital ingredient for modernization of agriculture. It facilitates the use of high yielding variety of seeds and chemical fertilizers. In 1990-1991 the share of primary sector whose main component is agriculture in the total domestic product of the state was 47.6 %. Several industries such as jute, sugar, rice mills, flour mills dal mills and other village industries depend on agriculture for raw materials. Out of the total labour force of the state 43.31% and 37.21% are cultivators and agricultural labours. Thus, agriculture remains the back bone of the economy of the state.

But the growth of irrigation facilities has been sluggish in the state. The created irrigation potential has grown at the rate of 4.11%p.a. over the period 1950-94. However, the state has been able to develop only 51% of its ultimate irrigation potential as compared to 55% for all India. On account of various religions the coverage under irrigation in the state does not exceed 43% of the total shows areas as compared to 95% in Punjab, 78% in Haryana, 58% in U.P. thus 53of the shown area in the state depends on vagaries of the monsoon.

Electricity

In Bihar, There are three main sources of generation of electrical power, viz, thermal power, Hydro power and nuclear power. Among these the thermal power generates electricity by coal and diesel whereas Hydro power is generated by Water resource. This power has several advantages because it is the most economical source of energy. There is no problem of population of atmosphere or disposal of waste matter in the generation of Hydro power. On the other hand, the power generated from Coal and diesel affects the atmosphere. Moreover the cost of producing electricity by coal and diesel will also be more the Hydro one.

Per capita energy consumption is taken as an indicator of the level of development. In 1994-95 per capita electricity supply in Bihar was 130 KW where as the national average was 319 KW. In 1991 the number of household having electricity was 12.57 % of which 5 % was in rural area and 58.77 % was in urban area and the national average in the year was 43.37 % , 30.54 % and 75.78% respectively.

Banking facilities

Banking development encourages savings and at the same time provides credit to agricultural and industrial sectors. Due to failure of cooperative movement in the state and apathy of nationalized commercial banks there is birth of credit to agricultural sector. The credit deposit ratio of gramin banks in the state is 40% which has caused drain of rural savings to cosmopolitan cities of the country.

In 1996-97 the deposit of non-banking financial institutions operating in the state was nearly equal to that of nationalized banks. As these non-banking financial institutions do not advance loans to the priority sector their high deposit ratio had become a matter concern. The state Government was also worried from this trend which was to be examined thoroughly. But nothing tangible has come in this regard.

The level of investment in industries is also low compared to industrially developed states. Even the Former chief Minister's visit to foreign countries could not attract for sign investment in the industrial sector.

Income and Consumption

Level of income and consumption in Bihar is quite low. Per capita SDP in 1990-91 at 80-81 prices was as low as Rs. 1195. This is much lower than the corresponding figures for the prosperous states like Delhi Rs. 4838, Punjab Rs. 3751, Haryana Rs. 3466, Uttar Pradesh Rs. 1612, Madhya Pradesh Rs. 1726 and West Bengal Rs. 1946. Even the poor states of Orissa has the per capital income of Rs.1383. Thus, per capital income of Bihar is the lowest among the states.

Law and Order

Though, there has been a decline in law and order situation in recent years all over the country but Bihar has earned bad name for organized crime and violence of all kinds right from kidnapping, loot, *Gangwar* etc. to *Rangadari* tax, from business communities and professionals. The Chief Ministers visit to foreign countries could not attract foreign investment in the state. The apathy and passiveness of the law enforcing and maintaining agencies have made the Chief Justice of the High Court comment that "There is Jungle Raj" in the state.

In 1951 Bihar's position was fourth from the point of view of per capita income in the country whereas its position declined to 17th with Rs. 1142 per capita income (Per capital net domestic product at 1980-81 prices) in 1991-92. During the period 1980-81 to 1991-92 compound annual rate of growth in the state was 1.99 percent which was much below the average national rate of growth. Only three states viz. Jammu and Kashmir, Madhya Pradesh and Himachal Pradesh lagged behind in compound annual rate of growth.

Circumstantial it may appear that socio-cultural factors might have been responsible for slow rate of growth of the economy. But it has been amply made clear that social and physical infrastructure are intermingled in bringing about changes in socio-cultural policies institutions provided they are adequate and qualitative. The low level and poor quality of infrastructure in Undivided Bihar has not been able to other developed state, the level and quality of infrastructure is low in Bihar. Thus its backwardness is the result of inadequacy in infrastructure.

CONCLUSION

In comparison with Indian average undivided Bihar was more like an agrarian economy. Ghosh and Gupta (2010) found that because of lack of development in the non-agricultural sector, there is an inadequate extension in productivity in Bihar. Employment state of affairs during this period also exhibit that the non-agricultural sector was unable to draw people to non-agricultural sector. It was also found in current study that division of Bihar slightly favoring Jharkhand more than Bihar. Distribution of Physical assets were made the basis of 'on is where is'. Divided Bihar got 3/4 of liabilities and just 1/4 of assets, so Bihar became poorer state than ever. Many of the industrial units positioned in the Southern undivided Bihar were obviously shifted to newly formed Jharkhand and this

loss resulted into revenue loss of the state. The contribution of industrial sector in revenue of undivided Bihar was around 10% which came to just 1% in undivided Bihar.

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**STUDY TO EVALUATE THE PREFERENCES OF WORKING
WOMEN & HOUSEWIVES TOWARDS PACKAGED & NON
PACKAGED FOOD**

Dr. Aaliyah Siddiqui

Assistant Professor, Datta Meghe Institute of
Management Studies, Nagpur, India
Email: write2aaliyah@gmail.com

ABSTRACT

The present study made an effort to evaluate the buying behavior of working women & housewives for packaged and non packaged food. There are certain goods and services are decided or actually purchased largely by women. A lot of studies have been conducted by many researchers, practitioners and professional on behavior of customers but only a few studies have been conducted on specific for women customers' behavior. In the modern days, where the life is at fast pace time has become very valuable to every person & hence "Packaged Foods" play an important role in everyone's day-to-day life. Also, the food habits in India have changed due to the Western influence and the usage of these foods is on the rise. These foods are widely used in catering industries as well as at homes. There are varieties of instant/ready-to-eat foods available in the market to choose from and they have become a part of everyday life. The packaged food products are not only easy to cook but also have a significant role and place in the celebration of the family functions and religious functions of the people. The objective of the study is to know the preference of packaged and non packaged food of working women & housewives and to examine the relationship between Working women and Packaged Food. Hence the research has been conducted in the state of Maharashtra with some working women and some housewives with whom a structured interview was conducted to get their responses.

Keywords: Consumer Buying Behavior; Households; Packaged Food

INTRODUCTION

Food diversity in India is an implicit characteristic of India's diversified culture consisting of different regions and states within. Liberalization of the Indian economy in the early 1990s and the subsequent entry of new players set a significant change in lifestyles and the food tastes of Indians. Convenience food is a concept that is prevalent in the developed world since long, while its inception into the Indian market has been recent. With the changing socio-economic pattern of life and the increasing number of working couples, the concept is fast becoming popular in Indian market. The research study has tried to explore the relationship between working women and packaged food to understand the inclination of working women and housewives towards packaged food. The research has been conducted in Maharashtra state.

STATEMENT OF THE PROBLEM

A study to evaluate the preferences of Working Women & Housewives towards Packaged & Non-Packaged Food.

PURPOSE

To understand the buying behavior of the working women & housewives as also to examine their preferences towards packaged & non packaged food.

OBJECTIVES OF THE STUDY

1. To know the preference of packaged and non packaged food of working women & housewives.
2. To examine the relationship between Working women and Packaged Food.

LITERATURE REVIEW

Demographics & household structures, desires, emotions, ethics and personality, group influences, information processing are considered some of the key factors responsible for buying purchase behavior. Consumer's purchases are sturdily influenced by the factors like cultural, social, personal and psychological characteristics were reported by Thomson, & Locander (1994). A well structured questionnaire has been drafted to get the information regarding buying behavior of women. As we know that market cannot operate without the consumer, so the consumer is known as God for the market, as he behaves, market work accordingly. Women as a consumer are also participating in buying the goods. Now-a-days Indian women are dominating the market by making her presence in every purchase decision. So, it is also required to know that how women behave during purchasing & it is also required that what is the value of women for the market. An effort has been made to judge the Indian women buying behavior & their values for the market in this paper. Analyses of the study found that Indian women are playing a new role as a facilitator. Previously, the Indian women concentrated on purchases that based on family needs and wants. Her only personal indulgences were items of clothing and adornment. But now she regularly moving to Malls for shopping & take her decision herself, she has full freedom to buy & bargaining for the commodity. She also takes interest in advertisement on TV, magazines & newspaper for discount offers & new schemes on the commodity. Economic world is now thinking in favor of the fairer sex. Now-a-days women are not only playing role of hardcore 'housewives', they are also playing a different role of 'chief purchasing officer' & controlling 85% of buying decisions. In today's world, they are working as multi-tasker by playing a role of house maker as well as professional women with their hard work. With their new role as a professional, there has been a gradual evolution in the status of women & now they are called as marketers. As a professional India, women hold 25% of jobs in different sectors, although in 1980 it was only 10%. An Indian woman today has a greater sense of empowerment and economic freedom, which indicates that their consumption pattern has changed. In male-dominated societies, certain goods and services are decided or actually purchased largely by women; these are food items, women's clothes, clothes for children, jewellery, kitchen appliances and general household needs. Along with the growth in population and in the consumer market, the absolute volume of purchases decided by women is growing. A lot of studies have been conducted by many researchers, practitioners and professional on behavior of customers but only a few studies have been conducted on specific for women customers' behavior. The word 'food' refers to the chemical substances taken into the body in order to keep the body in a healthy and active condition. Food accounts for the largest share of consumer spending. Food and food products account for about 53 per cent of the value of final private consumption. This share is significantly higher than in developed economies, where food and food products account for about 20 per cent of consumer spending (www.tata.com). In India, majority of food consumption is still at home. Nevertheless, out-of-home food consumption is increasing due to increase in urbanization, breaking up of the traditional joint family system, desire for quality, time which translates into an increased need for convenience, increasing number of working women, rise in per capita income, changing lifestyles and increasing level of affluence in the middle income group had brought about changes in food habits. The change in food habits was evident from the growth of food processing industries.

The packaged food products, which originated in Japan with Instant noodles had its beginning in India in 80's, are found today in the kitchen shelves of every Indian household. The advancement of science and technology offered the people new foods processing vessels, equipment and tools but still people are in search of new techniques to speed up the cooking process in order to cope up with mechanical life, as they do not have sufficient time to cook food in the conventional methods. In the ever changing socio-domestic scenario, both men and women have to necessarily go for employment to augment the household income and cooking food in traditional methods is really an ordeal for women. Capitalizing this situation, business houses ranging from small time manufactures to multinational corporations have started innovating and commercializing "easy to cook food items" like noodles, vermicelli, gulab jamun, instant idli, vada, dosa mix, etc., that are otherwise called instant. The packaged food products are not only easy to cook but also have a significant role and place in the celebration of the family functions and religious functions of the people.

In the modern days, where the life is at fast pace with the time very valuable to every person, "Packaged Foods" play an important role in everyone's day-to-day life. The very term 'instant food' means simple, fast and convenient food, which is easy and fast to prepare besides being hygienic, free from microbial contamination and also convenient to eat. Unlike olden days where man used to have his food lavishly and slowly, the present trend changed the habits to foods, which are simple and easy to digest. Hence, the existence of these foods fulfilled all the needs of modern human being. Preparing food with instant mixes has become a way life and no doubt they are going to be an integral part of food habit in future. Canned foods, convenience foods, fast foods, frozen foods, instant products, dried foods, preserved foods, etc. all come under instant foods or ready-to-eat foods. The food habits in India have changed due to the Western influence and the usage of these foods is also on the rise. These foods are widely used in catering industries as well as at homes. There are varieties of instant/ready-to-eat foods available in the market to choose from and they have become a part of everyday life. As double-income nuclear families become the norm in urban India, everyone who is anyone in the food business has been eyeing the ready-to-eat food sector with considerable hunger.

Among the processed food segment, instant food products occupied a considerable shelf space in stores and super markets in India. Food companies through instant food products had provided high quality food choices, which would have been inconceivable to ancestors. Instant food mixes formed a range of convenience food for households, being easy to use without terminal processing and women found it very convenient to use. It helped them to save time and effort and relieved them of the tedious jobs of collecting various ingredients, cleaning and sorting them and preparing food. Modern homes also do not offer the facilities necessary for traditional processing and hence these products gained instant acceptance. These instant mixes can be used for preparations of various snack foods, sweets and preparations with rice. The sweet preparation included Gulab jamoon mix, Payasam mix, Badham mix, Burfi mix; the snack mixes included bhaji mix, vada mix, bonda mix and the preparations with rice includes polio mix, tomato rice mix, lemon rice mix and coconut rice mix, Bisibele bath mix, etc., The instant mix market in India was approximately Rs.150 crore during the year 2003 and at the end of 2004, it was around Rs.350 crore. And by March 2007 the size of the Indian Ready to eat market was approximately Rs.600-700million (Indiantelevision.com. March 10, 2007). The objective of this paper is to gain insights of female consumer behavior. This information will be imperative in strategy formulation and gain from the situation which is instrumental in increasing the turnover of the packaged food manufacturing companies.

RESEARCH DESIGN

An Investigational research method was adopted to achieve the declared objectives.

RESEARCH BACKGROUND

The study has been conducted for some working women as well as some housewives from the state of Maharashtra.

HYPOTHESIS

H0: There is no statistically significant relationship between Working women and Packaged Food.

H1: There is statistically significant relationship between Working women and Packaged Food.

RESEARCH POPULATION

The population of the study is comprised of the working women & housewives from selected organizations and few households respectively in Maharashtra.

SAMPLE DESCRIPTION

To study the buying behavior of consumers towards packaged food products, multistage random sampling technique and judgmental sampling technique was adopted. A total of 125 questionnaires were collected and 112 responses received out of which 98 were selected for the study. Out of the 98 respondents, 59 were working women & the rest of 39 were housewives.

DATA COLLECTION PROCEDURE

The data collection for the study was carried out from January 2013 to October 2013 from the state of Maharashtra and few households. To evaluate the objectives of the study, required data were collected from primary sources. The data required for the study were collected from the selected respondents by personal interview method using well-structured schedule. Online responses were also collected.

RESULTS

Table 1. Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Work * Food	98	100.0%	0	0.0%	98	100.0%

Table 2. Work * Food Cross tabulation (A)

		Food		Total
		Prefer Packaged Food	Do Not Prefer Packaged Food	
Work	Working Women	43	16	59
	Housewives	11	28	39
Total		54	44	98

Table 3. Work * Food Cross tabulation (B)

			Food		Total
			Prefer Packaged Food	Do Not Prefer Packaged Food	
Working Women	Count	43	16	59	
	Expected Count	32.5	26.5	59.0	
	% within Work	72.9%	27.1%	100.0%	
	% within Food	79.6%	36.4%	60.2%	
	% of Total Work.	43.9%	16.3%	60.2%	
Housewives	Count	11	28	39	
	Expected Count	21.5	17.5	39.0	
	% within Work	28.2%	71.8%	100.0%	
	% within Food	20.4%	63.6%	39.8%	
	% of Total	11.2%	28.6%	39.8%	

Total	Count	54	44	98
	Expected Count	54.0	44.0	98.0
	% within Work	55.1%	44.9%	100.0%
	% within Food	100.0%	100.0%	100.0%
	% of Total	55.1%	44.9%	100.0%

Table 4. Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	18.943 ^a	1	.000		
Continuity Correction ^b	17.180	1	.000		
Likelihood Ratio	19.471	1	.000		
Fisher's Exact Test				.000	.000
Linear-by-Linear Association	18.750	1	.000		
N of Valid Cases	98				

Note: a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 17.51, b. Computed only for a 2x2 table

MAJOR FINDINGS

The analysis of data revealed the findings as under:

From Table 01 of case processing summary it can be depicted that the number of respondents were 98 in number and there were no missing values. Missing data are a common occurrence and can have a significant effect on the conclusions that can be drawn from the data. Hence, no missing value means no effect of the data on the conclusions.

Table 02 represents the cross tabulation of Work and Food. The table states that there are a total of 59 working women and 39 housewives who have responded to the research questions. Out of 59 working women, 43 prefer packaged food and the rest 16 do not. Moreover, out of 39 Housewives, only 11 prefer packaged food and 28 do not prefer so. But since that cannot give a very clear idea of the preferences as the number of workingwomen and housewives who have responded to the research questions are different in number. Hence the data was calculated in percentages as in Table 03 were the probability changed and also Chi Square statistics have been used as in Table 04 which depicted the significance level for more clarity and better interpretation of results. From these tables it is clear that 72.9 % of working women prefers packaged and the rest of 27.1 % women do not prefer packaged food. Also, 28.2 % of housewives prefer packaged food and 71.8% housewives do not prefer packaged food. The significance level is less than 0.05.

CONCLUSION

From the above results, it can be interpreted that there is a very strong evidence of relationship between Working women and Packaged food. Hence we reject the null hypothesis and accept the alternate hypothesis.

LIMITATION

The area of the study was limited to the state of Maharashtra. Most of the demographic characters such as age, income and the psychographic characteristics were not considered.

SCOPE OF THE STUDY

- The study can be replicated with different population on a large sample to validate and generalize its findings for large population.

- A study can be conducted considering the demographic factors and also for many other states of India.

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**EMERGING TRENDS IN INSURANCE – A STUDY IN INDIAN
LIFE INSURANCE INDUSTRY**

Bhagabat Barik¹

Assistant Professor, School of Management, Centurion University
of Technology & Management, Jatni Campus, India
Email: bhagabat.barik72@gmail.com

Rakesh Patra²

Assistant Professor, Viswass Business School,
Bhubaneswar, Odisha, India
Email: rakesh.patra1982@gmail.com

ABSTRACT

Indian Life insurance sector is growing at a faster rate. This sun rising industry has given a platform for economic growth and employment. The great extent of importance realized after it has opened to the private players in the post liberalization period. With many players in business, the insurance regulatory and development authority came with innovative and constructive guidelines for both products and services.

It was a period where companies were getting major revenue out of their flagship Unit linked policies. During that time, both technology and investment knowledge were the key to success. Not only it was tough to convert from traditional to Unit linked products but also it was a challenge to keep the profitability. Customer preference, stiff competition and regulatory control are acting as catalyst for innovative products and services. When the policy is procured through advisors, internal marketing and motivation to them cannot be avoided. Also claim management along with new policies procurement need a viable and robust system.

Internet and online policy purchase is a new trend that has inspired the players to be more focused in their business. High in volume and low in margin is going to be the ways towards policy procuring. Rural, social and Micro insurance is a new avenue to be thought of.

This paper discusses the new trends and challenges that the present industry is facing. Our study is only limited to life insurance sector. The suggestion and recommendation will help both academicians and industry personnel to re-engineer their thought in insurance sector.

Keywords: Life Insurance; Regulator; Plan; Insurance Industry

INTRODUCTION

Insurance is one of the demanding financial products in India. Its basic motto is to protect the family of any uncertainty in life. So it is long term investment and need knowledge about that. Indian life insurance is too old. It is there from British Period and after nationalization; it has come fully under Government.

In the post liberalization era, insurance has attracted any private players from different parts of the country to start business India. India as a country has potential for growth of this business. With the upcoming of regulator in the year 2000, the business in India became more streamlined. Large players along with customer choice results severe competition Life Insurance Corporation of India in one end

and ICICI Prudential life insurance from private sector on the other end has taken maximum market share from both category. Product innovation, profitable growth, multi channel distribution and ethical practices in business are few factors to be considered. Regulation from Government and research in this sector many times a challenge for the existing players. In this situation, a brief study of the above sector is required.

STATEMENT OF THE PROBLEM

The study is indicated briefly to analyze the recent trends of the life insurance and its impact to the entire insurance Industry

LITERATURE REVIEW

Bengal Chamber of commerce and KPMG (2013) addressed the present context of insurance. The external environment changed the entire industry. Profitability, growth and risks were to be considered with respect to shareholder's view. FICCI and BCG (2013) discussed many issues with the industry. Mindset of the people towards insurance is an important part. Distribution, Cost and digitalisation are some of the key areas to be thought of. Jain (2011) from Capgemini explored that life insurance industry need support in the area of distribution, product diversity and regulation. At the same time it was felt that outsourcing function should be from the broader perspective rather than cost. CII & E & Y (2012) searched that insurance needs talent to grow in the competitive market scenario.

Objective of the study

1. To study the present life insurance scenario and their growth drivers in India
2. To study the present trends in life insurance sector
3. To suggest feasible measures for improvement in the sector

RESEARCH METHODOLOGY

Exploratory research methodology is used here to analyze the data. Data was collected from multiple sources such as books, journals to understand the Life insurance industry. In this paper, we have referred previous research articles. Apart from this, we have visited different websites and professional magazines. Some more data was collected through personal and telephonic interviews and discussion with leading corporate people. So it is purely based on available secondary data.

Understanding Insurance

Insurance is a financial products and quite popular in India. It is simply a contract between insurer and insured. The insurer is the company and the insured are the customers. It compensates our financial loss due to any uncertain death or other situations. This long term products need a careful planning in both design and implementation.

Insurance in broad is divided into two; life and general insurance. Later on health insurance has come out of general insurance. The products of insurance are normally termed as plans or policies. The money we charge from customers is known as premiums and the duration is referred as term of plan. The products are various types and in nature starting from term insurance to unit linked plans.

Indian Life insurance at a glance

Life insurance is an important financial product like banking, pension and others. Life insurance provides protection to life and non-life areas. It is one of the fastest growing industries in India. As per Swiss Re report in 2011, India's ranking in world insurance market was 15th which was lowered than previous year and share of the market was 1.58% of the world market share. At present, there are 23 players in life insurance sector in private and 1 is in Public enterprise which is LIC. Life Insurance Corporation is the market leader. In 2011, its market share was lowered to 69.78%. Among private players, ICICI Prudential life insurance stood first.

The industry gained momentum after the regulator, insurance regulatory and development authority (IRDA) came into existence. They made standard rule for all the players. Apart from Life insurance Corporation, many private players have shown interest to start business in India. At present we have 23 players leaving the PSU major, LIC.

The growth of Indian life insurance sector is divided into two main periods. One from 2001 to 2010 and other from 2012 to onwards. The first 10 years was high growth with compound annual growth rate (CAGR) of approximately 3.1% in new business premium. Most of the players were in good condition due to the emergence of unit linked insurance plans. From 2010 onwards, the compound annual growth rate was around 2%. Stiff competition was one of the reasons for the stagnant growth in the year of 2012. Table-1 shows the companies in detail

Table 1. List of Life Insurance Companies

Sl No	Name of Life Insurance company	Head Office
1	AEGON Religare Life Insurance Company Ltd.	Mumbai
2	Aviva Life Insurance Co. India Ltd.	Gurgaon
3	Bharti AXA Life Insurance Company Ltd.	Mumbai
4	Bajaj Allianz Life Insurance Company Limited	Pune
5	Birla Sun Life Insurance Co. Ltd.	Mumbai
6	Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited	Gurgaon
7	DHFL Pramerica Life Insurance Company Limited.	Gurgaon
8	Future Generali India Life Insurance Co. Ltd.	Mumbai
9	HDFC Life	Mumbai
10	ICICI Prudential Life Insurance Co. Ltd.	Mumbai
11	IDBI Federal Life Insurance Co. Ltd.	Mumbai
12	India First Life Insurance Company Limited.	Mumbai
13	ING Vysya Life Insurance Co. Ltd	Bengaluru
14	Kotak Mahindra Old Mutual Life Insurance Limited	Mumbai
15	Life Insurance Corporation of India	Mumbai
16	Max Life Insurance company Ltd.	Gurgaon
17	PNB MetLife India Insurance Company Limited	Bengaluru
18	Reliance Life Insurance Company Limited	Mumbai
19	Sahara India Life Insurance Co, Ltd.	Lucknow
20	SBI Life Insurance Co. Ltd.	Mumbai
21	Shriram Life Insurance Co. Ltd.	Hyderabad
22	Star Union Dai-ichi Life Insurance Company Limited	Mumbai
23	Tata AIA Life Insurance Company Ltd.	Mumbai
24	Edelweiss Tokio Life Insurance Co. Ltd.	Mumbai

Source: IRDA website (www.irda.gov.in)

Growth Drivers of Life Insurance Industry

From the literature review and market experience, it is clear that many factors are responsible for the robust growth of this sector. The major are as follows

Growing Economy: The economy of India is growing significantly. The second populous country has witnessed a phenomenal growth in major financial services. Various government schemes and programs also helped a lot. The purchasing power of people has increased. Also increase in income has augmented the disposal income among people. Good saving and awareness among various sources of getting the products have compelled the people to go for specialization rather than generalization. It

is estimated that by 2026, the working population which ranges in the age group of 25 to 40 will reach approximately 795.5 million.

Rural as a major thrust: More than 70% of population lives in rural area. At the same time their consumption pattern, choice and preference has changed. Technology and internet has given ample scope for rural people towards adopting new ideas. All these forces provided a larger platform to multinational players to focus more on rural.

After 2005, the regulator had come with micro insurance specially designed for rural people with low premium and high coverage. The pattern of distribution and pricing is also suitable for rural people with micro insurance. In order to foster growth, Govt. also made mandatory to do certain percentage of policies every year from rural area for the insurance companies. All these steps provide new avenues for the players to think growth more in rural area.

Development of other insurance: Apart from life insurance, there is strong growth in auto sector from 2003 to 2010. The no of passenger and commercial vehicles has increased incrementally. As a result, the motor insurance has become more popular among people.

Health insurance has created a separate portfolio in the last few years. People have realized the importance of this due to rise in the healthcare cost. Introduction of Technology in medical science and demand for good service is the main cause for higher medical cost. Awareness about the health due to various schemes and non-government intervention has enlarged the vision of the people about health care. Rastriya Swasthya Bima yojana (RSBY) of 2007 is one of the mile stone in this area where people below poverty line are able to get minimum health service.

FINDINGS

Trends in Insurance

Hybrid distribution channel: In the life insurance industry, the prominent distribution was agency. Around 90 % of businesses were coming from them. The high cost and low persistency in policy has thought of going to other channels known as alternate channels. Recently the contribution from alternate channels is increasing. In this context, Bancassurance increased and the no of banks as insurance partner has gone up. Both Public sector banks and Private Banks have come up with their insurance partners.

Broking and corporate agency has their own way of doing the business. Individual and institution as corporate agents has helped agency to increase the revenue. At the same time, we have also taken the help of rural development organization such as NGOs, Trust and SHG members to cover the rural area. Finding the right distribution channel for the customer is a trouble area. All these have demanded a high skill in management.

Difficulty in designing Marketing Mix: Marketing mix refers the combination of all P's to make the market attractive. Innovation in product which invited many unit linked policies was the centre of attraction for all. Low premium due to large no of players sometimes were uncomfortable for all. The entire banking industry is advanced in the communication strategy. This has compelled insurance players to practice innovative communication strategy including advertisement. So is not only product, but a balanced marketing mix is required for the industry with modern trend.

Regulatory trend: The Indian regulator has introduced rules and regulation from time to time to control the entire industry. Recent changes in the cap on ULIP charges have created havoc and the contribution of ULIP to entire policy has decreased. In order to provide better service, the regulator has come with few changes. Servicing of orphan policy, more focus on long term are few examples where the insurer are finding difficult. Standardization of the proposal form is another step by regulator. So the insurers are facing many challenges in the area of product, price, distribution and taxation.

On line policy: Internet and technology has helped a lot to insurer. Now policy procuring through on line is cheaper than buying the same plan from agent. The major problem is not getting the support

from the agent for that policy, if there is a claim or maturity. The person has to keep direct contact with the company.

Claim Management: From 2010, the no of advisors have decreased in the industry. The no of agents declined 29% from March 2010 to March 2013. Also it is expected that more agents will leave the industry. Under this situation, Claim management will be tougher for the companies. As people buy insurance because of the face value of agents, assistance of them is highly essential for good business

Customer Servicing: From the year 2013, it is very clear that traditional plans have gained more weightage over ULIP. As traditional plans are long term products, insurer need to focus more on this. Customer retention and servicing is the key to remain in business. Even if in new pension plan, the capital protection features demands more policy servicing. Here investment and servicing are important for the companies. Above all, Policy administration is the most difficulty area to provide customer servicing.

FDI and growth: Foreign direct investment and insurance industry is more debated and controversial one, The proposal to hike it from 26% to 49 is long term pending with government. Insurer are finding difficult to continue investing in business. Additional fund is highly required for this capital intensive industry.

RECOMMENDATION

From the above discussion on findings, we came across few novel ideas. Life insurance in India is in growing stage and to maintain it, the following five points' are to be considered

- Corporate must go to the basics of service marketing such as “under promise and over delivery”
- Customization of offerings, mainly in product and distribution
- “Pockets of service” is to be done for quicker service and other operation
- Advanced knowledge in the insurance is to be imparted to the employees in Insurance industry
- “Digitalization and Relationship” is to be kept in policy marketing

CONCLUSION

Life insurance business in India needs a special care as compared to other business. Both theory and practice to be integrated to provide the best services to the policy holders. This industry is going to face more challenges due to change in economy and employment. More no of players around the world have planned to enter into India looking to the potential available here. Probably understanding the customer expectation and attitude for this product is the important. There is time to re-engineer the business model.

FUTURE STUDY

In this paper, the trend is more of general. It is important to study segment wise, may be rural & urban, unit linked and non-unit linked etc. Also the impact on the entire industry needs to be studied in a broader aspect. By and large, this industry requires more in depth research to face the challenges and business sustenance.

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**PROFITABILITY ANALYSIS OF SELECTED COMPANIES IN
SUGAR INDUSTRY BASED ON THEIR MARGIN ON SALES**

Devdatta Tare¹

Assistant Professor, Datta Meghe Institute of Management
Studies, Nagpur, India
Email: devstare@ymail.com

Fakhruddin Sunelwala²

Assistant Professor, Datta Meghe Institute of Management
Studies, Nagpur, India
Email: fakhruddindmims@rediffmail.com

Akash Agrawal³

Assistant Professor, Datta Meghe Institute of Management
Studies, Nagpur, India
Email: agrawalhello.2008@rediffmail.com

ABSTRACT

Sugar is one of the most important commodities; produced and consumed around the world. Sugar is derived mainly from sugarcane and sugar beet. India is the second largest producer of sugar in the world having a share of over 16 percent of world's sugar production after Brazil's 22 percent. This article is an attempt to study Indian sugar industry and to analyze Profitability of Selected Sugar Companies Based on Their Margin on Sales. For studying the same one way Anova has been used. Net profit Margins, Total Asset Turnover and Return on Equity are the variables studied and used for the study.

Keywords: Net Profit Margin; Total Assets Turnover; Return on Equity

INTRODUCTION

Indian sugar industry can be broadly classified in to two sub sectors, the organized sector i.e. sugar factories and the unorganized sector i.e. manufacturers of traditional sweeteners like gur and khandsari. India has been known as the original home of sugar and sugarcane. India is the largest single producer of sugar including traditional cane sugar sweeteners, khandsari and Gur equivalent to 26 million tonnes raw value followed by Brazil in the second place at 18.5 million tonnes. Even in respect of white crystal sugar, India has ranked No.1 position in 7 out of last 10 years.

Indian mythology supports the above fact as it contains legends showing the origin of sugarcane. Presently, about 4 million hectares of land is under sugarcane with an average yield of 70 tonnes per hectare. Indian sugar production is characterized by a cyclic production pattern with typical sugar cycles lasting 2-3 years, as production adjusts to fall in price which in turn leads to lower supplies, price increase and higher production. India has improved the sugar export in last decades thanks to various initiatives by the government to increase production.

Domestic Scenario

India is the largest consumer and second largest producer of sugar in the world (Sthece: USDA

Foreign Agricultural Service). In year 2006-2007 India produced 28.5 million tons and consumed 20 million tons of sugar. India has exported around 1.5 million tons of sugar after the ban on sugar exports was lifted in January, 2007. With an opening stock of 4 million tons in 2005-06, India will end the year with stocks of more than 11 million tons.

The Indian sugar industry is the second largest agro-industry located in the rural India. The Indian sugar industry has a turnover of Rs. 700 billion per annum and it contributes almost Rs. 22.5 billion to the central and state exchequer as tax, cess, and excise duty every year (Source: Ministry of Food, Government of India). It is the second largest agro-processing industry in the country after cotton textiles. With more than 600 operating sugar mills in different parts of the country, Indian sugar industry has been a focal point for socio-economic development in the rural areas. About 50 million sugarcane farmers and a large number of agricultural labourers are involved in sugarcane cultivation and ancillary activities, constituting 7.5% of the rural population. Besides, the industry provides employment to about 2 million skilled/semi skilled workers and others mostly from the rural areas. (Source: ISMA)

Sugar Production and Consumption in India

Indian sugar production now exceeds 24 million MT during 2012-13 from 11 million MT in 1989-90. But this growth in sugar production is cyclical and shows wide fluctuations in recent decades particularly in 2003-04, 2004-05 and 2008-09. During these years the sugar production has shown a trend of deficit followed by surpluses in 2005-06 and 2009-10 as sugar crop area expanded on the back of higher prices. Surpluses stem predominantly from world production exceeding consumption and export availability exceeding import demand. Sugar production in India registered a fall of 2 Million MT from 26 MT in 2011-12 to 24 MT in 2012-13, primarily due to a drop in output from the major sugarcane growing states of Maharashtra and Karnataka. This fall in production has been attributed to the drought like situations which persisted in many parts of these two states during 2012-13 monsoon seasons. An expected larger proportion of ratoon crop will reduce Maharashtra's sugarcane yields, and as a result, in 2012-13 average cane yield has dropped in India. Regardless of the frequent fluctuations in sugar production domestic sugar consumption has shown a consistent growth. Indian sugar consumption is rise to 23.50 million MT in 2012-13 on improved domestic supplies and strong demand from bulk consumers (figure.8). The growth rates of sugar production, consumption and per capita sugar consumption during 1989-90 to 2012-13 has grown steadily by 4.38 percent per annum, 3.76 percent per annum and 2.05 per cent per annum respectively in India.

Global Sugar Scenario

Worldwide, 123 countries are producing sugar of which only sugar beet is grown in 43 countries and only sugarcane is grown in 71 countries while both sugarcane and sugar beet are grown in 9 countries. Brazil and India are the world's two largest sugar producers. Together, they have accounted for over half the world's sugar cane production for the past 40 years. The EU is the third-largest producer and accounts for around half the world's sugar- beet production.

The largest producer of sugar in the world is Brazil with an annual production of around 38 million MT in 2010-13(22.25 percent). India at the second place with production of 27 million MT(16.25 percent) of sugars and European Union (9.72 percent)standing at the third place with approximately 15.00 million MT of sugar production.

Supply and Demand

During the 2010/11 crop cycle, production exceeded consumption by over 10 million tons. Global cane sugar production shot up to 131 million tons from 110 million tons in 2005/06, a jump of 19%. World sugar production totaled 162.6 million tons, balance contributed by Beet Sugar. Global consumption grow by 5.3 million tons to 152.4 million tons. The year on year consumption growth increased to 3.5% from 1.8% in 2005/06. 2006/07 saw a major swing from deficit to surplus, with

much of the growth in production coming from the Asian countries, especially India which turned into an exporter in January, 2007 and has thus swung the world sugar balances in the other direction.

Currently 69% of the world's sugar is consumed in the country of origin whilst the balance is traded on world markets. India is the largest consumer of sugar and consumption has grown faster in Asia than across the world. Long-term potential for consumption growth, particularly in South African countries, remains positive. Consumption growth in China has increased as a result of the buoyant economic conditions currently being experienced in that country.

According to the International Sugar Organization (ISO) said that 2013-2014 sugar production would reach 265.6 million tons, up 4 million tons on the year. It also said the 2013-2014 surpluses would be around 15.8 million tons. World consumption is projected at 259.4 million tons, up 2.3% from 2011-2012. The ISO also predicted that India would become the world's largest sugar producer in 2013-2014, replacing Brazil. They forecast India's production at a record 33.15 million tons, up 2.55 million tons on the year.

Government Norms in Sugar Industry

Sugar is a regulated industry in India sugar is an essential commodity, and is covered by the Essential Commodities Act, 1955 and consequently, its production supply and distribution are regulated by the state and central government. The Cane Commissioner of each state reserves and assigns areas for the supply of sugarcane to factories on an equitable basis.

The purchase price of sugarcane is regulated and the central government fixes the SMP, which must mandatorily be paid by sugar producers to sugarcane growers, within a specified time. The Government of India, through the Sugar Directorate, can further fix the quantity and quality of sugar that may be produced by a factory during any year and can also regulate the sale of sugar. Sugar mills must sell a specified percentage of sugar (free sale sugar), which is currently at 90 per cent of their production in the open market and are therefore subject to the forces of demand and supply. However, the quantity of free sale sugar to be sold is based on the release mechanism governed by the Sugar Directorate. 10% Levy sugar must be sold as per government directions through fair price shops and the public distribution system at government notified prices, which may be set below the cost of production, however exports are not subject to this release mechanism as stated above.

Various taxes and levies are also imposed on the purchase, use, consumption and sale of sugarcane. Any change in government policies or present regulations to the detriment may adversely affect the business, financial condition and results of operations.

Under the Sugarcane (Control) Order 1966, the Government of India fixes the Statutory Minimum Price ("SMP") for sugarcane each year based on the recommendations of the Commission on Agricultural Costs and Prices, which takes into account factors such as the cost of cultivation, return to factories and average recovery for previous year. The SMP is fixed for a given base level of recovery and is the minimum price that is required to pay the farmers from whom we purchase cane.

A portion of the sugar manufactured by sugar companies is bought by the Government of India as "levy sugar" at a price that is fixed by the Government of India. The remaining sugar is known as "free sale sugar" and is sold at a price that is determined by market factors such as availability. The free sale sugar prices are also controlled to some extent by the monthly release mechanism ("MRM"), which is dependent on demand and supply of sugar.

OBJECTIVES OF THE STUDY

1. To study Indian sugar industry: Domestic & International Scenario.
2. To analyze Profitability of Selected Sugar Companies Based on Their Margin on Sales.

RESEARCH METHODOLOGY

Data Collection: The data is secondary in nature and has been collected from proress for the year 2008-2012

Technique of Analysis: One way Annova has been used

DATA ANALYSIS

Purti Sugar

Net Profit Margin (In Rs Millions)

Years	Net Profit	Net Sales	NPM (Net Profit/ Net sales)
2012	-58.6	1157.4	-5.063072404
2011	-81.9	1535.2	-5.334809797
2010	79.7	1449.01	5.500307106
2009	-193.3	1125.9	-17.16848743
2008	-457.2	447.2	-102.236136

Total Asset Turnover

Years	Net Sales	Total Assets	TAT (1)/(2)
	1	2	NS/TA
2012	1157.4	2777.1	0.416766
2011	1535.2	2730.1	0.562324
2010	1449.01	2703.5	0.535976
2009	1125.9	2650.0	0.424868
2008	447.2	2571.0	0.17394

Return on Equity

Years	Net Assets Margin	Total Assets Turnover	ROE (1)*(2)
			NAM*TAT
2012	2777.1	0.416	1155.274
2011	2730.1	0.5623	1535.135
2010	2703.5	0.5359	1448.806
2009	2650.0	0.424	1123.6
2008	2571.0	0.173	444.783

Renuka Sugar

Net Profit Margin (In Rs Millions)

Years	Net Profit	Net Sales	NPM Net Profit/ Net sales)
2012	51.8	6395.4	0.809957157
2011	84.1	6362.1	1.321890571
2010	410	5511.2	7.439396139
2009	143.5	2234.2	6.422880673
2008	92.7	1824.2	5.08167964

Total Asset Turnover

Years	Net Sales	Total Assets	TAT (1)/(2)
	1	2	NS/TA
2012	6395.4	118.9	53.78806
2011	6362.1	151.2	42.07738

2010	5511.2	477	11.55388
2009	2234.2	175.2	12.75228
2008	1824.2	120.3	15.16376

Return on Equity

Years	Net Assets Margin	Total Assets Turnover	ROE (1)*(2) NAM*TAT
2012	118.9	53.79	6395.631
2011	151.2	42.07	6360.984
2010	477	11.55	5509.35
2009	175.2	12.75	2233.8
2008	120.3	15.16	1823.748

Bajaj Hindustan

Net Profit Margin (In Rs Millions)

Years	Net Profit	Net Sales	NPM (Net Profit/ Net sales)
2012	-234.57	4262.63	-5.502940673
2011	12.0	4918.54	0.243974838
2010	51.76	3008.78	1.720298593
2009	154.61	1780.71	8.682491815
2008	-50.17	1794.35	-2.795998551

Total Asset Turnover

Years	Net Sales 1	Total Assets 2	TAT (1)/(2) NS/TA
2012	4262.63	-170.63	-24.9817
2011	4918.54	34.84	141.1751
2010	3008.78	70.9	42.43695
2009	1780.71	172.3	10.33494
2008	1794.35	-36.03	-49.8016

Return on Equity

Years	Net Assets Margin	Total Assets Turnover	ROE (1)*(2) NAM*TAT
2012	-170.63	-24.98	4262.337
2011	34.84	141.175	4918.537
2010	70.9	42.43	3008.287
2009	172.3	10.33	1779.859
2008	-36.03	-49.8	1794.294

ANOVA

NPM

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3106.104	3	1035.368	2.076	.144
Within Groups	7979.248	16	498.703		
Total	11085.352	19			

TAT

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.509	3	.836	16.889	.000
Within Groups	.792	16	.050		
Total	3.302	19			

ROE

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2712902.980	3	904300.993	4.916	.013
Within Groups	2942932.948	16	183933.309		
Total	5655835.928	19			

T TEST

Group Statistics

company	N	Mean	Std. Deviation	Std. Error Mean
ROE Purti	5	342.4558	128.62534	57.52300
ROE Renuka	5	1357.4172	683.44899	305.64768

Group Statistics

company	N	Mean	Std. Deviation	Std. Error Mean
ROE Purti	5	342.4558	128.62534	57.52300
ROE Bajaj Hindustan	5	957.3354	447.17083	199.98087

Group Statistics

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CONCLUSION

Indian sugar production now exceeds 24 million MT during 2012-13 from 11 million MT in 1989-90. The Indian sugar industry is the second largest agro-industry located in the rural India. The Indian sugar industry has a turnover of Rs. 700 billion per annum. Sugar is a regulated industry in India sugar is an essential commodity, and is covered by the Essential Commodities Act, 1955 and consequently, its production supply and distribution are regulated by the state and central government. Net Profit Margin of the two sugar mills is on negative side.

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**CAPITAL STRUCTURE AND ITS IMPACT ON
PROFITABILITY: AN EMPIRICAL STUDY FOR
PHARMACEUTICAL COMPANIES WITH SPECIAL
REFERENCE TO THEIR MARKET CAPITALIZATION**

Avinash Jawade

Assistant Professor, Datta Meghe Institute of Management
Studies, Nagpur, India
Email: avinashjawade@rediffmail.com

ABSTRACT

The paper investigates the influence of capital structure on performance of pharmaceutical companies across various market capitalizations. Firms have to tradeoff between the tax saving benefit of debt and bankruptcy costs to optimize a capital structure which balances growth prospect, maintain solvency and give decent return to stakeholders without dilution of management control.

The study asserts that the companies studied have been cautious in their approach for bringing in optimal capital structure. Irrespective of capitalization, companies have not particularly shown an inclination for pecking order theory or chosen the option of leverage even if in best position to do so.

There however were some exceptions which indeed followed the theory of resorting to pecking order but it could be measured as an aberration rather than a rule.

Keywords: Pecking Order Theory; Return On Assets; Return on Capital Employed; Trade Off; Operating Profit

INTRODUCTION

Leveraging a company to generate higher capital for expanding business has been an age old tradition.

However the firm has to do a balancing act of expansion and remaining solvent. Shunning the debt could lead to an opportunity lost. Companies resort to debt financing also get tax shield and to avoid diluting the control. The paper primarily intends to study the impact of debt capital on developing of fixed assets and consequently those assets resulting in higher output and higher operating profit.

OBJECTIVES

1. To study the impact of leverage on profitability of company through Du pont analysis.
2. To analyze the aspects of trade off theory and pecking order theory for companies of different market capitalization

LITERATURE REVIEW

In their study of New-Zealand based firms , Fauzi,Basyith and Idris(2013) argue that firm size supports the pecking order theory meaning that large sized firms have higher tendency to have a significant debt component in their capital structure. Large sized firms can be approximated to firms with large market capitalization and this is achieved by continuously creating value for investors by continuously aggravating bottom-line in terms of profits. Not only profits ,but profitability also matters meaning higher increase in profits compared to sales. Ramirez,Calvo and Rodriguez(2012) in

their study of small companies in Spanish footwear sector argue that debt is directly correlated with growth opportunities as rapidly growing companies find it difficult to finance themselves internally. However Myers(1984) argues that there is no positive correlation between profits and debt contradicting the trade-off theory.

RESEARCH METHODOLOGY

The study is exploratory as it intends to study the decisions of capital structure of these companies and their conformance to the theories and analyzed with the help of DuPont ratio.

Based on their market caps companies have been chosen for study. Research is entirely based on secondary data. With the criteria of company being of Indian origin and having profits during the duration under study, companies were randomly chosen across capitalization categories. Data for period of 2008-2013 is undertaken for the study.

Assumptions

1. The company is expected to be in a state of growth irrespective of state of economy or business cycle given availability of resources .
2. Qualitative analysis and other pressing issues if any have been ignored and only the financial statements are considered for the research.

LIMITATIONS

1. Sun Pharma is the only large cap company available for study in that category.
2. Firm like Biocon which is into bio pharmaceuticals is compared against other regular drugmakers.
3. Also all firms do not have any similarity in type of drugs they make or markets they operate.
4. Observations are company specific and not to be generalized for pharmaceutical industry as a whole.
5. Limited number of firms under study can be a hindrance in external validity.

Tools of Study

DuPont Ratio.

1. The analysis has been done with the help of DuPont ratio
$$\text{ROE} = (\text{Profit margin}) * (\text{Asset turnover}) * (\text{Equity multiplier}) =$$
$$(\text{Net profit/Sales}) * (\text{Sales/Assets}) * (\text{Assets/Equity}) = (\text{Net Profit/Equity})$$
2. Pecking order theory popularized by Myers and Majluf(1984) asserts that firms resort to internal financing ,then go for debt and finally to equity as last resort. Asymmetric information to stakeholders leads to belief among investors that issuing of additional equity is to benefit from the overvaluation of firm.
3. The trade-off theory of capital structure states that a company decides how much debt and how much equity finance to use by doing cost benefit analysis. The tax benefits of debt are offset by the cost of financing with debt, the costs of financial distress including bankruptcy costs of debt and non-bankruptcy costs

Companies under Study

1) Sun Pharma - Sun Pharmaceuticals commenced operations in 1983 in two states namely -- West Bengal and Bihar. It was listed on the Indian bourses in 1994. With a market capitalization of Rs.1,20,976 crores(as on 28/5/14), the company ranks first among the 239 listed drugs & pharmaceutical companies.The company manufactures formulations and active pharmaceutical

ingredient's (API's) for both the domestic as well as the international market. Almost 63.2 per cent of the company's formulation's gross sales emanated from the domestic market in 2006--07.

2) Lupin Ltd - Incorporated in 1983, Lupin Limited based in Mumbai is part of Dr. D B Gupta's Lupin Group. The promoter's holding in the company's equity is around 52 percent, while the institutional investors hold about 33 percent and individuals hold just above 12 percent share. The market capitalization of company is Rs.41,694 crores.

3) Dr.Reddy's Laboratories - Dr. Reddy's Laboratories was established by Dr. Anji Reddy in 1984. It went public in 1986 and, in 1987, it obtained United States Food and Drug Administration (USFDA) approval for its active pharmaceutical ingredient (API) ibuprofen and started formulation operations.

In 1988, it expanded its bulk actives business by acquiring Benzex Labs. Dr. Reddy's is now a vertically integrated international pharmaceutical company manufacturing and marketing APIs, generics and branded formulations. The capitalization of the company is 40,002 crores.

4) Cipla - Cipla was set up in 1935 by Khwaja Abdul Hamied as The Chemical, Industrial & Pharmaceutical Laboratories. Later, it came to be popularly known as Cipla.

Cipla manufactures and markets bulk drugs, prescription drugs, OTC products and veterinary products. Cipla also offers different technological services for products and processes. Technical fees amounting to Rs.76.5 crore contributed nearly two per cent of its total income in 2006--07. Market capitalization is 30,498 crores.

5) Torrent Pharma - Torrent Pharmaceuticals limited, promoted by Mr. U.N Mehta and owned by the Torrent Group was incorporated in 1972. It was known as Trinity Laboratories at its nascent stage. Trinity was later renamed as Torrent. The company is engaged in the manufacture of drugs, formulations and medical electronic equipment. The registered office is situated in Ahmedabad, Gujarat. Capitalization is 10,484 crores.

6) Mumbai based Glenmark Pharmaceuticals is an integrated pharmaceutical company whose operations span the gamut of research, manufacturing and marketing of pharmaceuticals. Incorporated in 1977 by Gracias Saldanha, the company was listed on the Indian bourses in 1999. The formulations and bulk drug business contributed the major portion (78.5 per cent and 10.5 per cent, respectively) of the company's revenues in 2006--07 with the remainder being income from licensing deals for new chemical entities. The share of revenues from licensing deals increased from 3.5 per cent in 2005--06 to 11.1 per cent in 2006--07.

7) Biocon Ltd- Biocon is one of India's leading bio--pharmaceutical companies. In 1978, Biocon India was established as a joint venture between Biocon Biochemicals of Ireland and an Indian promoter Kiran Mazumdar Shaw. In 2001 the company was converted into a public limited company and was listed in 2004. In 2006--07, almost 88.5 per cent of its income emanated from its bio--pharmaceuticals division. It also earns revenues from technical licensing fees and investments. Biocon manufactures active pharmaceutical ingredients (API) as well as branded formulations under its bio--pharmaceuticals business in the areas of diabetology, nephrology, cardiology and oncology.

Interpretation

1) Sun Pharma –

Table 1.

(Currency- Rs. Millions)	2008	2009	2010	2011	2012	2013
Net worth	42076.20	51514.20	57179.80	66803.00	78779.30	77887.20
Debt	1025.200	236.000	294.900	505.300	403.000	431.300
Free Reserves	25527.90	34965.90	40631.50	50257.00	62232.90	61340.50
Net fixed assets	6300.400	6992.600	7405.200	7943.900	9773.000	11357.900
PAT	10136.20	12615.90	8981.300	13812.40	19937.20	5163.100
Sales	24273.50	28336.50	18686.50	20046.40	24882.10	24522.30
Profit Margin	0.418	0.445	0.481	0.689	0.801	0.211
Assets Turnover	3.853	4.052	2.523	2.523	2.546	2.159
Equity multiplier	0.150	0.136	0.130	0.119	0.124	0.146
DuPont ratio	0.241	0.245	0.157	0.207	0.253	0.066
Debt-Equity ratio	0.024	0.005	0.005	0.008	0.005	0.006
Total Income/Assets	0.695	0.699	0.416	0.474	0.526	0.296

Source: CMIE Prowess software

The table above shows that Sun Pharma has been in an expansion mode for last 6 years as can be seen from the addition of fixed assets. The reserves of the company have witnessed a steady rise(85%) in last 6 years. Sales have been stagnant almost (PAT has risen because of income from financial services which was conspicuously less for 2013 and hence dip in profit).

Debt equity ratio has been on a steady decline from .024 in 2008 to .006 in 2013.

Thus as per pecking order theory we can assume that the company has resorted to internal financing through reserves for expansion rather than going to debt.

Break up of DuPont ratio just confirms the fact that assets turnover ratio has been on a steady decline which means that the company has been unable to increase the output corresponding to increase in the assets. Also total income as a proportion of assets has dropped to just 0.29 from 0.695 confirming the reduced productivity of assets.

2) Cipla - Cipla has been a very steady performer over the years. The profit has grown by 117% over the six year period. The fixed assets have doubled and some more over the same time frame. Sales increased by 93% in the same period. The debt equity ratios have been very less and the reserves have been on a steady rise for the company .

According to DuPont analysis, the company has maintained a steady assets turnover ratio indicating that increase in assets have produced corresponding increase in turnover as well.

However total assets as a proportion of equity have reduced from 0.44 to 0.38 which means that though it has been able to extract additional productivity from adding assets , it can expand even further and more because of available reserves which the company is not capitalizing on currently.

However the net profit margins have steadily grown over the years from .163 to .183 indicating better profit margins. Thus the company is doing reasonably well not risking any leverage because of adequate funds available but which look to be slightly underutilized.

Table 2.

Networth	37,468.500	43,417.800	59,051.200	66,039.800	75,413.100	88,605.500
Debt	5,404.500	9,402.400	421.200	4,706.400	378.700	9,993.800
Free Reserves	28,263.300	34,212.600	43,155.000	50,143.600	59,516.900	72,709.300
Net fixed assets	16,613.600	19,924.900	20,111.700	28,676.500	30,026.600	34,182.900
PAT	6,985.100	7,780.700	9,743.000	9,544.100	11,592.000	15,192.700
Sales	42,952.400	53,091.300	56,786.200	64,003.800	70,775.600	82,973.800
Profit Margin	0.163	0.147	0.172	0.149	0.164	0.183
Assets Turnover	2.585	2.665	2.824	2.232	2.357	2.427
Equity multiplier	0.443	0.459	0.341	0.434	0.398	0.386
DuPont ratio	0.186	0.179	0.165	0.145	0.154	0.171
Debt-Equity ratio	0.144	0.217	0.007	0.071	0.005	0.113
Total Income/Assets	0.874	0.806	0.727	0.742	0.776	0.780

Source: CMIE Prowess software

3) Dr.Reddy's Laboratories –

Dr. Reddy's is probably the company with biggest expansion among the companies under study.

The assets have risen by 141% in the last 6 years. Reserves over the same duration have increased by modest 62% while there is a whopping 354% increase in debt taken. Term liabilities have risen from 97 to 15880 millions while provisions in current liabilities has gone up significantly too.

Clearly company is on a speedy expansion mode. Profits going up by 141 % have maintained the pace too.

On DuPont analysis , profit margin has shown a modest rise while the Assets turnover has been steady indicating that increased fixed assets have helped to generate higher turnover .

It is the equity multiplier ratio (0.205 in 2008 to 0.307 in 2013) which has gained significantly which indicates that assets have increased in higher proportion compared to net worth. This can be attributed to the fact that the debt component of company has gained tremendously (354%) to purchase the assets . It can be a reasonable conclusion that company has a tendency to follow the trade off theory .Not only it has drawn from its reserves from the expansion the healthy turnover and profits has allowed it to go for expansion through leverage by adding significant debt component. Of the companies analyzed so far this company represents the best mix of capital structure utilized as well as the most aggressive also to capitalize on the healthy balance sheet available for expansion.

Table 3.

(Currency-Rs.Millions)	2008	2009	2010	2011	2012	2013
Net worth	48,117.000	52,591.000	59,146.000	60,202.000	67,178.000	77,834.000
Debt	4,623.000	6,403.000	5,632.000	14,448.000	15,354.000	21,000.000
Free Reserves	47,276.000	51,749.000	58,302.000	59,356.000	66,330.000	76,985.000
Net fixed assets	9,874.000	12,108.000	13,156.000	16,910.000	18,968.000	23,870.000
PAT	4,701.000	5,560.000	8,327.000	8,506.000	9,070.000	12,664.000
Sales	36,154.000	45,315.000	48,826.000	57,779.000	67,802.000	83,946.000
Profit Margin	0.130	0.123	0.171	0.147	0.134	0.151

Assets Turnover	3.662	3.743	3.711	3.417	3.575	3.517
Equity multiplier	0.205	0.230	0.222	0.281	0.282	0.307
DuPont ratio	0.098	0.106	0.141	0.141	0.135	0.163
Debt-Equity ratio	0.096	0.122	0.095	0.240	0.229	0.270
Total Income/Assets	0.615	0.646	0.606	0.616	0.624	0.678

Source: CMIE Prowess software

4) Lupin –

Table 4.

(Currency-Rs.Millions)	2008	2009	2010	2011	2012	2013
Net worth	13,170.500	13,753.000	25,305.500	31,526.600	37,344.100	48,467.100
Debt	9,655.500	9,449.100	9,068.100	9,832.900	10,990.200	6,686.800
Free Reserves	10,425.500	13,383.900	18,460.500	24,663.300	31,045.600	41,554.600
Net fixed assets	8,630.700	9,756.200	11,913.900	13,546.300	17,074.800	20,136.500
PAT	3,314.300	4,186.100	6,554.600	8,145.800	8,174.700	12,731.300
Sales	26,616.200	29,938.500	37,284.100	45,018.000	54,105.200	71,507.800
Profit Margin	0.125	0.140	0.176	0.181	0.151	0.178
Assets Turnover	3.084	3.069	3.129	3.323	3.169	3.551
Equity multiplier	0.655	0.709	0.471	0.430	0.457	0.415
DuPont ratio	0.252	0.304	0.259	0.258	0.219	0.263
Debt-Equity ratio	0.733	0.687	0.358	0.312	0.294	0.138
Total Income/Assets	1.070	0.954	0.940	0.900	0.929	1.082

Source: CMIE Prowess software)

Lupin's net worth has increased exponentially in the period of 6 years(267%) as have the profits(284%) ,while sales (168%) though good have risen comparatively lesser. This translates to higher profit margin for the company. (.0125 to 0.178) .

Assets turnover has improved from 3.08 to 3.55 indicating higher sales increase over the increase in assets. However the equity multiplier ratio has gone down drastically indicating that the total assets have not increased in the same proportion as equity. This could be because of reduction of debt(which in fact has a negative growth in 2013) and also points to underutilization of assets. Therefore the increase in profit margin and assets turnover is negated by a lower asset multiplier and we have a very steady DuPont ratio for the said tenure.

5) Torrent Pharma

Table 5:

(Currency- Rs.Millions)	2008	2009	2010	2011	2012	2013
Net worth	5,852.600	7,326.900	8,808.600	10,930.500	13,045.000	16,510.900
Debt	3,462.400	4,870.900	5,372.700	5,894.300	5,898.600	7,176.800
Free Reserves	4,958.900	6,430.200	7,911.900	10,033.800	12,323.300	15,514.600
Net fixed assets	4,475.000	4,872.400	5,256.200	5,876.100	6,363.100	7,913.800
PAT	1,411.500	1,975.400	2,446.400	2,907.300	3,738.700	6,157.100
Sales	10,019.000	11,887.200	14,419.700	17,550.000	20,862.600	27,378.200
Profit Margin	0.141	0.166	0.170	0.166	0.179	0.225
Assets Turnover	2.239	2.440	2.743	2.987	3.279	3.460
Equity multiplier	0.765	0.665	0.597	0.538	0.488	0.479
DuPont ratio	0.241	0.270	0.278	0.266	0.287	0.373
Debt-Equity ratio	0.592	0.665	0.610	0.539	0.452	0.435
Total Income/Assets	0.868	0.759	0.754	0.834	0.915	0.973

Source: CMIE Prowess software

Torrent at best can be classified as a good conservative company. Profit has more than tripled in the duration while sales have grown by 173% representing a very healthy profit margin. Though the debt has increased considerably the fixed assets have increased modestly. It may be because of debt being diverted to finance the working capital. Debt equity ratio too has gone down which confirms that the rise in net worth and reserves has been significantly more than the debt.

In DuPont analysis, profit margin has shown a decent growth, assets turnover has improved dramatically from 2.239 to 3.46. Equity multiplier is somewhat of a dampener going down from 0.765 to 0.479. Thus good sales have not lead to comparable expansion in assets to reap the benefit of good performance.

DuPont ratio has shown a good progress from 0.24 to 0.371. Company however has not been able to capitalize properly on reserves and debt as well.

6) Glenmark Pharma

Sales have risen by 45.3% over the years while profit only by 8% showing a very weakened profit margin (0.252 to 0.189). Though sales have grown, fixed assets have decreased. Hence asset turnover ratio shows a sharp jump but the net worth has risen by 145% indicating a very low equity multiplier of 0.49.

The company has reserves to expand but it is in a very clear state of stagnation and a DuPont ratio which has gone down from 0.34 to 0.15. Debt equity ratio, income to assets all are lower and this is an example of company which neither confirms to the trade off theory not pecking order theory. With its significant free reserve as well as the ability to raise debt, company has shown lack of initiative in growth extraction.

Table 6.

(Currency-Rs.Millions)	2008	2009	2010	2011	2012	2013
Net worth	10,282.400	12,299.700	17,734.100	19,797.400	21,857.000	25,231.900
Debt	5,245.500	10,613.500	7,544.100	11,431.200	4,891.600	5,806.500
Free Reserves	6,935.900	8,910.200	10,068.800	12,064.000	14,088.100	17,398.000
Net fixed assets	3,675.300	1,728.000	1,904.100	2,237.800	2,237.700	2,756.500
PAT	3,546.700	2,187.500	1,293.000	2,122.200	2,657.700	3,860.600
Sales	14,087.100	8,737.900	10,345.500	12,216.400	16,336.700	20,478.700
Profit Margin	0.252	0.250	0.125	0.174	0.163	0.189
Assets Turnover	3.833	5.057	5.433	5.459	7.301	7.429
Equity multiplier	0.357	0.140	0.107	0.113	0.102	0.109
DuPont ratio	0.345	0.178	0.073	0.107	0.122	0.153
Debt-Equity ratio	0.510	0.863	0.425	0.577	0.224	0.230
Total Income/Assets	0.793	0.421	0.402	0.417	0.512	0.611

Source: CMIE Prowess software

7) Biocon Ltd –

Table 7.

(Currency-Rs.Millions)	2008	2009	2010	2011	2012	2013
Net worth	13,272.500	13,739.300	15,653.500	19,459.000	20,955.000	22,059.000
Debt	1,459.900	1,639.500	1,938.100	1,688.000	1,613.000	1,313.000
Free Reserves	9,120.500	9,536.500	11,246.000	14,848.000	16,241.000	17,243.000
Net fixed assets	6,574.600	7,141.800	6,784.000	6,796.000	6,850.000	8,514.000
PAT	1,886.300	1,093.500	2,506.800	4,541.000	2,518.000	2,688.000
Sales	9,050.700	9,388.000	11,933.600	16,005.000	16,036.000	19,805.000
Profit Margin	0.208	0.116	0.210	0.284	0.157	0.136
Assets Turnover	1.377	1.315	1.759	2.355	2.341	2.326
Equity multiplier	0.495	0.520	0.433	0.349	0.327	0.386
DuPont ratio	0.142	0.080	0.160	0.233	0.120	0.122
Debt-Equity ratio	0.110	0.119	0.124	0.087	0.077	0.060
Total Income/Assets	0.848	0.559	0.608	0.713	0.643	0.699

Source: CMIE Prowess software

An increase in net fixed assets with a reduction in debt clearly indicates conformance of pecking order theory with firm resorting to internal financing. However increase in sales (118%) is not matched by increase in profits (42%) showing weakening profit margins. A higher assets turnover is negated by a declining equity multiplier. The company has been low on expansion even though it has the potential to pump in funds for further growth.

CONCLUSIONS

1. As far as the only large cap company under study is concerned, though it confirms to the pecking order theory and gives preference to internal financing, the company by virtue of being the biggest in Indian drug market definitely can have more appetite for more leverage. A plausible explanation could be that sales have stagnated a bit and company may intend to witness increase in its sales for further expansion. A waning profit margin ratio could be another reason for company to hold up its leverage option.
2. Midcap companies studied all had a very lean balance sheet with debt equity ratio not more than 0.27. As per DuPont ratio, Lupin and Cipla have been steady performers while Dr. Reddy's has been outperformer. Dr. Reddy's best represents a perfect example of trade off theory where steady increase of debt and utilization of internal finance for fixed assets has helped increase assets in proportion to equity and given a better DuPont ratio for the company.
3. In small caps, Torrent pharma had the highest debt equity ratio amongst all companies of all capitalizations at 0.43 and the highest rise in profit margins. It however stands in contrast to the pecking order theory with rise in debt in spite of having higher reserves every year. However the assets are underutilized in spite of having reserves leading to lower equity multiplier. It has been a star performer in terms of turnover and profits but utilizing an optimal capital structure will augur well for the company. Other two companies Biocon and Glenmark Pharma have been dull performers with reducing profit margins. There is no significant increase in assets observed neither the tendency to leverage for expansion. DuPont ratios have been steady for both which highlights need for bold steps for expanding their operations.
4. Overall there has been a tendency of being conservative as far as leveraging is concerned. Companies rarely have shown enough gumption to be aggressive inspite of being in position to do so.

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**MEASURING THE LEVEL OF FINANCIAL LITERACY
AMONG MANAGEMENT GRADUATES**

Nufazil Altaf

Student, Central University of Kashmir,

Srinagar, India

Email: nahangar113@gmail.com

ABSTRACT

A current national concern is the low financial literacy of graduate students. Students are not receiving the financial knowledge necessary to be successful in today's fast paced economy. Due to an increasingly complex marketplace, college students need greater knowledge about their personal finances and the economy. The financial decisions made early in life create habits difficult to break and affect students' ability to become financially secure adults. Most recent studies show average personal financial scores declining with average scores close to a failing grade. This paper attempts to assess the level of financial literacy among management students at the Central University of Kashmir. Four fundamental aspects in financial literacy are considered, namely, level and importance, definitions and theories, constraints and measures to improve financial literacy have been taken to aid the study, and data has been collected from both primary and secondary sources for in depth investigation. The data collected from the respondents are tabulated and analyzed into logical statements using percentage and mean score analysis.

Keywords: Financial Literacy; Financial Illiteracy; Financial Education; Financial Security; University

INTRODUCTION

The ability of individual to make judgments and take effective decisions regarding the use and management of money is termed as financial literacy. The American Institute of Certified Public Accountants, 2003 defines the financial literacy as the ability to effectively evaluate and manage one's finances in order to make frugal decisions in order to reach life goals and achieve financial well-being.

College and university students are at a decisive time in their lives as they move from financial dependence to financial independence. For a majority of students, the first year of college is viewed as an important transitional stage in which parental supervision and oversight are reduced and students begin to achieve some degree of financial autonomy. When they go to college, many students are confronted with financial responsibilities such as paying bills, creating a budget, and using credit for the first time in their lives. How well they cope with these challenges depends on the financial knowledge and behaviors they acquired prior to arriving at college (Lyons, Scherpf, & Roberts, 2006). According to Greenspan, 2005, the financial world has become so complex today when compared to the generation before where a simple knowledge of how to maintain a checking and savings account at local banks and financial institutions was more than enough. But now, consumers have to differentiate between a wide range of financial products and services available in the modern financial market. Therefore, there is an increasing need for people to be more financially literate and this has increased the responsibility of higher education institutions to facilitate the efforts to promote financial literacy. Financial literacy plays a key role in preventing individuals from becoming involved with fraudulent financial transactions or engaging in financially destructive behavior. Financial literacy is also

advantageous for wealth preservation. Studies show that people who are more financially literate tend to be better at retirement planning, accumulating wealth, and avoiding debt. In fact, people who develop financial plans tend to be 10 to 15 percent wealthier than those who do not (Palmer, 2008). Finally, a financially literate electorate is more able to understand macroeconomic problems and make informed decisions related to fiscal and monetary policies than an electorate that has not undergone financial education (Levin, 2012). Financial literacy for students is an important tool to improve the financial capability of our youth and communities. Students should be taught how to handle money—both at home and in school. This will help reduce the economic impact of the long-term recession that now grips many communities across the country. Teaching students about money has a great impact on their future. Financial literacy for students must span more than a few class-hours. To help our college-age youth achieve financial security, requirements should stipulate financial literacy for college and university students as well. The vast majority of university coursework is designed to help people pick up skills to earn more money. Yet little or no time is spent teaching them how to plan, save, and grow that money. Providing money management for university students can proactively address many of the issues they'll face as adults, and help them live happy lives free from financial worry. Communities also can be a great asset to help develop a culture of saving and investing among their citizens. Raising awareness about the key roles that parents, community groups, and nonprofit organizations play in improving youth financial capability within the community is essential. Creating a community-wide awareness campaign helps not only our youth, but the adult community members and businesses as well. Financial literacy for students is vital to helping ensure financial wellness for our youth and communities as a whole. The most effective time window for sharing positive personal finance lessons is before students move out on their own. In today's age, young people need to master this crucial life skill. These skills are invaluable to anyone who desires life success. Although many studies have identified parents as the most important sources for teaching children about money, it is reasonable to expect that once away from home and family, peers and the media may become more important factors in forming university student's financial knowledge and behavior.

Increasingly, researchers are beginning to examine students' knowledge about finances to determine how they acquire financial management skills and to identify the best methods for teaching these skills, with the goal of helping them achieve financial well-being. Colleges and universities can use financial literacy programs not only to educate youth about finances, but also to reduce student loan default rates. Programs offered can accommodate a variety of scheduling and budget requirements in the process of educating children about finances.

This study aims at assessing the level of awareness of financial literacy among management students. It is believed that university students eventually will need to face and tackle financial decisions, be it savings, insurance or future investment projects. As such, the study assesses aspects in financial literacy such as, its level and importance to management students, their perceptions about finances, constraints and measures to improve financial literacy. The perimeters and definition of financial literacy in this study attempts to understand the literacy of management graduates in central university of Kashmir with respect to financial decisions.

REVIEW OF LITERATURE

University graduates make up one segment of the population that especially need to understand the impact of their financial decisions. University students have the responsibility of paying for their education, which often is accomplished predominantly through grants, income from part time job, loans, both private and federal, personal savings, parental contributions and scholarships. Students who receive financial aid to assist in paying for their university education are on average offered only 49% of the cost of their education in a combination of federal, state and institutional grant aid (National Center for Educational Statistics, 2006). Jacob (2000) conceded that financial knowledge acts not only as a convenience but as an essential survival tool for individuals to survive in a competitive economic environment. According to the Financial Services Authority (2002), there should be more emphasis on rising up the level of adult financial literacy as this would help in

achieving many objectives such as promoting public knowledge and understanding of the financial system as well as enhancing consumer protection and eliminating financial crime. The overspending and reduced saving trend that has transcended the nation can be explained by Bronfenbrenner's (1977) ecological systems theory. Bronfenbrenner postulated that everyone in society is affected by changes within society. Individuals do not develop in isolation, they are affected by the interactions they have within their surroundings. These interactions are not limited to their immediate surrounding such as their local community, local school, place of worship such as a church, synagogue or mosque, peers and culture but they are also affected by national, international and global changes. As the fiscal behavior of the federal government has changed, so has the fiscal behavior of local government and the populace changed. Similar fiscal changes can also be seen in the general population. Between 1990 and 2005, personal credit card debt has increased from \$250 billion to \$800 billion (Draut, et al, 2005), while personal savings has dropped from \$299 billion to \$34 billion (Bureau of Economic Analysis, 2006). After billions of taxpayers' dollars have been spent by the federal government on higher education the taxpaying public has expectations of what the recipients of post-secondary education should be able to do and what skills they should possess (Immerwahr & Foleno, 2000). The public expects higher education to be value added experience for its graduates so they can lead successful lives. A financially literate graduate will be able to make financial decisions and be cognizant of the advantages and risks involved. The importance of university students becoming knowledgeable about personal finance is increasingly being recognized by universities. An informal survey of public universities in the state of Florida regarding personal finance courses had a 60% response rate (McKenzie, 2007) and revealed that 80% of the institutions offered a personal finance course.

The Financial Literacy (2012) stated that most young people had a relatively poor financial literacy and a 29 year-old got difficulties to even budget. As such, being older is not necessarily wiser in terms of decisions when it comes to money and finance matters. According to Ambre (2012) and the Economic Times (2012) state that financial literacy starts at home itself where children are educated about how to handle money such as to save and spend wisely. However, Huston (2010) found it essential to measure financial literacy in order to understand educational impact and barriers to financial decisions.

OBJECTIVES

The broad objective of this study is to measure the level of financial literacy among management graduates which has been sub divided into the following.

1. To measure the graduates perception for definitions and theories of finance.
2. To measure the graduates ability to manage finance.
3. To measure the constraints of financial literacy.
4. To access the ways to improve financial literacy.

RESEARCH METHADODOLOGY

A suffice research was undertaken to meet the objectives of this study with the collection of both secondary and primary data. The primary data was collected through a questionnaire designed for a sample of 100 respondents, representing post graduates students of central university of Kashmir specializing in human resource management, marketing management, operations management and tourism management .A structured questionnaire with a five point balanced likert scale for measuring level of awareness of financial literacy among management graduates has been used, the questionnaire has been divided into four parts first one measuring the perception of respondents towards definitions and theories of financial literacy ;second part measuring the ability of respondents to manage finance; third part measuring the various constraints of financial literacy while as final and the fourth part measuring the respondents views regarding the ways to improve financial literacy. The data collected

from the respondents are tabulated and analyzed into logical statements using percentage and mean score analysis. Secondary data was collected from the available literature, journals and web search

The study has been carried out keeping in mind the following primary objectives:

To measure the level of financial literacy among management graduates.

Table 1. Data Analysis and Interpretation

Sr. No.	STATEMENTS	Percentage of respondents					Mean score
		Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)	
I	Perception of definitions and theories of financial literacy						
1	Ability to read, analyze, manage and communicate	15	8	2	35	40	2.26
2	Ability to discern financial choices & discuss financial issues without discomfort	10	20	3	20	47	2.08
3	Use combinations of skills, resources and knowledge	22	13	10	23	32	2.70
4	Basic concepts of management of money	24	20	7	25	24	2.95
5	Make informed effective choices	16	10	12	36	26	2.54
6	Understanding financial terms and concepts	20	5	4	40	31	2.43
II	Ability to manage finance						
7	I do regularly check my bank statements for inconsistencies	10	22	16	29	23	2.38
8	I balance the checkbook carefully	14	26	33	13	14	2.39
9	I check the accuracy of transactions then file them	21	15	17	23	24	2.86
10	I am prepared to manage my finances upon graduation	17	15	10	26	32	2.59
11	I have been explained how to manage my finances before attending college	14	10	2	44	30	2.34
III	Constraints of financial literacy						
12	Failure of education system	47	32	1	8	12	3.94
13	Failure of financial institution	33	37	2	12	16	3.59
14	Lack of government initiatives	37	32	1	18	12	3.64

15	Lack of personal interest	26	31	10	19	14	3.36
16	Lack of sources of financial information	24	13	7	32	24	2.81
17	Complexity of finance literature	42	37	2	9	10	3.92
IV	Ways to improve financial literacy						
18	Financial awareness programs	48	31	7	6	8	4.05
19	Financial literacy on radio and television	30	27	10	14	19	3.35
20	Government and NGO's initiatives	35	30	5	10	20	3.50
21	Pamphlets and booklets	37	22	1	18	22	3.34
22	Setup of hotline service	28	25	8	11	28	3.14
23	Detailed analysis of financial products	31	30	2	17	20	3.35

Interpretations of Statements in Table 1

Perception of definitions and theories of financial literacy

Statement 1 depicts that respondent's disagree with the statement that they have the Ability to read, analyze, manage and communicate regularly financial theories definitions

Statement 2 depicts that respondents disagree with the statement that they have ability to discern financial choices & discuss financial issues without discomfort.

Statement 3 depicts that respondents disagree that they can use combinations of skills, resources and knowledge to make financial decisions

Statement 5 depicts that respondents disagree that they know the basic concepts of the management of money. It implies that respondents lack in the basic information

Statement 6 is again on the disagree side that respondents can understand financial terms and concepts. This means there is a lack of financial literacy among them.

Ability to manage finance

Statement7-11 respondents disagree with all the statements related to ability to manage finance. This implies that respondents lack in the knowledge and subsequent improvement is needed in their ability to manage finance.

Constraints of financial literacy

Statement 12:- respondents agree with the statement it's the Failure of education system of the country which proves to be a constraint in financial literacy. This implies that education system needs to be changed to improve the financial literacy.

Statement 13:- respondents agree with the statement that it's the Failure of financial institution if they lack the financial literacy this implies that financial institutions have not been satisfactory in providing financial knowledge.

Statement 14:- respondents agree with the statement that its the Lack of government initiatives that is one of the reasons for lack of financial literacy

Statement 15:- respondents agree with the stamen that it due to the lack of personal interest one cannot be financially literate. It implies that personal motivation to learn too has an important effect on financial literacy

Statement 16:- respondents are neutral with the statement that Lack of sources of financial information is one of the reasons for poor financial literacy

Statement 17:- respondents agree with the statement that Complexity of finance literature proves to be a hurdle in financial literacy.

Ways to improve financial literacy

Statements 18-23 respondents agree with the statements about the ways to improve financial literacy. All the programs like Pamphlets and booklets, Setup of hotline service and Government and NGO's initiatives etc. are beneficial for improving the financial literacy. However respondents strongly agree with the statement that financial awareness programs can be a good move to improve upon financial literacy.

Table 2. Findings of Study

The findings are tabulated using likert scale for measuring the awareness of consumers towards green marketing

(Highest Rating is 5-Strongly Agree and 1-Strongly Disagree)

S.NO	STATEMENTS	Mean score
I	Perception of definitions and theories of financial literacy	
1	Ability to read, analyze, manage and communicate	2.26
2	Ability to discern financial choices & discuss financial issues without discomfort	2.08
3	Use combinations of skills, resources and knowledge	2.70
4	Being informed, knowledgeable and educated	3.24
5	Basic concepts of management of money	2.95
6	Make informed effective choices	2.54
7	Understanding financial terms and concepts	2.43
II	Ability to manage finance	
8	I do not regularly check my bank statements for inconsistencies	2.38
9	I balance the checkbook carefully	2.39
10	I check the accuracy of transactions then file them	2.86
11	I am prepared to manage my finances upon graduation	2.59
12	I have been explained how to manage my finances before attending college	2.34
III	Constraints of financial literacy	
13	Failure of education system	3.94
14	Failure of financial institution	3.59
15	Lack of government initiatives	3.64
16	Lack of personal interest	3.36
17	Lack of sources of financial information	2.81
18	Complexity of finance literature	3.92
IV	Ways to improve financial literacy	
19	Financial awareness programs	4.05
20	Financial literacy on radio and television	3.35
21	Government and NGO's initiatives	3.50
22	Pamphlets and booklets	3.34
23	Setup of hotline service	3.14
24	Detailed analysis of financial products	3.35

CONCLUSION

The purpose of the study is to assess the level of awareness of financial literacy among management students at the Central University of Kashmir. The results of the study indicate that those students, on overall, don't have a satisfactory level of knowledge and skills in financial literacy. As for definitions and theories of financial literacy, the students disagree with almost all the statements, in which individuals use a combination of skills, resources and contextual knowledge to process information and make decisions. For constraints of financial literacy, the students have a good perception of constraints for financial literacy. Moreover, respondents believe that financial and time constraints, lack of personal interest, lack of sources of information, failures of financial institutions to present information in a manner to attract interest and lack of government initiatives to promote financial awareness among the public are the most important constraints for financial literacy. For the measures and ways as to improve financial literacy, students have a good perception of the ways. In addition, the results of the analysis suggest that the students do perceive financial literacy programs to be broadcasted on radio and televisions as an effective way to improve financial literacy. However, they do believe that financial awareness programs in college and university curriculum will be a good and effective initiative to improve financial literacy.

RECOMMENDATIONS

The idea is to provide a better financial education to effectively and efficiently prepare management students to face and tackle financial issues in the future. The financial future of today's students is of great concern. One way to improve the financial literacy is to increase awareness of people on the different financial products and services. Moreover, there must interventions to target vulnerable populations. Government and regulatory bodies should take up an initiative to embark upon the improvement in financial literacy. Most surveys indicate that women, youth, the elderly, and those with lower incomes and educational attainment are less likely to be financially literate. Many surveys also indicate disparities between urban areas and rural areas, and geographical regions, and differences by race, ethnicity, employment status, and a variety of other factors. However, more research needs to be done on how to effectively target those with lower levels of financial literacy (World Bank, 2012). Students should be exposed from a young age to basic economics and finance and start to learn and master financial vocabulary from a young age and should be able to demonstrate proficiency.

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**HOSPITAL MANAGEMENT AND ORGANISING FUNCTION:
A STUDY OF PERCEPTIONS OF HOSPITAL STAFF IN
PUBLIC AND PRIVATE HOSPITALS IN INDIA**

Dr. Gaurav Singh¹

Project Coordinator, World Bank Projects,
Meerut, India
Email: gaurgaurav18@rediffmail.com

Dr. Ajay Singh²

Professor, Meerut Institute of Engineering & Technology,
Meerut, India
Email: ajayks10@gmail.com

Dr. Shahsi Singh³

Sr. lecturer, Meerut Institute of Engineering & Technology,
Meerut, India
Email: shashisingh1509@gmail.com

ABSTRACT

Organising function is one of the important aspects of management which decide the future success of any organization. Well established elements of organising function not only reduce costs and improve effectiveness but also increase staff satisfaction. And, when employees of organisations are satisfied this generally means that customers of that organisation are also going to be treated nicely. The aim of the paper is to analyze the perception of privately owned and public/Government/civil hospitals towards the organizing functions of hospitals. What the staff members think about the organizing practices of hospitals has been explored in the study. In the present study the districts of Allahabad and Lucknow (U.P.) have been selected for investigation. The study reveals that perception of staff members of private hospitals about organizing function is significantly different compared to the perception of public hospitals.

Keywords: Public hospital; Private hospital; Hospital staff; Organising function

INTRODUCTION

Organising function is one of the important aspects of management which decide the future success of any organization. Well established elements of organizing function not only reduce costs and improve effectiveness but also increase staff satisfaction. And, when employees of organizations are satisfied this generally means that customers of that organization are also going to be treated nicely. The function of organizing becomes very important with respect to hospitals due to the complex and dynamic environment within which hospitals have to perform.

Mckee and Healy describe hospital environment as an environment that is technically complex, surrounded by much uncertainty and contains information asymmetry. This asymmetry only enhances the mystique of the medical professional and often leaves the outsider confused and perplexed.^[1] Scott defined hospitals as complex organizations, with goals, tasks, control systems, and relationships of authority that are articulated in both formal and informal ways.^[2]

Hospitals have to survive in most dynamic environment. On the one hand there is rapid growth in advanced technology and clinical specialization, on the other hand hospitals are just not supposed to cure the patients but also care them. Importance of hospitals become more prominent as hospitals are the integral parts of the health care system and are viewed by common man as one of the essential services that a government can provide. Enormous expectations of people are attached with hospitals. That is why, hospital administration and management has become one of the major areas of research and study, particularly in developing countries. Hospitals are complex entities which generally require most of the concepts of management studies to survive and perform effectively. Hospitals are complex structure of man, machine and management, where quality of end results depends upon many factors. Involvement of the human factor is greater in hospital and its management. Such human interface makes the task of hospital that much difficult as characteristics of incoming patients varies widely with respect to their emotion, economic and culture quotient. There is no element of hospital system on which a hospital can compromise if it supposes to work efficiently. Good machines to diagnose and test various diseases, qualified doctors to make truthful recommendations, humane support staff to help fulfill basic requirements of the patients and effective system for the smooth delivery of services to the patients, each function is important in hospital management.

Highlighting the importance of healthcare system in India, PricewaterhouseCoopers in its emergence market report 2007 on 'Healthcare in India' states following:^[3]

“Healthcare is one of India’s largest sectors, in terms of revenue and employment, and the sector is expanding rapidly. During the 1990s, Indian healthcare grew at a compound annual rate of 16%. Today the total value of the sector is more than \$34 billion. This translates to \$34 per capita, or roughly 6% of GDP. By 2012, India’s healthcare sector is projected to grow to nearly \$40 billion. The private sector accounts for more than 80% of total healthcare spending in India.”

However, the Indian healthcare system is plagued with numerous problems. Public hospitals are criticized for poor management, unhygienic conditions, unavailability of doctors, shortage of infrastructure and resources to meet the swelling number of patients and apathetic attitude of administrative staff etc. On the other hand private hospitals are criticized for their basic intention of treating itself as a corporate entity, where money becomes more important than humanity. In fact because of the difference in stated goals, it is evident that the private sector attracts and treats persons who can pay and are non-emergency situations hence there is already a selecting out of patients. The public sector, on the other hand, seeks to provide universal access and therefore the patient load is always higher than the intended capacity. These different goals get reflected in the case mix, social background of patients and rate of patient turnover in the private and public hospitals.^[4]

Organizing involves analysis of activities to be performed for the accomplishment of organizational objectives, grouping them into various departments and section so that these can be assigned to various individuals and delegating them appropriate authority. Hospitals are characterized by a dual pyramid of an organization because of traditional relationship of the medical staff to administrative staff. Organization structures are a basic framework within which the manager’s decision making behavior takes place. Structure basically deals with relationships. Structure is the pattern in which various parts or components are interrelated or interconnected. Organizational chart is a diagrammatic form which shows the major functions and their respective relationships, the channels of formal authority and the relative authority of each respective function. The chart shows the formal relationships.

There are many differences among undeveloped, developing and developed countries' hospital management styles, but they are faced with similar problems with claims of patients. When a patient goes to a hospital, he/she expects good communication with doctors, nurses and officers, hopes equity and respect for his/her believing and feelings, wants service quality given in a smiling and humanity way, wishes solutions to his/her problems effectively in a short time.^[5] Major issues concerning proper management of hospitals are: safety and satisfaction of patients, managing finances, quality treatments, managing and retaining professionals and staff and system efficiency etc. Friesner et al. concludes that

over the years, a variety of models and schemes for hospital interventions and development have been deployed in hospitals.^[6]

Though different sectors of the society would expect hospitals to work in a non-commercial manner, the problems that a hospital faces are purely commercial. Retaining good doctors have become one of the major challenges for the hospitals and even the corporate hospitals see a rapid exodus of experienced doctors. "As they grow, the large corporate hospital networks create layers within the organization and stop being as nimble as they used to in decision making". This hampers individual autonomy and leads to the exodus of professional from one hospital to the other which is new, small and promising.^[7] Thus changing basic practices in massive, complex healthcare organizations is especially challenging.^[8] The performance of the hospital is conceptualized in terms of three different types of efficiency: managerial, clinical, and production efficiency and to meet that hospitals need the Continuous appraisal and adaptation to the changing needs of different components of the hospital process system. Mohr, Burgess and Young suggest that a teamwork culture in a hospital can reduce turnover thus providing cost savings and, perhaps, higher quality service to patients.^[9] On the other hand, Leveck and Jones conclude that organizational and professional job satisfaction among nurses is a strong predictor of process measures of quality of care.^[10] With concern to intensive care units, the best predictors of better patient outcomes are organizational factors such as a patient-centred culture, strong medical and nursing leadership, effective collaboration, and an open approach to problem solving.^[11] Though it is not possible to establish an ideal organisation for all situations but, teams must engage regularly in process improvement efforts as many TQM advocates have long asserted.^{[12], [13]}

Thus, it is evident from the work of many researches and reports that hospital administration is an important ingredient in the effectiveness of health care services. This research basically tries to examine whether there is any differences in the working of private and public hospitals. This research is basically trying to evaluate the functioning of public and private hospital with respect to organizing function of management.

OBJECTIVES

The objectives of the study are to:

1. Analyze the present human resource management policies, practices, and human relation scenario in hospitals and ascertaining whether policies are in conformity with the present day challenges and requirements of human resource.
2. Make an in-depth analysis of human resource management policies, practices, and human-relation situation in all its spheres prevailing in private and public hospital of the city.

HYPOTHESES

In the light of the above stated objectives and on the basis of a preliminary survey, the following hypotheses are framed in the present study.

1. The perceptions of the Doctors and Nursing Staff in Public and Private Hospitals are indistinguishable with respect to the different organizing functions such as effective organizational chart, job description etc.
2. The hospitals, whether public and private, that run on sound organizing function of management deliver better working environment to staff members.

SUBJECTS AND METHODS

This study is explanatory in nature and it aims at discovering general problems in the functioning of human resource management in hospitals and variables related with it. In the present study the districts of Allahabad and Lucknow (U.P.) have been selected for investigation. The population of the present study includes administrative and functional staff (including doctors) of the public and private hospitals situated in Allahabad and Lucknow regions of Uttarpradesh

Sample and Sample Size

From the universe i.e. district of Allahabad and Lucknow, a list of all the public sector and private sector hospitals was obtained. From each of these hospitals, the sample is taken from Doctors and Nursing staff.

Total sample size selected for the study was 200. This size includes 100 personnel from public hospitals and 100 personnel from private hospitals. Stratified Random Sampling Technique was used to decide the sampling composition. The complete study was conducted from January 2008 to April 2011. The time span of data collection was July 2009 to May 2010.

Instrument

The questionnaire method was chosen as a tool to collect the required data for the reason of its being simple and getting first hand and current information. Talluru developed the questionnaire to analyze the perception of doctors, nursing staff, departmental heads and chief executives towards organizing function, staffing function and diagnosing management problems.^[14] The same questionnaires have been used with some modification catering to the needs of the local population and conditions. The Likert type statements have been used with the options for the response being- Agree, Disagree, Don't know. All items of this questionnaire are positive statements.

Collection of Data

Permission was sought from the respective hospitals for conducting the study. Each participant was approached by the investigator personally, who introduced himself and explained the purpose of the study to the subjects. Each respondent was informed about the objectives and significance of the study and consent was taken before administration of the questionnaire. A questionnaire, along with a covering letter explaining the objectives of the study and the method of completing the questionnaire was given to each subject in the population. An assurance regarding confidentiality of the results was also provided. The participant was assured that his/her responses would be kept confidential and that complete anonymity would be maintained.

Statistical Techniques Used

The objective of this study is to observe whether the two hospitals (public and private) could be distinguished with respect to organizing, staffing and diagnosing management problems. For this purpose, an attempt has been made to compare the performance and functioning on the basis of the count of responses for 'Agree', 'Disagree', 'Don't know' type answers. Two-Sample t-test is used to evaluate the hypothesis. The t test has been applied only on the 'Agree' and 'Don't Know' responses to evaluate the difference (if any and significant at .05 level) in the thinking of personnel of private and public hospitals. As statements are positive in nature and straight forward answers have been sought to assess whether respondents agree to the organizing functions of the hospital effective or not, this statistical method has been thought appropriate.

Delimitations of the Study

The population under study is limited to the municipal limits of the Allahabad Municipal Area (Uttar Pradesh, India).

The sample size of the present study is limited to 200 personnel only.

Basic limitation of the study is that, even though utmost care has been taken in selecting the sample, the results derived from a study may not be exactly equal to the true value of the population. Hence results of the study are considered to be true and relationships hold good, only for this study.

Though all efforts were made to get the correct response from the respondent, biasing by the respondent may happen in some questions.

The present study is limited in its design, method, measuring devices and statistical techniques.

RESULTS

Perception of the doctors and nursing staff towards organizing function has been recorded in the form of 'Agree', 'Disagree' & 'Don't know'. These responses are then tabulated percentage wise to analyze the individual statements (Table 1) for Public/Government Hospitals (GH) and Private Hospitals (PH). Further, t test has been applied to know if there exists any significant difference between the perception of public and private hospitals on organizing dimension.

Table 1. Response of Hospital Staff

S. No.	Particulars		Public (GH)	Private (PH)
1.	Organization chart indicates the position of each employee	Agree	42	73
		Don't know	4	8
		Disagree	54	19
		Total	100	100
2.	Organization chart shows superior-subordinate relationship	Agree	38	65
		Don't know	12	19
		Disagree	50	16
		Total	100	100
3.	Organization chart provides for formal communications	Agree	33	62
		Don't know	8	15
		Disagree	59	23
		Total	100	100
4.	Chart is indicating the relationship in the department	Agree	46	81
		Don't know	12	4
		Disagree	42	15
		Total	100	100
5.	Organization structure is known to staff members	Agree	20	87
		Don't know	4	3
		Disagree	76	10
		Total	100	100
6.	Major administrative policies and procedures are in writing	Agree	25	58
		Don't know	13	7
		Disagree	62	35
		Total	100	100
7.	Responsibilities of departmental heads are formally stated	Agree	25	69
		Don't know	17	12
		Disagree	58	19
		Total	100	100
8.	For all positions qualifications are stated	Agree	50	62
		Don't know	25	11
		Disagree	25	27
		Total	100	100
9.	Present position in department encourages growth of employees	Agree	33	58
		Don't know	25	4
		Disagree	42	38
		Total	100	100
10.	For all positions, duties and responsibilities are specified	Agree	42	73
		Don't know	12	4
		Disagree	46	23
		Total	100	100

Table 1. Response of Hospital Staff (Contd....)

S. No.	Particulars		Public (GH)	Private (PH)
11.	Each employee is given a copy of the job description	Agree	33	77
		Don't know	13	4
		Disagree	54	19
		Total	100	100
12.	Job description is reviewed and revised periodically	Agree	13	73
		Don't know	8	8
		Disagree	79	19
		Total	100	100
13.	Department rules are flexible to meet the emergencies	Agree	33	77
		Don't know	9	8
		Disagree	58	15
		Total	100	100

The perceptions of Doctors and Nursing Staff on organizing function can be observed from the Table 1. The analysis of statement “Organization chart indicates the position of each employee” reveals that a major percentage of the respondents belonging to private hospitals (73%) opined that their hospital’s chart indicates each employee’s position, whereas 19% of the respondents expressed their dissatisfaction towards indication of the employee’s position. In public hospitals, 54% respondents stated that their chart is not providing a clear picture regarding an employee’s position in the hospital. From the discussion it can be said that in the private hospitals majority of the respondents indicated their satisfaction regarding organizational position.

The analysis of statement “Organization chart shows superior-subordinate relationship” reveals that in the case of the private hospital, 65%, respondents told that their hospital clearly demarks superior-subordinate relationship. In public hospitals out of 100 respondents 50% of respondents are not happy with the existing chart. One remarkable point is a reasonably high percentage of respondents i.e. 12% in public and 19% in private hospitals showing their neutral attitude. From the analysis it can be concluded that the majority of the respondents in public hospitals are not happy with the organization chart. High percentages of respondents who have shown neutral attitude indicate their ignorance about the chart as a mean to understand the chain of command.

The analysis of statement “Organization chart provides for formal communications” reveals that a high percentage of respondents 62%, of private sector hospitals opined that the existing chart clearly provides a channel for formal communications. In public hospitals out of 100 respondents 59%, claimed that organization chart does not provide channel for formal communication. It is noticed that 15% in private hospitals and 8% in public hospitals have not given their opinion. From the analysis it can be concluded that the majority of the respondents in public and private hospitals are informed about the existing channels of communication.

The analysis of statement “Chart is indicating the relationship in the department” reveals that 81% of respondents of private hospitals mentioned that their chart is indicating the relationship in the department whereas in case of public hospitals, out of total respondents 42% mentioned that they are not able to identify the departmental relationship with the help of the organizational chart. It can be safely assumed that public sector hospitals do not have detailed organizational charts or staff members are not made aware of this. This analysis confirms the results achieved in the preceding statement.

The analysis of statement “Organization structure is known to staff member” reveals that 76% of respondents in public hospitals expressed their disagreement towards the statement, whereas in case of private hospitals, 87% expressed that their staff knows the structure of their organizations.

The analysis of statement “Major administrative policies and procedures are in writing” reveals that 58% of the respondents in private hospitals opined that majority of the policies are in writing. In public hospitals 62% respondents claimed that there are no such policies of giving procedures in writing. 13% of the respondents from public hospitals and 7% of private hospitals have shown their neutral attitude. From the analysis it can be concluded that the majority of the respondents in private hospitals expressed their satisfaction towards the statement, whereas the respondents who belong to public hospitals are dissatisfied.

The analysis of statement “Responsibilities of departmental heads are formally stated” reveals that the considerably high percentage of the respondents, 58% in public hospitals claimed that the duties and responsibilities of their departmental heads were not mentioned specifically, whereas in private hospitals, 69% of the respondents stated that their duties and responsibilities were formally stated. 17% in public hospitals and 12% in private hospitals have shown their neutral attitude. From the above discussion it can be seen that the responsibilities of the departmental heads are mostly stated formally in private hospitals.

The analysis of statement “For all positions qualifications are stated” reveals that a considerable number of respondents 50% in public hospitals and 62% in private hospitals under study expressed their satisfaction towards the given statement. 25% of the respondents in public hospitals and 11% in private hospitals have shown their neutral attitude towards the statement. From the analysis it can be concluded that public and private hospitals are recruiting the personnel based on prescribed qualifications.

The analysis of statement “Present position in department encourages growth of employees” reveals that 58% in private hospitals stated that the present structure is encouraging the growth of employees, whereas in case of public, 33% of the respondents are not happy as far as encouragement for growth is concerned. 25% of the public and 4% of private hospitals have shown their neutral attitude. From the analysis it can be concluded that policies of private hospital are more encouraging when compared to the public hospital.

The analysis of statement “For all positions, duties and responsibilities are specified” reveals that 73% of private hospitals mentioned that they are having a clear understanding of their duties and responsibilities. In public hospitals out of 100 respondents 46% mentioned that there is no idea about the duties and responsibilities. 12% of the respondents from public and 4% from private have shown their neutral attitude. From the analysis it can be concluded that the majority of the respondents in private hospitals has a clear understanding about their duties and responsibilities.

The analysis of the statement “Each employee is given a copy of job description” reveals that 77% of the respondents in private hospitals stated that they are given a copy of the job description. Out of 100 respondents in public hospitals, 54% expressed their disagreement with the statement. 13% of the respondents from the public and 4% of private hospitals have shown their neutral attitude. From the analysis it can be concluded that the majority of the respondent in private hospitals is getting job description documents but not in public hospitals.

The analysis of statement “Job description is reviewed and revised periodically” reveals that 73% in private hospitals told that their job description is reviewed and revised periodically. In public hospitals, 79% stated that job description is not reviewed periodically. From the analysis it can be concluded that the majority of the respondents in private hospitals is happy as far as revision of job descriptions is concerned.

The analysis of statement “Department rules are flexible to meet the emergencies” reveals that 77% respondents in private hospitals told that their department rules are not so rigid. In public hospitals majority of the respondents (58%) claimed that their rules and regulation are very rigid. From the analysis of various statements it can be concluded that the public hospitals are facing severe problems

regarding the overall organizing function of the management whereas, private hospitals have shown better organizing function and working condition. Hence, maintaining the hypothesis two true.

Hypothesis Testing

To test the significance of the difference in the thinking of the personnel of the two types of hospitals, the 'Agree' and 'Don't Know' responses are counted and then the t test is applied.

Table 2. Mean and t-Values of Perceptions of Doctors and Nursing Staff towards Organizing Function (On the Factor: Agree)

Agree	Mean 'M'	Variance	t-Value
Public	33.30769	111.7308	-9.62301
Private	70.38462	81.25641	

Note: t critical two tail: 1.97 (at 0.05 significant levels)

The t value is more than the table value at 0.05 significant levels (Table 2). Thus hypothesis 1 is rejected and can be said that there is a significant difference between public and private hospitals for "Agree" response. If we compare the mean score for the "Agree" response of the doctors and nursing staff belonging to public and private hospitals, we find that private sector doctors and nursing staff are more satisfied with their hospitals organizing policies. So on organizing function, private hospitals are most preferred hospitals. Private hospitals follow proper organizing function.

Table 3. Mean and t-Values of Perceptions of Doctors and Nursing Staff towards Organizing Function (On the Factor: Don't Know)

Don't Know	Mean 'M'	Variance	t-Value
Public	12.46154	44.26923	1.850374
Private	8.230769	23.69231	

Note: t critical two tail: 1.97 (at 0.05 significant levels)

The t-value of doctors and nurses response for perceptions towards organizing function on "Don't Know factor" is less than the t table value at 5% significance level (Table 2). It implies that there exists no significant difference between the doctors and nurses in public and private hospitals as far as their indecision towards the hospital organizing practices are involved. It implies that there are some percentages of respondents both in public and private hospitals who are unaware or not sure about the organizing function of the hospitals. On comparison of the mean score in the figure, it is clear that such responses are more in case of public hospitals than the private hospitals.

DISCUSSION

Results have shown areas of concern for the public sector hospitals. Organizational charts of public hospitals are not providing correct division of functions. In some of the areas the span is too wide and in other areas it is too narrow. Such type of uneven distribution gives unhealthy atmosphere which leads to conflicts. It can be said that most of the things come to the principal's table for decision which are routine in nature. It is also observed that duties of some of the executives are overlapping which leads to confusion and chaos. The organizational charts of private hospitals reveal that most of the activities are divided perfectly. These hospitals have grouped some of the important areas under one head under the control of General Managers. The analysis of other important issues related to the organizing function reveals that the decision making in public hospitals is centralized. For this reason, many routine matters are coming to the principal's table. This results in abnormal delay in taking routine decisions, whereas in private hospital authorities realize that the net result of the centralization leads to unnecessary paperwork and delays in decision making which causes dissatisfaction to the patients. So they are giving much importance to decentralization at all possible levels.

The perceptions of staff towards the organizing functions reveal that the majority of the employees in private hospitals feels that the organization chart indicates the position of each employee and shows the perfect subordinate-superior relationship. It is observed that the major administrative procedures and policies are in writing. The responsibilities of the departmental heads are formally stated. It is also observed that every employee is given a copy of the job description. It is reviewed and revised periodically. In public hospitals the organization chart is not clearly indicating the relationships. The responsibilities of the departmental heads are not formally stated. They expressed the view that the positions in the departments are not encouraging the growth of the employees. The perceptions of the doctors towards the organizing functions in public hospitals reveals that the structure of the department and in the similar manner the structure of the hospitals is not known by many of the staff members. A majority claimed that they need to wait for the long time before taking decisions for approval resulting in delay in performing tasks. In private hospitals, the policies, procedures are in writing. For all positions the duties and responsibilities are specified. It may be said that the organization structures are to be modified as per current needs. In public hospitals, the decision making process is centralized. Many routine matters are going to the table of top officials. But in private hospitals the situation is better.

Thus it is once again concluded here that hospitals have to organized itself as per the changing environment as it was suggested by Burns & Stalker and Lawrence & Lorsh.^{[15], [16]}

Heine and Maddox while acknowledging the difficulty of bringing significant organizational change to hospitals or for that matter any complex organization suggest that a socio-technical systems movement toward greater quality focus, improved teamwork and open, timely communication can only improve the delivery of services in many hospitals and other health care delivery systems.^[17]

In-spite of various recommendations and suggestions offered by various researchers and other bodies on the issue of improvements in organizational design of hospitals, this research yet again highlights inability of the public hospitals to adopt the new concepts of human resource management.

CONCLUSIONS

Though no one basic organization design and procedure can be fit for different hospitals, yet better organizing function lead to overall better working environment for hospital staff. The study reveals that perception of staff members of private hospitals about organizing function is significantly different compared to the perception of public hospitals.

Organising function is one of the important aspects of management which decide the future success of any organization. Well established elements of organising function not only reduce costs and improve effectiveness but also increase staff satisfaction. And, when employees of organisations are satisfied this generally means that customers of that organisation are also going to be treated nicely. The aim of the paper is to analyze the perception of privately owned and public/Government/civil hospitals towards the organizing functions of hospitals. What the staff members think about the organizing practices of hospitals has been explored in the study. This study is descriptive in nature and it aims at discovering general problems in the functioning of organizing functions in hospitals. In the present study the districts of Allahabad and Lucknow (U.P.) have been selected for investigation. The population of the present study includes administrative and functional staff (including doctors) of the public and private hospitals situated in Allahabad and Lucknow regions of Uttarpradesh. From the universe i.e. district of Allahabad and Lucknow, a list of all the public sector and private sector hospitals was obtained. From each of these hospitals, the sample is taken from Doctors and Nursing staff. Total sample size selected for the study was 200. This size includes 100 personnel from public hospitals and 100 personnel from private hospitals. Stratified Random Sampling Technique was used to decide the sampling composition. The questionnaire method was chosen as a tool to collect the required data. Descriptive statistics has been used to describe the data and 't' test was used to analyze the data. The study reveals that perception of staff members of private hospitals about organizing function is significantly different compared to the perception of public hospitals. Though no one basic

organization design and procedure can be fit for different hospitals, yet better organizing function lead to overall better working environment for hospital staff.

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**SELF HELP GROUP- BANK LINKAGE: A MODEL FOR
EMPOWERING WOMEN WITH SPECIAL REFERENCE TO
KSHETRIYA GRAMIN BANKS IN MAHAKAUSHAL REGION
OF MADHYA PRADESH**

Dr. Smita Rao

Assistant Professor, Datta Meghe Institute of Management
Studies, Nagpur, India
Email: smitamishra111@gmail.com

ABSTRACT

India is the country of villages as 68% of the population lives in rural part of the country. As per Census 2011 the percentage of women in total rural population is 48.6% so if we require economic growth it is important to empower the rural women for the development of family, rural parts and country as whole. SHG-BL was started by NABARD as a pilot survey in 1992 to form a group of 10-20 women and encourage them to thrift and linked the SHG with bank to provide loan to them to be used for business or consumption purpose this also helped the women to become socially and domestically empowered and also change the believe of family and society for women. The paper highlights the empowerment of SHG women linked with Mahakaushal Kshetriya Gramin Bank.

Keywords: Self Help Group-Bank Linkage; Kshetriya Gramin Bank; Women Empowerment

INTRODUCTION

SHG-BL was started by NABARD as a pilot survey in 1992 under this project 500 self-help groups (SHGs) are linked with banks i.e. directly financed by the banks viz. commercial banks, regional rural banks, and co-operative banks. It was came into existence with the view to empower the rural people individually and group by linking the group with banks and extending the loan to empower them by opening of business in group or as individual as well as for consumption purposes. The fact goes like this that women those never get any identity in home and society come forward in groups for availing the finance through SHG-BL for domestic and society empowerment.

STATEMENT OF THE PROBLEM

A study to evaluate the SHG-BL effect on women empowerment with special reference to Kshetriya Gramin Banks (KGBs) in Mahakaushal Region of Madhya Pradesh.

OBJECTIVES OF THE STUDY

To identify the effect of loan by Kshetriya Gramin Banks (KGBs) under SHG-BL help in increasing income.

1. To identify the effect of loan by KGBs under SHG-BL help in increasing savings.
2. To evaluate the SHG-BL with KGBs in Mahakaushal Region provide social empowerment to women.
3. To evaluate the SHG-BL with KGBs in Mahakaushal Region provide domestic empowerment to women.

4. To evaluate that when there is increase in income (by using SHG loans) and social and domestic empowerment of women.

HYPOTHESIS

1. RRB's help in increasing the income and savings of SHG
2. SHG linked with Mahakaushal RRBs helps in social & domestic empowerment of SHG members.
3. Relationship between Increase in income (by using SHG loans) and social and domestic empowerment of women.

LITERATURE REVIEW

Vinayagamoorthy A. (2006) The study was undertaken the women empowerment through SHGs in the north Tamil Nadu. It is found that the income of the women has been increased after joining the SHGs. So that the monthly household expenditure also has been raised considerable level. But the savings is increasing at slow rate, because the incremental expenditure is higher. Mostly they are spending for present consumption.

Moses Emerlson (2011) discuss that SHGs has been effective in making positive social change to all members, irrespective of the direct borrowers of the micro credit. Importantly, in the rural context, the SHGs have facilitated the poor to overcome the existing constraints grappling the formal credit institutions.

Ellen Pendersen (2009) She argued that social impacts of microfinance were remarkable, particularly in rural areas of India. It has changed the attitude of the men in a family towards women.

(ALok Mishra 2006) Micro finance is recognized and accepted as one of the new development paradigms for alleviating poverty through social and economic empowerment of the poor with special emphasis on empowering women

RESEARCH METHODOLOGY

The Mahakaushal Region has two RRBs to cover eight district out of total disctrict Jabalpur district (having head office of Mahakaushal Regional Rural Bank) and Chhindwara district (having head office of Satpura Narmada Regional Rural Bank) has been selected and from every district five blocks has been selected and from selected block four villages has been selected and from every village five SHG has been selected randomly. In total 200 SHG members selected for study. To prove the hypothesis the researcher has structured questionnaire for interview of SHG-BL members of Mahakaushal Region Regional Rural Banks.

Population: Women SHG linked with Mahakaushal Kshetriya Grameen Banks

Total Sample: 200 SHG-BL members

DATA ANALYSIS AND INTERPRETATION

Hypothesis 1: RRB's help in increasing the income and savings of SHG

The hypothesis has been derived from question number 17 of "Questionnaire for Self Help Group" in which the question was asked regarding the change in the income, expenditure and saving of SHG members after linking with Mahakaushal Kshetriya Gramin Banks.

Hypothesis holds true - If there is increase in the income and savings of 70% of respondents.

From the fact sheet researcher concluded following results:

Table 1. Status of Income, Expenditure and Savings of SHG-BL members of MKGBs

	Income	Expenditure	Saving
Increase	170	0	168
Decrease	11	102	24
Same	19	98	8

The SHGs linked with MKGBs has taken loan from the banks and do internal lending to members on the basis of their requirement at specific interest rate so the user can use the money efficiently, making them self-sufficient. The various micro business lay down by members of SHGs collectively or alone are started number of micro-business like tailoring, kirana shop, bakari palan, aata chakki etc. women are more conscious about their creditworthiness so they make proper and relative use of the funds taken from group which help in increase in income of woman member as well as repay interest and principal on time.

As per the table 1, 170 members has increased in the income which means that 85% of the respondents have increase in income followed by 19 members i.e. 10% of the total respondents have same level of income and even after taking loan from SHG-BL and 11 i.e. 5% of respondents have decrease in the income. Some of the women have same level of family income as they took loan for consumption, social obligation or further studies of children that's why the income remain same or decreased.

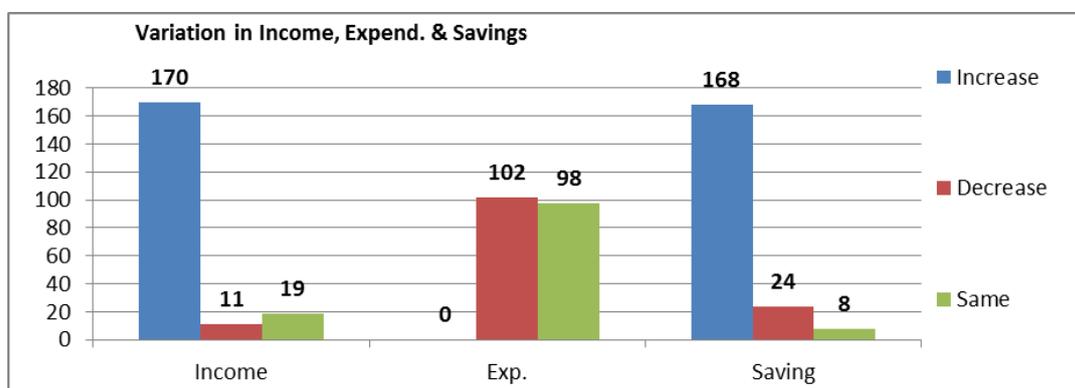


Chart 1. Variation in Income, Expenditure & Savings

The respondents of SHG-BL were women and they have saving habits for provisions for future uncertainties, they did not increase in the expenditure thus expenditure of 102 respondents have decreased and 98 respondents have same expenditure.

There were 168 members i.e. 84% respondents have increase in savings as they have kept the expenditure same or decreased, and 8 respondents i.e. 4% had same saving as prior to take loan under SHG-BL followed with 24 respondents i.e. 12% had decrease in the savings.

Hypothesis 2: SHG linked with Mahakaushal RRBs helps in social & domestic empowerment of SHG members.

The hypothesis has been proved with the help of question number 16, 17 and 18 of “Questionnaire for Self Help Group” where the question were asked to the SHG members regarding the change in their social status and participation in domestic decision making by Self Help Group-Bank Linkage with Mahakaushal kshetriya Gramin Banks.

Researcher assumes that with the increase in the income of the SHG members their social status increases and participation in domestic decision making increases.

Hypothesis holds true - if 70% or above members respond that with their income increases their social and domestic status has been increased.

From the fact sheet researcher concluded following results:

Table 2. Impact of joining SHG on members' social status

Does your social status increased	Number of Respondents
Yes	200
No	0

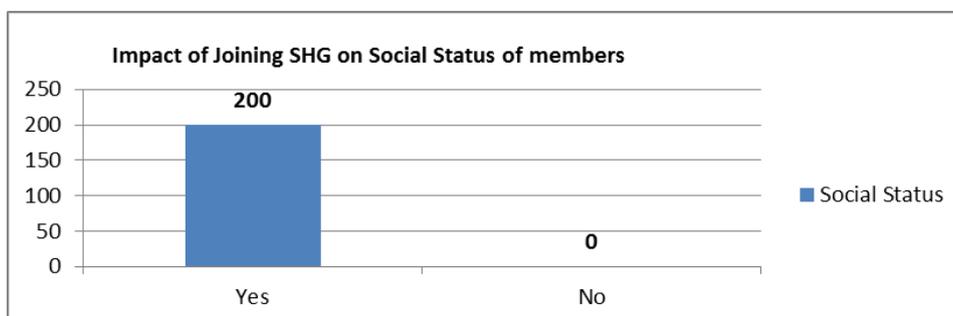


Chart 2. Impact of Joining SHG on Social Status of members

As per the above histogram all the respondents' social status has increased as many of them has started with their small businesses like tailoring, beauty-parlor, grocery shop, flower shop, atta chakki (in group) etc because of which they get the recognition, they become known by the name of their SHGs or their own names which gave them identity in the society and a respectful position. The researcher found that in society many other ladies, those are not member of SHGs take their opinion in important decision matters related to money and marriage etc and enquire about the benefits of joining SHG and procedure of joining SHGs.

The respondents also motivate other women in village to join SHG for easy borrowing of loans with very less or no documentation formalities.

Table 3. Impact of joining SHG on the members' participation in Domestic Decision Making

Does your participation in domestic decision making increased	Number of Respondents
Yes	200
No	0

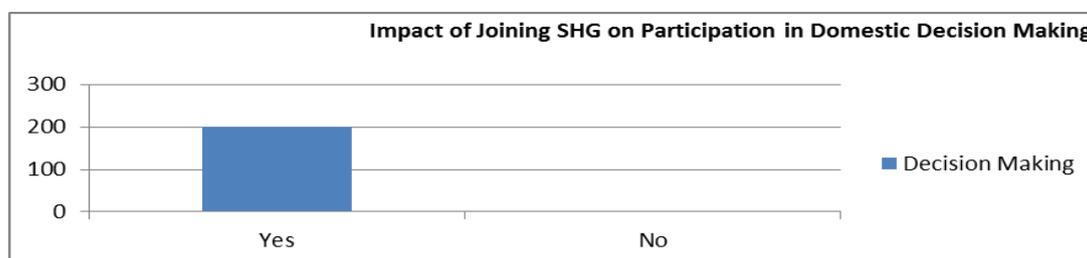


Chart 3. Impact of Joining SHG on Participation in Domestic Decision Making

As per the above bar chat 100% respondents being recognized in the family at the time of taking any decision related to family.

With joining SHG the women members become more confident as they are supporting their family members financially as well as researcher found that some times women also take intra group loan from SHG for purchase of seeds and fertilizers and other agriculture purpose for their husbands which lead to great support to them. All this has changed the perception of both women and family members. Women started influencing the decision of the family are: education of son in nearby district, marriage

of daughter, education of girl child, purchase of gifts for relatives, purchase of durable goods for home, use of money which is in excess of expenditure etc.

Relationship between Increase in income (by using SHG loans) and social and domestic empowerment of women

As per the fact sheet the researcher concluded the following result:

Table 4. Impact of increase in income of SHG members on their Social & Domestic Decision Making

Does increase in income leads to social and domestic empowerment	Number of Respondents
Yes	170
No	30

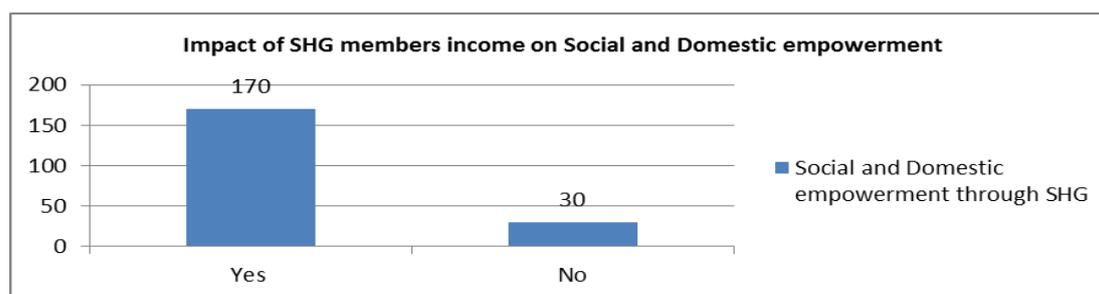


Chart 4. Impact of SHG members income on Social and Domestic empowerment

As per the above histogram the researcher has concluded that with the increase in the income after joining SHG women social status has increased and their view points are also respect by the family members at the time of family decision making .

The hypothesis is established as 85% women SHG members have increase in their income social status and participation in domestic decision making.

CONCLUSION

From the study it has been concluded that the

1. Women SHG-BLs do not default in repayment they are more conscious of their goodwill and creditworthiness.
2. The researcher found that even the SHGs clear all the official procedure required to be fulfilled to avail loan from linking banks than also the banks give less than the actual requirement of loans to SHGs.
3. The researcher found that the women of SHG-BL not only take intra-loan from SHG for consumption, fulfilling social obligations or finance of business but also for financing agriculture need if their husbands. This provides women more respect in family and participation in domestic decision.
4. The researcher find that SHG women are more confident and earn their livelihood or contribute the family which lead to increase in their status in socially as other women take their opinion in money matters. All this give social empowerment to the women.
5. The researcher observed from the primary data that all the respondents accept in some unavoidable conditions, attend the meetings and deposits between 500/- to 2000/- per month in their saving accounts with MKGBs but the banks are taking time in extending loan to SHGs. There is no women SHG-BL which has delay in payment or turn into non performing assets.

SUGGESTIONS

Base on the findings and conclusion drawn from the study the following suggestions are made:

1. The regional rural banks need to be prompt in providing next loan to the self help groups. This will lead to increase in the earnings of members use the loan amounts and increase the saving habits among the SHG members.
2. The KGBs need to provide the loan to the maximum permissible limit to the SHGs those are repaying the loan on time. This help in developing women – entrepreneurship among mahakaushal region women.
3. To increase the SHG-BL in Mahakaushal Region the KGBs can give incentives to the existing SHG for making women aware of the benefits of SHG-BL and motivate others to form or join SHG for domestic and social empowerment.

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**THE CRITICAL TRIANGLE OF INTEREST FREE
MICROFINANCE: A RESEARCH GAP ANALYSIS**

Ameer P.A.

Research Scholar, School of Management Studies,
CUSAT, Kochi, Kerala, India
Email: ameer.pazhamayil@gmail.com

ABSTRACT

Once hailed as the most important solution to poverty, microfinance lenders are now criticized for profiting from exploitative usury. The success of microfinance has been contradicted by intense criticism in the current literature, particularly regarding loan repayment, high interest rates, exploitation of women borrowers, ineffective microfinance provision to target groups etc. It was in this context many scholars proposed 'interest free microfinance system' as an alternative way for micro financing and recognize the urgency of attending the needs of the chronic poor than those of the poor or moderately poor or the not-so-poor. Based on the rigorous literature survey conducted with the objective of identifying a research gap in current literature, the researcher discovered that no comprehensive research has been carried to find out the sustainability of interest free microfinance in the long run. The impact of such programmes on its poor beneficiaries also remains unknown. In addition, the study found that the outreach performances of interest free microfinance in terms of various dimensions such as depth, length, etc is still minimal or lacking and enough research has not been done on the overall performance of interest free microfinance in poverty lending.

Keywords: Interest Free Microfinance Institutions (IFMFIs); Microfinance; Outreach; Poverty Lending; Sustainability; Triangle of Microfinance; Welfare Impact

INTRODUCTION

Microfinance has been considered as a powerful instrument to fight poverty and create income opportunities for the low-income population, particularly in developing countries. There are several studies which show that microfinance can lead to an increase in income, more employment opportunities, better nutrition for families, greater high school attendance, empowerment of women, and subsequently alleviating the spiral of poverty (Borbora and Mahanta, 1995; Gaonkar, 2001; Mishra & Hossain, 2001; Dunn & Arbuckle, 2001; World Bank, 1999; Puhazhendhi and Satyasai, 2000; Manimekalai, 2001; Dunn & Arbuckle, 2001; Mishra et al, 2001; Hossain, 1988; Todd, 2001; Chen and Donald, 2001; Barnes, 2001; Pronyk PM, et al., 2006).

But on the contrary, there are some studies which raise doubts on the effectiveness of microfinance in reaching the core poor, the reality behind the immediate and high repayment rates and the high indebtedness of beneficiaries as a result of cross borrowing etc. The success of microfinance has been contradicted by intense criticism in the current literature, particularly regarding loan repayment, high interest rates, exploitation of women borrowers, ineffective microfinance provision to target groups (Holt, 1994; Dignard and Havet, 1995; Ditcher, 1996; Hulme and Mosley, 1996; Christen, 1997; Rahman, 1999; Mallik, 2002; Assaduzzaman, 2002; Amin et al, 2003; Baru and Woller, 2004; Coleman, 2004 Dehejia, 2005;).

Hence, to avoid the above mentioned evils of traditional (interest based) MFIs, a handful of interest free microfinance programmes have come forward in recent years to provide interest free financial

services. A few countries including USA and UK have introduced interest free banks and micro finance institutions. In the mean time, Habib Ahmed (2002) found that interest free microfinance is more successful in poverty alleviation and reaching the poorest of the poor than interest based microfinance. The attention towards IFMFIs further increased when the ADB report (2006) mentioned the special characteristics of interest free finance and its capability to provide alternative means to reach underserved groups in small rural areas and agriculture producers. In India, the attention towards IFMFIs was started and further boosted when Reghuram Rajan (2008), stated the role which IFMFIs can play to reduce the vulnerable effect of financial exclusion, which is believed to be the main reason for extreme poverty in the country.

It is surprising that only a few studies have attempted to investigate the performance of interest free microfinance in terms of sustainability, outreach and impact (popularly known as the triangle of microfinance) in a systematic manner while these concepts triggered a lot of debate and discussion in the field of microfinance. Apart from that, the evidence presented in the available literature is mixed and many times anecdotal. With the aims of closing this gap and thus expanding the body of existing empirical works, the present study calls for an in-depth analysis on how IFMFIs attain financial sustainability and outreach while giving more preference to serve the needs of the extreme poor.

OBJECTIVES OF THE STUDY

1. To study the importance of interest free microfinance in the current context of criticising conventional microfinance in terms of , high interest rates, exploitation of women borrowers, ineffective microfinance provision to target groups.
2. To identify research gaps in the current literature on interest free microfinance and propose an in-depth research to bridge the gap.

Interest Free Microfinance (IFMFIs)

Interest free microfinance is one of the fastest emerging areas of microfinance industry that aims to maximize social benefit as opposed to profit maximization. It can be defined as the investment of capital (in cash or kind) based on interest free modes of finance to poor entrepreneurs in order to help them to start or maintain their business (Smolo 2007). It has been a part of interest free banking system from the 1970s. According to The Banker interest free finance industry is rapidly evolving from niche to mainstream, with a growth rate of 15% to 20% a year. In the meantime, many countries, especially western countries like the USA and UK have amended their banking laws in favour of interest free banks. Today, there are more than 500 financial institutions; including 292 banks with a total capital size of more than 1400 billion dollars have been operating in more than 75 countries across the world. But The 2008 CGAP survey revealed that global Interest free microfinance supply is very limited and concentrated in only a few countries (80% of the 380,000 clients of Interest free microfinance worldwide are in Bangladesh, Indonesia, and Afghanistan). Moreover, it is also found that Interest free microfinance does not exceed more than 0.5% of total microfinance outreach.

Though the literature on the performance of Interest free microfinance in poverty reduction is very few, there are some authors like Ahmed (2002) argued that interest free microfinance is more successful in poverty alleviation and reaching the poorest of the poor than interest based microfinance. In addition, Asian Development bank report (2006) pointed out that the special characteristics of interest free finance can provide an alternative means to reach underserved groups in small rural areas and agriculture producers. Moreover, there are studies, mostly from Bangladesh, India, Pakistan, Iran, UAE, KSA and Australia provide theoretical framework on the structure and functioning of IFMFIs and also argued that interest free finance could be a viable alternative to socio-economic crisis derived out of interest based economic system (A Haran, 1996; Habeeb Ahmed, 2002; A.J.M. Farooque, 2004; Choudary, 2007; Osmani, 2007; Ubaidulla, 2006; Bhuyan, 2006; Khatoon, 2007; ReghuramRajan, 2008; Jannat Ara Parven, 2009; Deasy Aseanty and Abul Hassan, 2013). However, there is a lack of

literature on financial sustainability, outreach performance and welfare impact of IFMFIs on its beneficiaries.

The Triangle Theory of Microfinance

There are different arguments and opinions concerning how to evaluate the performance of microfinance institutions. Zeller and Mayer (2002), proposed a very popular method called "Critical Micro-finance Triangle or Triangle Theory of Microfinance" to evaluate the performance of microfinance institutions in a more systematic manner. The proposed research decided to evaluate the performance of interest free microfinance institutions (IFMFIs) in Kerala by adapting the concept of "critical triangle of microfinance". According to Zeller and Mayer (2002) the need for any MFI to manage simultaneously the problems of outreach (reaching the poor, both in terms of numbers and depth of poverty), financial sustainability (meeting operating and financial costs over the long term), and impact (having a discernible effect upon clients' quality of life) is of utmost important. It is also believed that the successful MFIs shall be expanding all sides of that triangle. The triangle can be depicted as (Mayer, 2002):



Source: Zeller & Meyer, 2002

Here, the corners of the triangle represent outreach *to the poor*, financial sustainability and welfare impact. According to Mayer (2002) "Performance criteria are required for each objective and all three must be measured thoroughly to evaluate micro-finance performance, the inner circle in the figure represents MFI innovations in technology, policies, organization, and management that affects how well each objective is met. The outer circle represents the environment within which micro finance operates that also affects performance. This environment broadly includes the human and social capital possessed by the poor, the economic policies of the country, and the quality of the financial infrastructure that supports financial transactions. Improvements in the environment make it easier for MFIs to reach the three objectives." (Meyer, 2002).

The Critical Triangle of Interest Free Microfinance: Identifying Research Gap

As understood from the above section, the need for any MFI to manage simultaneously the problems of outreach (reaching the poor, both in terms of numbers and depth of poverty), financial sustainability (meeting operating and financial costs over the long term), and impact (having a discernible effect upon clients' quality of life) is of utmost important. The rest of the paper will elaborate the research gap in the current literature on performance of interest free microfinance in poverty alleviation and the urgency of bridging that gap.

Sustainability of Microfinance

Sustainability in general means the ability of a program to continuously carry out activities and services in pursuit of its statutory objectives. For an ideal MFI this would mean the ability to continue

operating as a development financial institution for the rural poor (Khandker and Khalily, 1995). There are two different approaches pertaining to the concept of sustainability: Institutional approach and Welfarist approach. Research shows that microfinance Industry is significantly characterized by the institutionalist approach to sustainability.

Institutionalist Approach

Most research on MFIs of developing countries, during late 1990's, has adopted the Institutionalize approach to analyze the sustainability situation of these institutions (Rhyne,1998). The following table summarizes the variables, most frequently used by eminent researchers, to measure the sustainability of MFBs under the institutionalize paradigm.

Table 1. Sustainability indicators according to institutionalist paradigm

Sustainability Indicator	Variables	References
Return on Assets	ROA	Conning (1999); Meyer and Zeller (2002); Hulme and Mosley (1996);Schreiner and Woller (2003)
Operational Self Sufficiency	OSS	Meyer and Zeller (2002); Schreiner and Woller (2003); Khandker (1998); Hulme and Mosley (1996)
Return on Equity	ROE	Conning (1999); Morduch (1999); Andogo and Stork (2005)
Debt to Equity Ratio	DE	Quyyum and Ahmad (2007)
Number of Active Borrowers	Breadth	Meyer and Zeller (2002); Morduch (1999); Shreiner (1997) Hulme and Mosley (1996); Conning (1999) Quyyum and Ahmad (2007)
Transaction Cost per Borrower	COST	Meyer and Zeller (2002); Hulme and Mosley (1996)

Source: Zaigham & Asghar, 2011

Welfarist Approach

In contrast to institutionalize paradigm, the Welfare approach argues that attaining financial sustainability is not a pre-requisite for becoming a sustainable MFI (Woller et al, 1999a). According to welfare, funds and grants are a type of equity, which is donated by social investors. By social investors it implies that they are distinguished from private investors as they are willing to sacrifice financial returns (or earn minimal financial returns) by investing in an institution (MFI) that utilizes funds for social uplift. Therefore, welfare emphasizes on measurement of variables that determine the level of social impact. The following table summarizes sustainability indicators most frequently used by researchers under the welfare approach.

Table 2. Sustainability indicators according to welfarist paradigm

Sustainability Indicator	Variables	References
Depth of Outreach	DEPTH	Navajos et al (2000), Meyer and Zeller (2002); Morduch (1999); Coleman (2004); Conning (1999) Schreiner (1997, 2003); Hulme and Mosley (1996) Quyyum and Ahmad (2007); Andogo and Stork (2005)
Proportion of Women borrowers	WOB	Meyer and Zeller (2002); Amin et al (2003); Pitt et al 2003
Borrowers below Poverty Line	BBPL	Gertler et al (2003); Khandker (1998:2003)

Source: Zaigham & Asghar, 2011

Most research carried out during late 1990's and early 2000's indicates that researchers do not evaluate sustainability by restricting to just one of the two approaches mentioned above. It is observed that, in

fact, they have adopted a multi-dimensional approach to determine sustainability of MFIs. This is evident by the fact that researchers have analyzed sustainability by combining relevant variables under the welfarist and institutionalist approach. Even though, there is many methods and methodologies invented and developed to measure the sustainability performance of microfinance. The empirical evidence, however, is inconclusive. Moreover, no systematic research on the performance of interest free microfinance in financial sustainability has so far been carried out.

Outreach of Microfinance

Outreach at glance means the number of clients served. But, Meyer (2002) noted that outreach is a multidimensional concept. In order to measure outreach, we need to look into different dimensions. Navajas et al. (2000), indicated that there are six aspects of measuring outreach: *depth, worth of users, cost to users, breadth, length and scope*. Where, depth of outreach refers to "the value the society attaches to the net gain from the use of the micro credit by a given borrower," (Navajas et al. 2000). This measure is to identify the poor clients. Because, the poor are the one who fail to get access to get credit from formal financial institutions since they fail to signal that they can repay their loan (Conning, 1997). And, worth of outreach to users refers to "how much a borrower is willing to pay for a loan," (Navajas et al. 2000). Similarly, cost of outreach to user refers to "cost of a loan to a borrower," (Navajas et al. 2000). These costs to users might consists of prices like interest rates and various payments that they have to pay, which could be revenue to the lender, and other loan related transaction costs like expenses of documents, transportation, food, taxes, etc. (Navajas et al. 2000). Finally, "breadth of outreach is the number of users, length of outreach is the time frame in which a microfinance organization produces loans," and "Scope of outreach is the number of types of financial contracts offered by a microfinance organization," (Navajas et al. 2000). It is argued that the length of a loan matter, because if the microfinance institutions support the poor only in the short run it will hamper the social welfare of the society in the long run. In the case that when the client of the microfinance institution knows that he/she will not receive additional loan in the future they would have no incentive to borrowers to repay their loan (Navajas et al., 2000.). However, when we come to the empirical investigation, it is found that the outreach performances of interest free microfinance in terms of various dimensions such as depth, length etc is still minimal or lacking.

Impact of Microfinance

From a doubtful experiment in Bangladesh 40 years ago, microfinance has become a worldwide movement as a development activity, a way of helping poor people out of poverty (Ditcher, 2006). According to Dr. Muhammad Yunus, among poverty eradication mechanisms microcredit is the best suitable option which will enable the poor to overcome their poverty. Several literatures reveal and confirm the nexus between microfinance and poverty alleviation. In their view, it has all the potential to eradicate poverty from this world by providing financial as well as social services to unbanked poor people who have creative potential to improve their quality of life if they get the right opportunity in right time.

There are several experimental and quasi-experimental studies which confirmed this claim by providing adequate empirical evidences. The best among them is An Asian Development Bank study conducted by Khandker (2001) in Bangladesh shows that 'microfinance clients do better than non-clients in both 1991/92 and 1998/99 in per capita income and per capita expenditure. The incidence of poverty among participating households is lower in 1998/99 than in 1991/92 and lower than among non-participating households in both periods.' Plenty of empirical studies such as Borbora and Mahanta (1995), Gaonkar (2001), Mishra & Hossain (2001), Dunn & Arbuckle (2001), etc. have revealed that the microfinance programme is a vital input for increasing employment, alleviation of poverty and empowerment of rural poor, especially women.

Meyer (2002) reached a similar conclusion. Surveying the available evidence from Asian countries, he concluded that while access to microcredit seems to have an overall positive effect on income and education, results differ substantially across countries and programs both in magnitude and statistical

significance and robustness. In addition, Hashemi and Morshed (1997) observed that the Grameen Bank is not only reducing the poverty it also improves the standard of living of the borrower of the bank and increase the ability to smooth their income over a period of time. Similarly Kamal (1996) reported that per capita income of the borrowers is higher as compared to non-borrowers. Chowdhury et al. (1991) observed that the participants of the Bangladesh Rural Advancement Committee (BRAC) have more income, owned more assets and earned more, as compared to the non-participants. Like Chowdhury et al. (1991), Mayoux (2001) observed that the credit is playing a crucial role in the increase in income of the clients, to live comfortably, including female clients and enables them to handle the external shocks and contingencies.

The famous impact studies by different prominent authors such as Puhazhendhi and Satyasai (2000), Manimekalai (2001), Dunn & Arbuckle (2001), and Mishra et al. (2001) also showcase the similar results of an increase in income of the programme clients in the post-SHG situation as compared to their income in the pre-SHG situation. The studies by Hossain (1988), Todd (2001) and Chen and Donald (2001) have also proved that the incomes of programme clients are significantly higher than the incomes of non-clients.

Regarding the impact on household asset, Hulme and Mosley (1996) found that there was a significant increase in assets, savings as compared to non-participants of the program and they earned more profits from their micro businesses. Similarly, Barnes (2001); Pronyk PM, Hargreaves JR, Kim JC, et al. (2006) observed in South Africa that there is increase in household assets after 2 years of participation in microfinance program. Pitt and Khandker (1996, 1998) suggested that there is a positive relationship between micro credit and human development and their tangible assets. Mosely and Hulme (1998) observed that the income of the borrower improves the position of assets owned.

In contrast to these earlier mentioned studies, Coleman (1999) found no significant impact of access to microcredit on improving household wealth using a sample of households from north-eastern Thailand. However, when the sample was broken down into general beneficiaries and committee members, Coleman (2006) found that the insignificance was limited to general beneficiaries and that a positive impact was found among the committee members who received access to financing. Montgomery (2005) supported the findings of Coleman by using data from Pakistan and found a mild significant impact on per capita food expenditure in the months after the beneficiary first borrowed. However, access to microcredit did not have a significant impact on non food expenditure.

Similar to Coleman (1999), there are studies which highlight and propagate the severe effect of microfinance on their poor clients who became more vulnerable after entering into this programme. According to Sadegh (2006), "The equation between microfinance and poverty alleviation is not straightforward, because poverty is a complex phenomenon and many constraints that the poor in general have to cope with". The triumph of microfinance has been contradicted by deep criticism in the recent literature, vis-à-vis loan repayment, high interest rates charged, exploitation of women clients, ineffective microfinance provision to target groups (Holt, 1994; Dignard and Havet, 1995; Christen, 1997; Mallik, 2002; Baru and Woller, 2004). It is clear that the previous studies on the impact assessment of microcredit programmes have been narrow in their focus and show mixed results. Some studies show a significant, positive impact on beneficiaries while others show no significant impact. However, all of these studies simply assessed the impact of interest-based microcredit programme which did not consider the impact of interest free microfinance on poverty alleviation. Unlike other microcredit programmes, this scheme has incorporated ethical and moral development activities in its microcredit programme. Therefore, the present study understood the need for conducting a rigorous research to assess the impact of interest free micro financing on poverty alleviation.

CONCLUSION

From the literature review, it is understood that Interest free microfinance can offer an alternative paradigm for millions of poor people who are currently not served by conventional microfinance. But

there is no rigorous research work has been conducted on how interest free microfinance is attaining financial self- sufficiency and wide outreach while considering the needs of the chronic poor than those of the poor or moderately poor or the not-so-poor. With the aims of closing this gap and thus expanding the body of existing empirical works, the present study calls for an in-depth analysis on how IFMFIs attain financial sustainability and outreach while giving more preference to serve the needs of the extreme poor. . The study would be looking into the welfare impact of interest free microfinance on its clients by adapting recalculated cross-sectional analysis, which was introduced in 2007 by Gwendolyn Alexander-Tedeschi. A mixed method research design expected to be more useful for analyzing both quantitative and qualitative data to be collected from survey, case study and FGD methods.

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**SETBACK OF FINANCIAL CRISIS ON INDIAN BANKING
SYSTEM**

Pooja Sharma¹

Research Scholar, Ahmedabad, India
Email: poojasharma1734@gmail.com

J. S. Panwar²

Former Dean and Director, Faculty of Management,
Sardar Patel University, Gujarat, India

ABSTRACT

The latest global financial crisis emerged from the influential trade block Euro zone; had a striking collision on Euro nations ensuing tremendous fall in their economy. Indian banks are the most dominant financial intermediaries in the Indian financial system. With liberalization, Indian banking sector got global platform and over the past decades Indian banks are doing well. The conservative policies of the central bank, RBI guarded the banks to sail through the financial calamities whether laid by the Subprime crisis or Euro crisis. The impact of financial slowdown in dominating economies like Euro zone spilled over the other nations' economies. The global economic outlook went negative when the economies round the world faced two crisis one after the other. Growth in economy and performance of the banking sector is interrelated. Banks are acting on the global level and to ensure their sustainability Basel accord was introduced which regulates the capital buffer of the banks. Several papers discussed the severity of Euro zone crisis on various aspects. This paper intends to study Indian banking sector in line with its capital adequacy and performance during the period of Eurozone crisis. These objectives are discussed in detail by studying the trends followed by various key indicators of banks' performance.

Keywords: Capital Adequacy; Deposits; Advances; Cost of Funds; Net Interest Margin

INTRODUCTION

The term financial crisis refers to a situation where there is a fall in the nominal value of the financial assets and it certainly does have its impact on the economy, as the financial crisis leads to negative GDP therefore causing recession. The recent financial calamity was the most talked about Euro zone crisis where the Euro nations found it hard to repay and refinance their sovereign debt and accordingly had to approach to the third parties for support and even for bailouts. This had a sizeable effect on entire global economy and on the performance of Indian economy as it has trade and economic reliance. Last few years had been tough for Indian economy on account of economic slowdown in most influential trade block affecting foreign investments, current account and fiscal deficit, high inflation raising the interest rates and rupee devaluation. The crisis also marked its outcome on one of the core sectors of our economy that is banking. Indian banking sector survived the gust of subprime crisis in the 2009-10 and showed improvement in its performance together with the weak recovery of the international economy. A year later the economy again saw setback due to Euro zone crisis. Indian banks although faced a slowdown but were safe and sound as they were having negligible exposure in Portugal, Italy, Greece and Spain. As per earlier RBI Governor, D. Subbarao, in the year 2012 direct exposure of Indian companies and banks to the Euro zone banking sector is about \$60 billion. Even

though the world economy is going through several disparities, Indian banking sector still stands at a better position than many advanced countries on the account of several benchmarks like earning efficiency, capital adequacy and asset quality.

OBJECTIVES OF THE STUDY

1. To know if there was any impact on the capital adequacy of Indian banks during the Euro zone crisis
2. To have a deep insight on the impact of the crisis on Indian banks' performance

METHODOLOGY

Data Collection

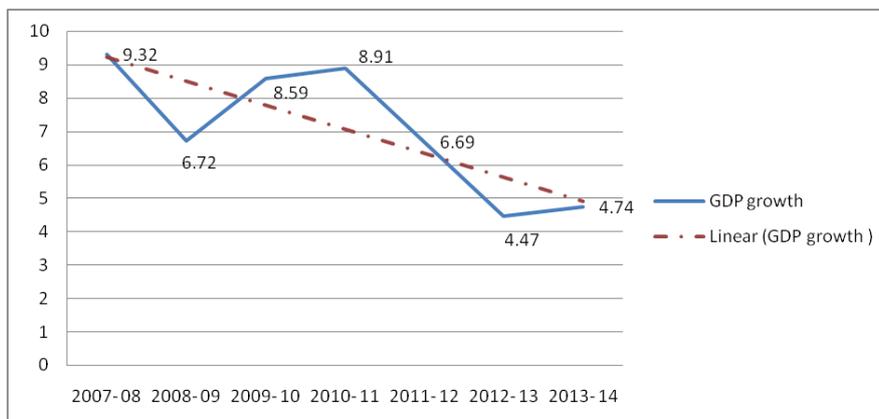
Analysis in this paper will be done on the basis of secondary data collection. Major sources of secondary data will further include periodic publications and research reports from international and national financial regulatory bodies like World Bank, Reserve Bank of India, Indian Bank Association and leading research agencies. Newspapers were also consulted for the data. The data so collected will be helpful in understanding the influence of the crisis on the operational performance of the Indian banks.

Tools and Techniques

The data collected from the secondary sources will be analyzed and interpreted through charts and graphs.

Further to study the objective that if the recent Euro zone crisis had any major influence on the capital adequacy levels of the Indian banks we have opted for hypothetical examination which will be tested by using the technique of Z- Test.

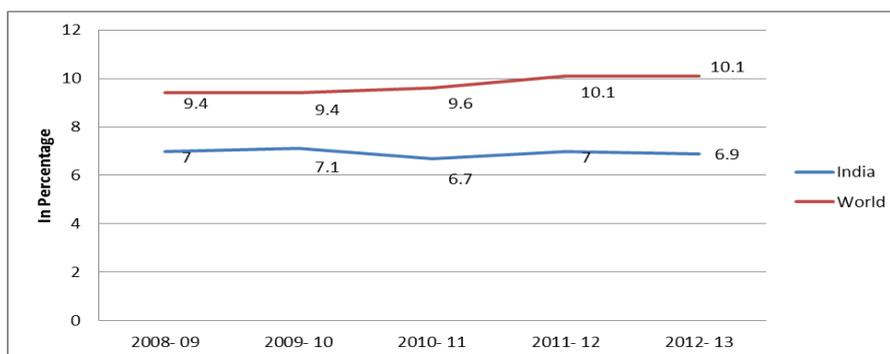
Indian economy is playing spectacularly well on the line of globalization since 90's and integration with the world's economy is not limited only to exports but it is more than that. The recent Euro crisis put forward the fact that although the advanced economies faced huge economic and financial hindrance, but the emerging economies showed resilience and toughness towards these crisis majorly because of their better policy guidelines and healthy banking sector. Due to globalization and interdependence of the economies, the emerging economies like India also experienced the cascading effect of the crisis. The growth trajectory of Indian economy has gone under various transformations over the period of Subprime and Euro crisis as seen in figure 1.



Source: Data and Statistics, Planning Commission, Government of India

Figure 1. Indian GDP Growth Rate

With recent times out of the three major sectors of the economy, industrial sector is gaining pace and becoming major contributors in Indian GDP. However during financial years 2011- 12 and 2012- 13, fall in the growth of industrial sector interrupted the GDP growth rate. Financing, insurance and real estate are important segments of service sector which is another chief contributor in GDP, this sector also gave a declining performance in the financial years 2011- 12 and 2012- 13. According to Economic Survey 2011- 12, India's foreign exchange reached to a recorded growth of US \$ 322 billion in August 2011 but the reserve declined to US \$ 292.8 billion by January 2012, as RBI had to intervene in order to manage rupee devaluation because of volatile economic conditions.



Source: Data compiled from World Bank data base

Figure 2. Bank Capital to Asset Ratio

It is vital for the banks to maintain sufficient capital and high quality liquid assets so as to protect their depositors and uphold the stability of the financial system. When the crisis was at its peak in the year 2011-12 the banks cut off their cross border credit flows and started to intensify their capital base and this is reflected in the year 2012-13 in the above chart. A global initiative was seen by the banking industry internationally during this period to fight the crisis by guarding themselves with strong capital buffer. It is considerable for the banks to keep their capital base strong as it would help them to restore asset deterioration and boost their credit profile. Despite the fact that Euro zone has a considerable trade and financial involvement in Indian economy it was opined that the effect of the crisis will not be as drastic as Subprime crisis, since the Indian banks do not have extensive presence in Euro regions where the crisis was showing its effect in full valor.

The financial soundness of the banks is gauged by their capital adequacy. Against the background of Euro zone crisis it is necessary to assess the status of capital adequacy of Indian banks.

HYPOTHESIS

H0: There is no significant difference between the CRAR of Indian banks during the Euro zone crisis

H1: There is significant difference in the CRAR of Indian banks during the Euro zone crisis

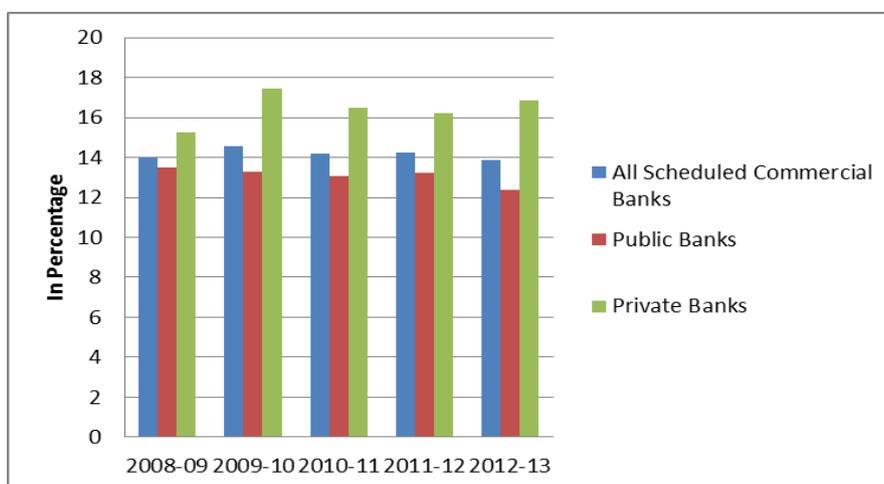
For testing the above hypothesis we have used the parametric tool of Z- Test with the aim to know if there is any significant difference in the means of the samples taken or not. Sample of 32 banks was taken from public and private sector, on the basis of their asset holding for the financial year 2012- 13 as per Indian Bank Association.

Table 1. Z- Test Evidence

	CRAR 2013	CRAR 2010	
Size	32	32	<i>N</i>
Mean	13.5694	14.6356	<i>x-bar</i>
	Popn. 1	Popn. 2	
Popn. Std. Devn.	2.1623	2.21118	<i>S</i>

Test Statistic	-1.9503	Z
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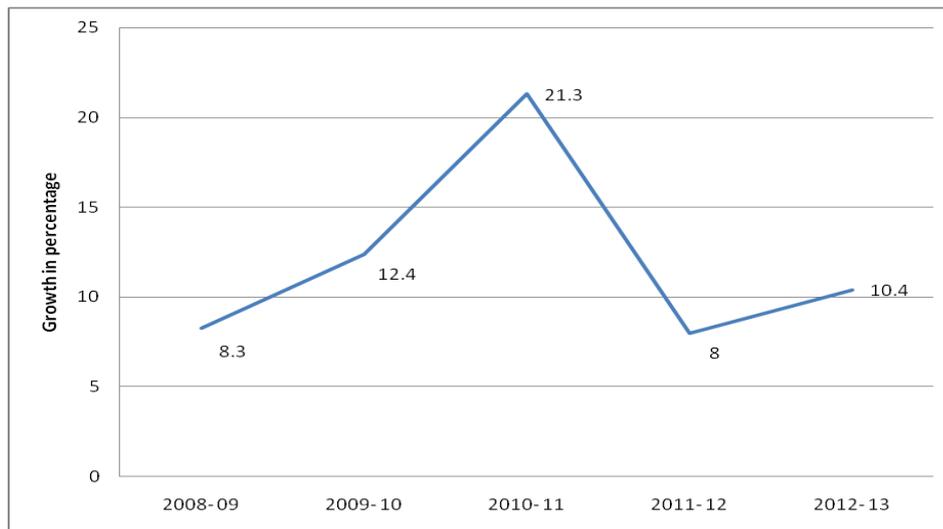
The critical value for the two tail Z- Test is ± 1.96 at 5% level of significance. On comparing the calculated value the Z- Test, i.e. -1.9503 with the critical value (± 1.96) we found that the calculated value is less than the critical value. Hence the evidence obtained from the Z- Test states that there is no significant difference in the CRAR during the period of crisis and hence the null hypothesis (H_0) stands correct and is accepted. For this reason it can be stated that Euro crisis does not had any adverse influence on the capital adequacy of the Indian banks. Indian banks were well capitalized during the period of the crisis as both public and private sector banks maintained their respective levels of CRAR above the stipulated norms of 9%. Indian scheduled banks are adhering and complying with Basel II accords since 2009 and Basel III got in effect from April 2013 which will be fully implemented by March 2018. Apart from the challenge of upgrading the risk management system and serving the growing credit demands of the country, Indian banks particularly those of public sector, will face a challenging turn in order to accumulate more capital to meet the fund requirement of Basel III as high level of liquidity will be needed for the compliance with the same. For this the banks need to approach to the market based funding channels which can be expensive. As indicated in figure 3, private sector banks are strongly capitalized comparatively. The solvency of the banks got affected as they had some exposure to export oriented and other vulnerable sectors of the economy. The capital adequacy of large private sector banks was much stable and their status of core capital was also strong as compared to the public banks. Public banks need to gear up their capital buffer and capital infusion would enhance their liquidity and will support their growth.



Source: Profile of Banks 2012- 13, RBI

Figure 3. CRAR of Indian Banking Sector

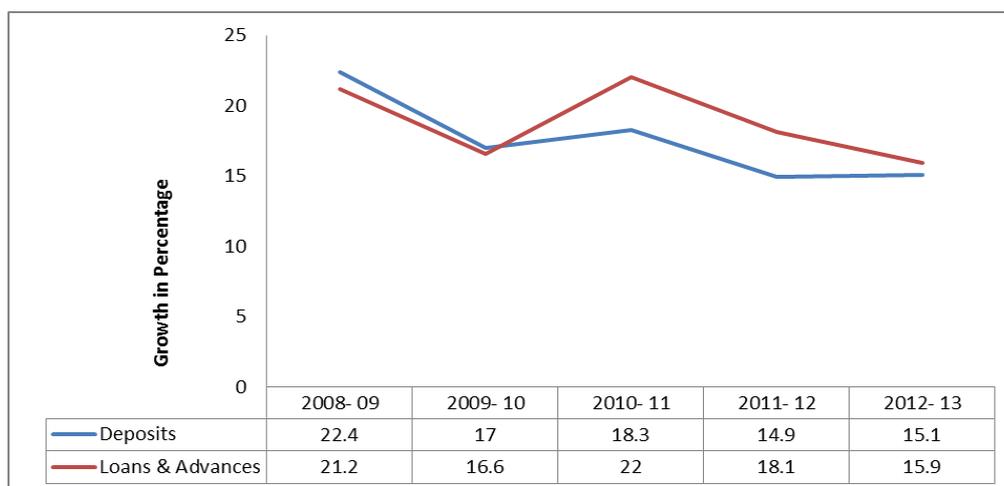
Despite of the availability of funds in the domestic market, Indian corporate sector conveniently access to international financial market for meeting their funding needs since due to India's growth potential foreign investors were ready to take risks and provided them funds at a lower cost. After global liquidity crunch, Indian banks and corporate sector witnessed that their overseas investments were not generating any substantial returns. Since Indian corporate sector was not able to raise funds from the international markets during crisis period, they shifted to the domestic banking sector in order to meet their credit needs and they also withdrew their investments from the domestic money market. To fund their business transactions the corporate sector converted the domestic currency into foreign currency. This substitution brought Indian banks and money market under liquidity pressure. Moreover credit to the industrial sector slowed down. Banks prone to take less risk and their tendency of risk aversion raised their investments in government securities substantially as banks were looking for safer financial instruments in those turbulent times. High rates of interest and increased cost of borrowing drag down the level of investments of corporate sector.



Source: Data compiled from the Report on Trends and Progress of Banking in India, RBI of five years

Figure 4. Growth of Capital in the Balance Sheet of Scheduled Commercial Banks

The undercapitalization of the banks and financial institutions can lead them towards liquidity crunch. In the midst of the crisis alike the entire financial service industry which became turbulent, Indian banking sector also became unstable but at the same time it proved to be stronger comparatively to those of the advanced nations. This was possible due to the robust supervisory and regulatory provisions laid down by the central bank. After recovering from the Subprime crisis the Indian banking sector showed an improved performance with enhanced profitability and better asset quality. The flexibility of Indian banking sector in financial year 2010- 11 was proved with an increase in the capital base in the banks' balance sheets and with the growth in the capital base the liquidity also improved tremendously. However the level of capital shed its growth during 2011- 12 drastically again due to the Euro crisis as indicated in figure 4.



Source: Data compiled from the Report on Trends and Progress of Banking in India, RBI of five years

Figure 5. Growth of Deposits and Loans & Advances of Scheduled Commercial Banks

The economies were witnessing back to back crisis and therefore the past experience of Lehman failure made the financial intermediaries more cautious. It is the ability of the banking sector that how efficiently it mobilizes the savings of the depositors and fulfills the credit needs of the economy. Figure 5 demonstrates a sharp fall in the level of advances and deposits in the year 2008-09 owing to

US Subprime crisis but there was a sequential credit growth moderating the escalation in the advance level in 2009- 10. The simultaneous pick up in the credit growth replicated the industrial recovery supporting their credit needs. Meanwhile the risk aversion in the entire financial system increased and Indian banks became more careful in their lending process. Deposits constitute as a major component of banks' liabilities in their balance sheets. After the moderate growth in deposits there was a drastic deterioration in their level during the period 2011- 12 due to sluggishness in the demand and saving bank deposits. Banks while sourcing funds from demand and saving deposits incur least cost and reduction in their level put stress on banks' profit. Intensifying inflationary tendencies also deteriorated the growth of advances and deposits. Increase in inflation led to fall in the rate of household saving in financial instruments with the rise in private consumption expenditure. Weak business sentiments and borrowers' incapability to repay had an adverse effect on the balance sheets of the banks. Stressed liquidity conditions forced the banks to cut down their deposits and there was a sequential decline in the advances of the banks too.

Net interest income showed a highly fluctuating trend while return on assets, which marks the profitability of the banks exhibited a stagnant growth, as the financial stress on Indian banking sector became more dominant in late 2011 after the year 2009- 10.

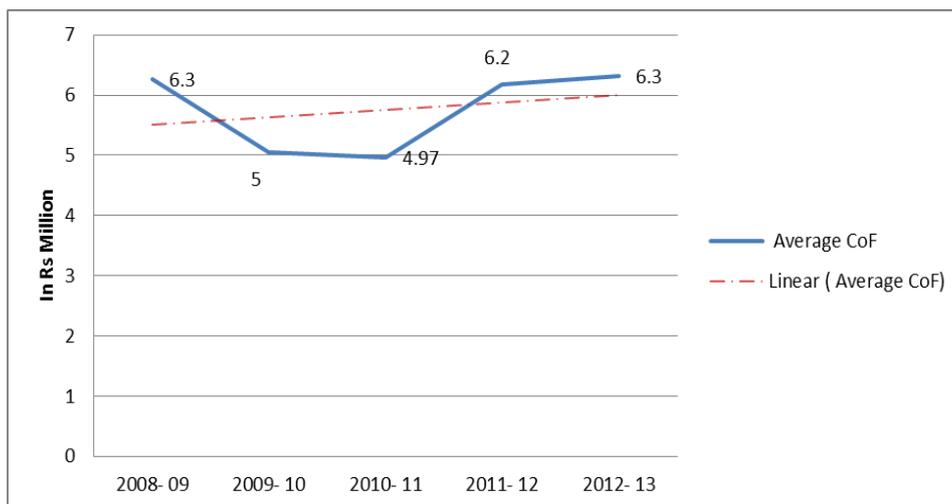
Table 2. Profitability of Scheduled Commercial Banks (Year on Year Growth)

Years	Net Interest Income Growth (In %)	Return on Assets (In %)
March 2009	24.4	1.1
March 2010	14.8	1.0
March 2011	34.6	1.1
March 2012	15.8	1.1
March 2013	10.8	1.0
September 2013	11.6	0.8

Source: Financial Stability Report, December 2013, RBI

Due to fluctuating macroeconomic environment Indian banking sector also faced variations in its interest margin. Table 2 states that after the period of 2009-10 the profitability of the scheduled commercial banks recovered in the year 2010-11 in terms of Net Interest Income and Return on Assets because the asset quality of the banks got better. However while the fiscal deficit in the Euro- nations triggered high it stated a blow on Indian economy. Tight liquidity and high interest rates led to rise in interest expense of the banks than their interest income and thus led to decline in their net interest margin. In the year 2011-12, there was a propelling downward trend in the interest income of the banks which continued in the year 2013, since the cost of deposits raised during the period because of high interest rates and interest expenditure for the banks also rose, stressing the overall profitability. Consequently, year 2012-13 saw a marginal dip in return on assets as well which put a strain on the bank's earning efficiency. High inflation resulted in sluggish credit growth and the cost of funds also increased simultaneously as observed in figure 6. This resulted in an adverse effect on the profitability of the banks. Fall in the level of deposits as discussed earlier also affected the banks' margin unfavorably. Financial slowdown crashed many sectors of the economy like aviation, real estate, power, etc. which deteriorated the asset quality of the banks and increased their provisioning expenses. Changes were also made in the regulatory norms on account of increasing NPAs and the banks had to increase the percentage of provision for NPAs which also curtailed their margin. Banks in both the sectors observed a decline in net interest margin in financial year 2011- 12, with the exception of key performers like SBI and ICICI as these were able to maintain stable CASA levels. SBI because of its inherent image and having larger share of banking business managed to hold its interest margin even in the times of distress. Due to difficulties in the operational environment the fall in the interest margin was more apparent amongst public banks than the private banks. Unlike advanced economies, Indian

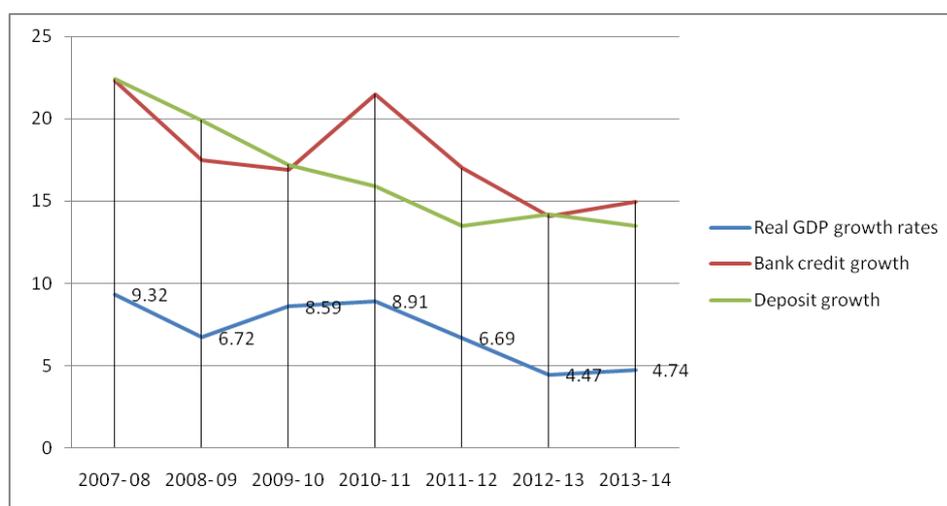
banks are more reliant on retail deposits and have restricted reliance on wholesale deposits for their funding needs; accordingly the adverse effect was limited and manageable.



Source: Data calculated and compiled from A Profile of Banks 2012-13, RBI

Figure 6. Average Cost of Funds of Indian Banks

Contraction in the interest income margin of the banks was largely due to increase in the funding cost and decrease in CASA deposits and advance levels. In figure 6, the average cost of funds is taken for the five years of selected public and private sector banks. In view of the fact that banks rely on borrowed funds, their cost of funds majorly includes the interest paid by them on their saving and time deposits. Increased returns can be obtained by availing funds at a lower cost, thus cost of funds is a major input cost for the banks. During the year 2010-11, the banks attained better spreads as their net interest margin increased with lower cost of funds as examined in figure 5 and figure 6. However, dissimilarity is found in the succeeding years where net interest margin is decreasing and the cost of funds increased radically which influenced the profitability of the banks.



Source: Data and Statistics, Planning Commission, Government of India

Figure 7. GDP Growth of Indian Economy, Bank Credit and Deposit Growth of Indian Banks

According to Economic Survey 2012- 13, fiscal stimulus was inserted in the year 2009- 10 which accounted for 6.5% of GDP and restoration of the economic health was seen in the year 2010- 11 but the growth was not sustained in succeeding years. Apart from this the rate of savings also marked eight

year low record of 30.8% in 2011- 12. Sharp decline in the growth of industrial sector and rising inflationary tendencies in the economy influenced the credit growth. Figure 7 showcase that fall in credit and deposit growth is more severe in the period affected by the Euro zone crisis than the earlier Subprime crisis. Growth rate of Indian GDP remained at 4.74% for financial year 2013- 14. According to the annual forecast by RBI, for financial year 2014-15 the GDP growth rate is forecasted to be 5.6% and the mean growth in the service sector would be 7%. In contrast to the years affected by the financial crisis, the recovery in the economy ahead and rise in earning population will boost per capita income which will necessitate the need for financial savings in bank deposits, life insurance funds, pension and provident funds, shares, debentures bonds, etc.

CONCLUDING REMARKS

Indian banks have managed to deal with the financial chaos with the help of economic progress which was far superior to those of the advanced nations. Highly regulated banking sector also supported Indian banks as it restricted their exposure to risky assets in the crisis prone regions. There is no significant difference in the level of capital adequacy during the period of Euro crisis. Indian banks continue to preserve the capital adequacy levels irrespective of the unstable economic scenarios round the world. Though private banks have satisfactory capital with them, still there is a call for public banks for credit raise in order to act in accordance with Basel III norms to be implemented fully by March 2018. Credit growth can be achieved by expansion of the banking business in the untapped markets like rural areas with innovative financial products. In urge to retain high capital standards and stressing on tight liquidity, the cost of funds for the banks increased. The demanding economic and operational environment stressed the performance of the banks in terms of dipping credit growth, deposit growth and net interest margin. But there was manageable impact on the return on assets.

In a nut shell being a part of globalized world, a nation’s economy can’t fully ignore the consequence of the crisis. Indian economy also experienced the aftermath of the financial calamity which originated from Euro zone, still banking sector in India continue to remain sound and strong. Indian banks also have opportunity ahead as our economic growth is restoring and rise in working population collectively with per capita income will augment the financial savings and investment needs.

Annexure

Table 3. Average Cost of Funds (CoF) for Selected Private and Public Sector Banks

Years	ICICI Bank	HDFC Bank	Axis Bank	Yes Bank	Kotak Mahindra Bank	SBI	Bank of Baroda	Punjab National Bank	Bank of India	Canara Bank	Average CoF
2008-09	5.72	6.92	5.74	8.67	6	5.72	5.25	5.93	5.69	6.62	6.268571
2009-10	4.18	4.66	4.03	6.05	4.5	5.14	4.37	4.9	4.97	5.61	5.077143
2010-11	3.59	4.64	4.1	6.54	5.2	4.67	4.19	4.58	4.53	5.29	5
2011-12	4.32	6.06	5.29	8.05	6.82	5.35	5	5.73	5.69	6.89	6.218571
2012-13	4.55	6.41	5.62	8.01	6.95	5.63	5.04	6.11	5.66	7.07	6.352857

Source: RBI

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**STUDY OF EMERGING TRENDS IN INDIAN RESIDENTIAL
REAL ESTATE MARKET WITH REFERENCE TO PUNE**

Sukrit Basu

Assistant Professor, Kohinoor Business School,
Mumbai, India
Email: sukritbasu@yahoo.com

ABSTRACT

The focus of this paper is to study the scenario of the residential segment of the real estate market in India with focus on Pune city. This paper begins with presenting the global economic outlook and then studies its impact on key housing markets world-wide. It then gives an overview of Indian residential real estate market and identifies the various growth phases and highlights the housing shortage. Various economic factors are considered which influence this sector, including inflation, the Union Budget (2013-14) and the latest RBI monetary policy.

Based on the analysis of top Indian cities for their growth potential in future residential capital values, it identifies Pune which will yield the maximum growth. After profiling the city, key facts which contribute to its housing growth are studied in detail. The Pune housing market is divided into segments & each market segment is analyzed. A comparative analysis is done to identify the top locations across all segments which will provide the best returns on investments in future. The study ends with identifying the emerging Pune housing trends which indicate that the quality of life that its citizens will experience in future will match the global standards.

Keywords: Residential Real Estate; Transaction Level; Capital Value; Housing Shortage; Segment; Growth Drivers; Ready Possession; Integrated Township; Green Home; Economic Outlook

INTRODUCTION

Among the most basic human needs of food, clothing & shelter, the requirement for housing comes under the need for providing shelter. This paper addresses this fundamental human need by providing a brief overview at the global level, then detailed overview at the national level and finally, provides insights into Pune city's housing scenario.

OBJECTIVES

1. To study the trends in major global housing markets
2. To study the growth phases of housing in India
3. To understand the national housing shortage
4. To study the various housing market segments of Pune city.

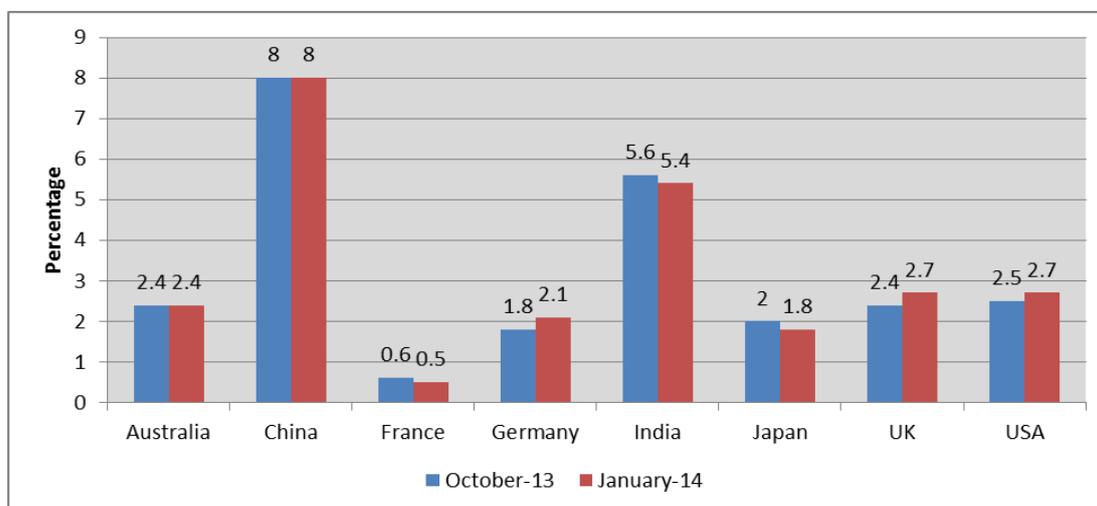
RESEARCH METHODOLOGY

The methodology used for this study is secondary research. Secondary data from various sources like research reports, websites of government, corporations, industry associations, newspapers, etc. have been referred.

Global Economy Outlook

Globally, the year 2014 is being viewed with cautious optimism after the crisis mood in the last two years. The recent news has not all been positive, but there is a sense of steady economic improvement and reducing risk as the developed world emerges from its long slump.

Exhibit 1: 2014 GDP Projections in Major Economies



Source: IHS Global Insight, January 2014

In the West, the focus of the past five years has been simple: healing the damage from the financial crisis and restarting growth. With that largely achieved, the choices become more complex. The list of challenges ahead will include resetting interest rates back to ‘normal’ levels, cutting still-bloated fiscal deficits, unwinding the QE stimulus and dealing with early signs of overheating in financial markets. In the emerging world, the emphasis will be on reforms to sustain growth and dealing with greater competition from the developed world for investment capital.

Exhibit 1, which shows the GDP projections of nations, representing the major economies, in 2014 reiterates a similar global outlook.

Trends In Global Housing Market

The global residential real estate market began the year 2014 on a more confident note. The countries & cities, which form the major global housing markets, are influenced by both global and local factors. Exhibit 2 shows their market trends.

Exhibit 2: Housing Trends in Major Global Markets

Market	Segment	Performance	Factor
US	Multifamily	Occupancy rates at 10 year high (96%)	Trend of recovering secondary sunbelt markets
China	High end	Stable	Imposed new measures to slow price increases
Hong Kong	New & secondary transaction	Very high drop	Tightening measures
Singapore	Launches	Slightly fewer	Higher stamp duty & low interest rates
Indonesia	Residential	Capital value growth	Low interest rates
Philippines	Residential	Capital value growth	Low interest rates

Exhibit 2: Housing Trends in Major Global Markets (Contd....)

Market	Segment	Performance	Factor
Dubai	Villa & apartment	High (24%) & Moderate (12%)	Fears of bubble developing
Saudi Arabia	Transaction level & housing price growth	Increase	New mortgage law yet to be signed; V. High increase in finance
UK	House	Moderate (6%)	Government stimulus programs & significant improvement in consumer sentiment
Spain	Housing Price	-11%	
Netherlands	Housing Price	-12%	
Germany	Housing Price	Stable (0%)	
Switzerland	Housing Price	4%	
Rest of Europe	Housing Price	0 to 5%	

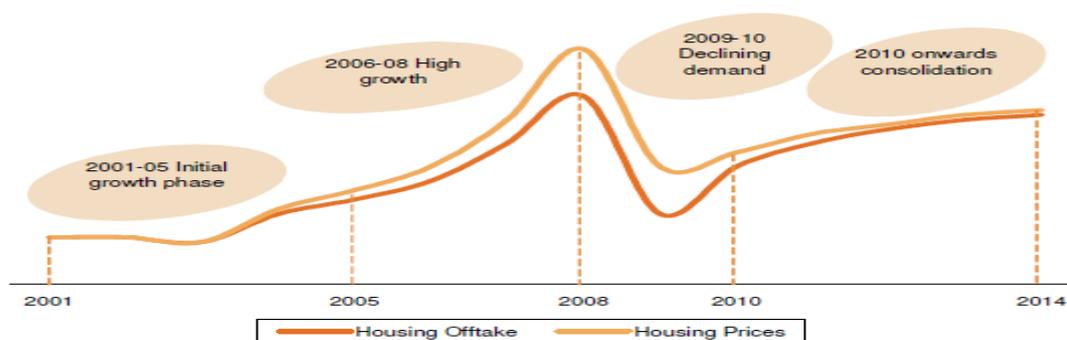
Source: Jones Lang Lasalle Global Market Perspective, First Quarter 2014)

Overview of Indian Residential Real Estate Market

Growth phases

The growth of Indian housing can be divided into 4 phases, as shown in exhibit 3.

Exhibit 3: Housing growth trajectory in India



Source: CRISIL Research

Phase I (2001-2005) was an initial growth phase with stabilizing residential real estate prices following the global recovery post the ‘.com’ bust and 9/11 event. There was steady growth in Indian economic activity and growing urbanization.

Phase II (2006-2008) was a high growth phase where high demand for residential real estate led to doubling of housing prices. Demand rapidly increased due to India’s growing population, accentuated urbanization and low interest rates.

Phase III (2009-2010) witnessed substantial slowdown and part recovery in demand because of the global economic downturn, which led to a decline in affordability and tight liquidity. The retreat of various real estate investors, accompanied by slowdown in the capital markets, has resulted in oversupply and falling prices.

Phase IV (2011-2014) is expected to remain a consolidation phase after slowdown. Demand is expected to remain strong with capital values witnessing modest rise. This period is expected to witness substantial supply of housing especially in urban areas.

Real Estate (Regulation & Development) Bill

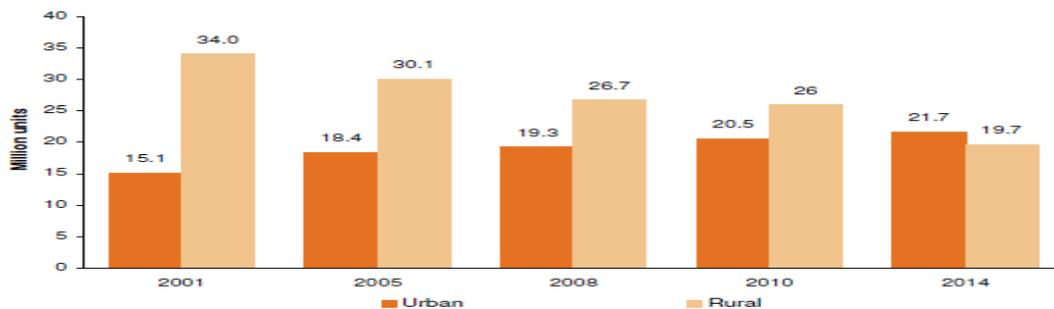
The Bill, which has been approved by the Union Cabinet on 4 June, 2013, is yet to be approved by the Parliament. It can have significant impact on phase IV. It has the following key features:-

- Developers to keep 70% of buyers' funds in separate bank account (escrow account) to ensure that money is used for that project itself and is not diverted for execution of older projects or debt reduction.
- Launch of new projects can be announced only after getting all relevant clearances
- Pre-sale launch without regulatory approvals is restricted
- Developers will have to sell property based on the carpet area
- According to Cushman and Wakefield, the impact of this bill will be:
- In the short-to-medium term, there could be slowdown in new project launches.
- An upward pressure on prices may be created as there will also be some cost implications as developers wait to launch their projects with due approvals in place.
- Retaining amounts realized from allottees and placing them in banks would affect the financial cash flows for projects, particularly, in metropolitan cities.

National housing shortage

CRISIL Research expects housing shortage (Refer exhibit 4) to decrease due to the governments thrust on improving rural housing by providing houses to the homeless under various development schemes and by enabling slum redevelopment programs in urban areas under Jawaharlal Nehru National Urban Renewal Mission (JNNURM).

Exhibit 4: Housing shortage in India (Phase-wise)



Source: CRISIL Research

In spite of the stupendous growth witnessed in the past 10 years, substantial housing shortage is still prevalent in India. According to CRISIL Research, housing shortage in India is estimated at 78.7 million units at the end of Phase II. The overall housing shortage in India is likely to decline to 75.5 million units by the end of Phase IV.

According to a report submitted by a technical committee to the Ministry of Housing and Urban Poverty Alleviation (MHUPA), India's urban housing shortage is estimated at nearly 18.78 million households in 2012. Exhibit 5 shows that besides those living in obsolescent houses, 80% of these households are living in congested houses and are in requirement of new houses. The report also highlights that nearly one million households are living in non-serviceable 'katcha' houses, while over half a million households are in homeless conditions.

Of the total urban housing shortage, nearly 62 % houses are self-owned, while 38 % families live in rented homes. Urban housing shortage is prominent across the economically weaker sections (EWS) and low income groups (LIG) which together contribute over 95% of the total shortage. The shortage among middle income groups (MIG) and above is estimated at less than 5 %.

Macro-economic factors

The year 2012 saw macro-economic factors weighing down the growth of residential capital values across the 10 major cities of India (namely Mumbai, NCR, Bengaluru, Kolkata, Chennai, Hyderabad, Pune, Ahmedabad, Chandigarh and Kochi).

Consistent low GDP growth rates since 2010-11 and sticky CPI inflation coupled with high interest rates continued to exert pressure on demand as potential buyers chose to remain in wait and watch mode.

Exhibit 5: Union Budget (2013-14) impact on Residential Real Estate

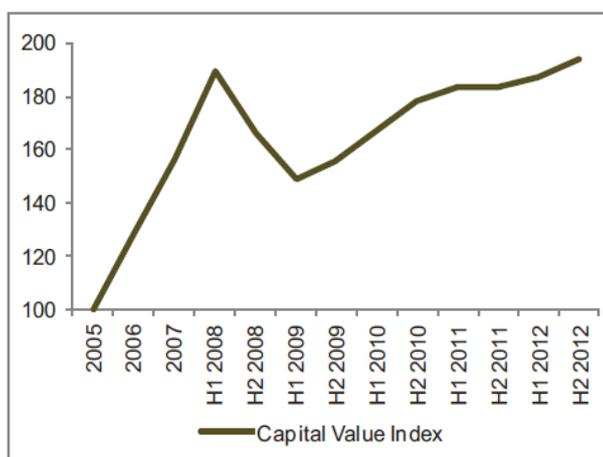
Highlights	Impact
National Housing Bank (NHB) to set up Rs 20 bn & Rs 60 bn to Urban & Rural Housing Fund	Mitigate acute housing shortage by providing low cost affordable houses
1st home loan upto Rs 2.5 mn will get extra deduction of interest upto Rs 0.1 mn taking total deduction to Rs 0.25 mn	Promote home ownership in tier-II & III cities and towns; Encourage growth in other sectors like steel, cement, etc.
Increased fund allocation for construction of urban & rural housing units	Multiplier effect on economy by growth in downstream sectors and increase in employment
Excise duty on marble slabs increased from Rs 30 per sq.mtr to Rs 60 per sq.mtr.	Increase the development cost of the developer which may be passed to the end customer
Reduce abatement rate on flat with carpet area of more than 2,000 sq. ft. or cost more than Rs 10 mn from 75% to 70%.	Luxury house will be more expensive
TDS at the rate of 1% to be charged on the transfer of immovable property where the consideration exceeds Rs 5 mn.	Adverse impact on distress property sales or with minimal gain

Source: Union Budget 2013-14: Impact Analysis, Dun & Bradstreet)

The budget was marginally positive for the Real Estate sector (Refer Exhibit 5 for Budget impact on Residential Real Estate).

Keeping in view these factors, the RBI raised repo rate by marginal 25 bps and kept the CRR unchanged at 4% on 28 Jan, 2014

Exhibit 6: Capital value index (for 10 major cities):

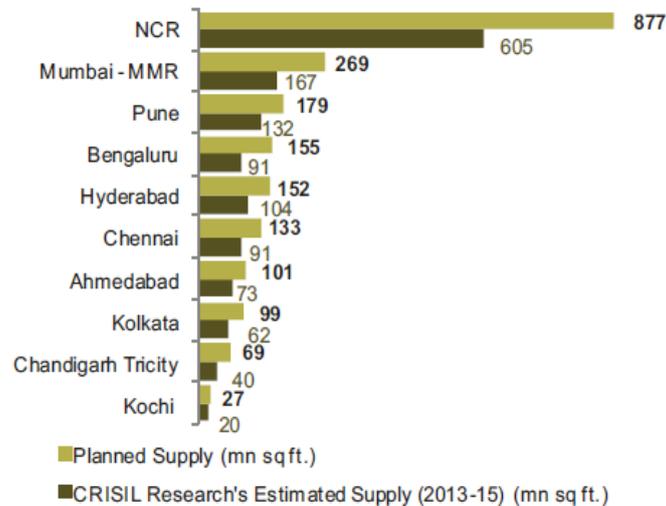


Note: Indexed to 2005

Source: CRISIL Research

As a result, the no. of transactions across these cities was stable or less than 2011 levels. Average capital values in the 10 cities (Refer exhibit 6) grew at 3-5% in 2012 on a y-o-y basis. The growth, however, was seen primarily in the latter half of 2012.

Exhibit 7: Planned v/s Estimated Supply (2013-15)



Source: CRISIL Research

Exhibit 7 shows that Mumbai and NCR are expected to account for nearly 55% of the estimated supply. As far as residential supply in the 10 major cities is concerned, nearly 2.1 billion sq ft is planned of which nearly 67% or 1.4 billion sq ft to come up by 2015.

According to CRISIL Research, Pune, Hyderabad and NCR are expected to see the maximum growth in capital values in 2013 and 2014. Of these, Pune will be one city to watch out for over the next couple of years. It expects average residential capital values in Pune to grow at a CAGR of 10% till 2014, vis-à-vis the 2012 levels. The rest of this study examines this city, Pune, in detail and tries to understand the reasons for the projected rapid growth in its housing market.

PUNE CITY PROFILE

Pune has become one of the most sought after cities in the realty market. It has the advantages of being a stable market with consistent demand coming from a number of strong and dependable business sectors.

The primary demand drivers for residential property in Pune are the following:

- Proximity to Mumbai, the commercial capital of India
- Relatively affordable rates
- Upcoming infrastructure (Metro rail, international airport, etc)
- Preferred IT/ITes hub
- Significant presence of both manufacturing & service sectors
- Reputed educational institutes

Among the secondary drivers, the major ones are:

- World class medical & healthcare facilities at economical rates
- One of the greenest urban areas in India

- Cosmopolitan culture
- Salubrious climate throughout the year

Due to multiple growth drivers, Pune has been witnessing large scale migration. Exhibit 8 presents this trend in Pune, which is fuelling its housing demand.

Exhibit 8: Census 2011 Key Highlights

Description	2011	2001
Actual Population	9,426,959	7,232,555
Male	4,936,362	3,769,128
Female	4,490,597	3,463,427
Population Growth	30.34%	30.73%
Area Square Km	15,643	15,643
Density/Square Km	603	462
Proportion to Maharashtra Population	8.39%	7.47%
Sex Ratio (females per 1000 males)	910	919
Average Literacy Rate	87.19%	80.45%
Male Literacy Rate	92.72%	88.34%
Female Literacy Rate	81.13%	71.89%

Source: Census 2011

Housing Price Trends in Pune: Pune residential real estate market corrected during the slowdown period of 2008-10. However, post the slowdown period, the segment has bounced back on a stronger and healthier tone. Residential real estate prices in Pune are expected to continue on their upward momentum owing to increasing input costs to the builders, coupled with increased investor demand from the peripheral cities of Pune and from the NRIs. However, the prices have gone past the affordability levels of the Pune end-users. This will have a softening impact on the upward momentum in prices. In the long run, the Pune real estate price trends are ‘positive’ as it continues to be an IT and manufacturing hub, which will offer huge employment opportunities and keep the end user demand ticking in this city.

Demand Demographics in Pune Housing Market: The Pune real estate market witnesses an end user to investor ratio of 80:20. This market has a huge retail investor presence and lacks the presence of underwriters, as is the case in Noida. Moreover, an interesting observation, which emerged, was that in the buyer space, 60% of the participants were from Pune, 20-25% from Mumbai and 15-20% comprised of the demand emerging from NRIs and from cities within the radius of approximately 300-350 kms from Pune. The reason for such significant presence of investors from Mumbai is that Pune is in close vicinity to this region, seems to be promising in the long term and demands lower capital requirements relative to Mumbai.

Demand Supply mis-match in Pune Residential Real Estate Market: Exhibit 9 shows that while maximum demand was witnessed in the 35-40 lakhs category homes, its supply was the least (rated 4). The maximum inventory supply was in the 40-60 lakhs category and the 2nd highest inventory supply was in the 60-80 lakhs category.

Exhibit 9: Pune housing demand supply mis-match

	INR 35-40 lakhs	INR 40-60 lakhs	INR 60-80 lakhs	> INR 80 lakhs
Demand [#]	1	2	3	4
Inventory Supply [#]	4	1	2	3

Note: [#]Rating-1 (maximum), 4 (minimum)

Source: ICICI Property Services

Short term speculation discouraged in the real estate projects: Builders heavily discourage any short-term speculation in real estate projects. Buyers are requested to register their units within 15-60 days of making a payment towards the token amount. Investors are allowed to exit their units, only after the builder has transferred the possession. However, a transfer fee is levied till the society formation stage.

Segmenting the Pune Housing Market

The housing market of Pune can be sub-divided into 5 segments. Each market segment has its own set of growth drivers. These will be studied next.

North Pune

Major Locations: Pimpri-Chinchwad, Pradhikaran, Ravet

Key Highlights

- The main localities in Pimpri Chinchwad are Chinchwad, Pimpri, Nigdi, Akurdi, Kalewadi and Bhosari. It lies on the Pune-Mumbai highway (NH 4). Pimpri Chinchwad is a major industrial hub and one of the the biggest industrial zones in Asia.
- P.C.N.T.D.A. (Pimpri Chinchwad New Township Development Area), which is also known as Pradhikaran is a planned township. This total area is divided into several sectors.
- Akurdi Railway Station of Pune Suburban Railway is in Nigdi Pradhikaran. Nigdi is well connected to Pune City by road and rail. Nigdi is about 18 km from Pune Station on the old Mumbai-Pune highway.
- Ravet is considered as gateway to Pune since the Mumbai Pune expressway ends there.
- Kohinoor, Rama Group and Pharande Spaces are some of the prominent developers in North Pune.

Growth Drivers

- Accessibility to the Technology Park
- Ravet also witnessed major developments due to its affordability and project launches. (Talawade), IT sector (Hinjewadi) and other
- Industrial areas (Talegaon, PCMC) will propel the real estate growth in Pimpri-Chinchwad.
- Excellent infrastructure and connectivity to Central Pune are the key positives of this area.

West Pune

Major Locations: Aundh, Balewadi, Baner, Bavdhan, Hinjewadi, Kothrud, Pashan, Pimple-Saudagar, Wakad

Key Highlights

- Aundh can be divided into the old Aundhgaon and the newly constructed suburban areas. Famous areas are Sindh Society, National Society, Parihar Chowk, Anand Park, Ashiyana Park, Gaikwad Nagar amongst many. All areas along the University road, after Governor house, up to Rajiv Gandhi Bridge on river Mula, across which is Sangvi (and the Aundh Chest Hospital).
- Aundh is a bustling location and has emerged as one of Pune's up-market areas. An improved road network has enhanced its connectivity with the central parts of Pune.
- Paud Road and Kothrud are traditional Maharashtrian localities and draw a similar clientèle.

- Kothrud has expanded till Warje on Karve Road and till Chandani Chowk in Paud Road.
- Baner is an extension of Aundh and has very good proximity to Pune-Bangalore Highway. Baner has become a popular destination amongst those who desire to be near the Aundh area but prefer a more affordable option and also emerged as an IT hub of Pune.
- Hinjewadi, started in 1998, has ushered the IT growth in Pune. Prominent IT players like TCS, Cognizant, Infosys, Wipro, etc. have set up their centres at Hinjewadi. It is one of the growth corridors of the west region of Pune.
- Kolte Patil, Kumar Properties and Paranjape are some of the prominent developers in West Pune.

Growth Drivers

- Proximity to Rajiv Gandhi Infotech Park, Hinjewadi and the Mumbai-Bangalore by-pass has boosted real estate activity in this area, seen as one of Pune's future key growth areas.
- Aundh has witnessed a lot of development in the past years. The locality is well serviced by public transport and has all necessary amenities. The residential rates have been driven up by the huge demand coming from IT professionals, its close proximity to the Mumbai-Pune express way and superb connectivity to Shivaji nagar, make it more preferable to reside.
- Pashan and Baner are situated in the vicinity of the IT Park at Hinjewadi and the Mumbai Bangalore Highway.
- Good transaction of residential houses are witnessed in Kothrud for its good infrastructure and cultural heritage. Though there are only standalone buildings with minimum scope of development, it has huge demand due to good infrastructure and proximity to Deccan.
- Residential demand in the region to witness strong growth in areas like Baner, Wakad and Hinjewadi due to the proximity to the IT belt and Mumbai-Bangalore Highway.

Central Pune

Major Locations: Bhosale Nagar, Deccan, Model Colony, Prabhat Road, Shivaji Nagar

Key Highlights

- Prabhat Road connects the Law College Road to the Karve Road. The area is primarily residential; however the Deccan Gymkhana area is fast developing into a business district.
- Land availability in the central city is limited and traditional residential areas like Prabhat Road and Bhandarkar Road have very few locations suitable for development.
- As compared to other regions in Pune, there are no major housing developments other than standalone buildings in this part of Pune. Though there are maximum hospitals, Government Offices and Courts in the vicinity
- Pinnacle Group, Alliance Group, Rachana developers, Javadekar developers and Oxford Properties are some of the prominent developers in Central Pune.

Growth Drivers

- Shivaji Nagar is close to Pune Railway Station and houses corporates like L & T Infotech and institutes like Indian Institute of Planning and Management.
- Deccan is a cultural district and houses many art galleries, theaters and cinema halls. Deccan is also an educational hub of Pune. It comprises the areas of J. M. Road, F. C. Road, University Road, Law College Road and Senapati Bapat Road.

- J. M. Road and F. C. Road are the most prominent high streets of Pune
- The prominent retail players are vying for this micromarket. Some of these are Pune Central and Shoppers Stop.

East Pune

Major Locations: Hadapsar, Kalyani Nagar, Kharadi, Koregaon Park, Wagholi, Viman Nagar

Key Highlights

- Koregaon Park along with Boat Club Road and Bund Garden, are considered to be the most up-market residential areas of Pune.
- Over the last few years Viman Nagar has become one of the finest locations in Pune with many exclusive and luxurious residential projects, IT parks, hotels and educational institutes. It is well connected to the central area of Pune. It is also the most preferred locations due to its proximity to the airport and good connectivity.
- Koregaon Park was also on the global world map in the 80's because of the presence of Rajneesh Osho Ashram. It is one of the famous tourist spots of Pune.
- Major retail development is witnessed in East Pune. Phoenix Market city, Amanora, Inorbit Mall, Koregaon Park Plaza and G Corp Pulse Mall to name a few are located here. Magarpatta Mall, to be operational by the fourth quarter, will have all the prominent international brands.
- Lohegaon is well connected to Viman Nagar and Kalyani Nagar via a newly constructed VIP road. It is also well connected to almost all the other parts of the city.
- Hadapsar and Kharadi have emerged as preferred locations for the IT/ITES sector.
- These locations serve not only as hubs for IT activities but are also preferred residential destinations promoting the 'walk to work' culture which is fast becoming popular.
- This part of Pune houses top hotels like Vivanta by Taj Blue Diamond, 'O' Hotel, Westin in Koregaon Park, The Hyatt, Regency in Viman Nagar, Four Points by Sheraton on Nagar Road, St. Lawns and IBIS .
- Prominent developers in this region include Marvel, Kumar Builders, Panchshil, Nyati, Vascon and Brahma.

Growth Drivers

- Viman Nagar is preferred location due to its proximity to airport and improved connectivity to the city.
- Kalyani Nagar, located in the vicinity of upscale neighborhoods like Koregaon Park, Boat Club Road and Mangaldas Road, is the next prime location though has limited scope for future residential development.
- Mundhwa offers a good mix of cosmopolitan crowd and is also close to Koregaon park and M G Road in Camp.
- Camp with close proximity to railway station, public bus stand, good infrastructure and commercial offices, is also the most sought after location of East Pune.
- Widening of Nagar Road improved the connectivity and led to higher office space demand in the Eastern Corridor.
- Kharadi and Hadapsar, are strategically located towards the east of the city close to the airport and railway station, also a gateway to Pune via the Nagar Road and Solapur Road respectively.

South Pune

Major Locations: Ambegaon, Katraj, Kondhwa, Parvati, Salisbury Park, Sinhagad Road, Mohammadwadi Road, NIBM, Wanowrie

Key Highlights

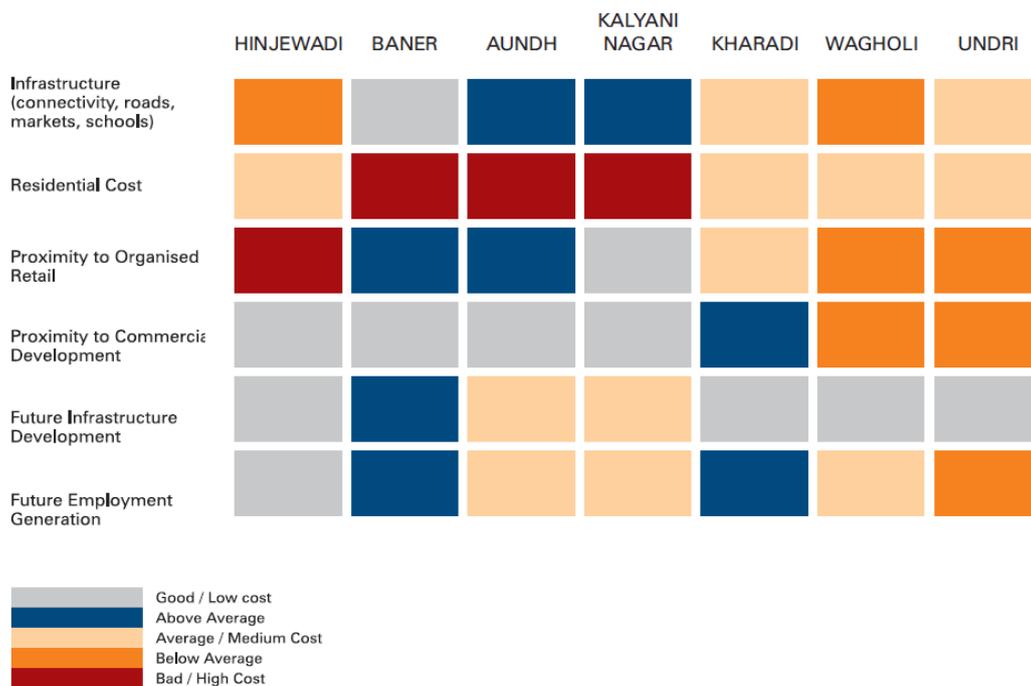
- Sinhagad Road houses the Institute of Armament Technology (IAT) and the Sinhagad Institute. The road further leads to the base of the famous Sinhagad Fort.
- Mohammadwadi, surrounded by hills with scenic beauty, has beautiful bungalows.
- Kondhwa has evolved as an important residential area in the recent past. While the area towards Katraj is developing as a low cost housing destination, the area towards Wanowrie and NIBM is becoming a preferred location for premium housing.
- D.S.K, Amit Enterprises and Mittal Group are some of the prominent developers in South Pune.

Growth Drivers

- With the Bangalore Bypass and the Expressway running alongside, Ambegaon has acquired a new facet. Ambegaon is strategically located and has excellent accessibility from Katraj, Sinhagad Road and Kothrud.
- As Kothrud in West Pune has become a premium location, customers have started moving towards Sinhagad Road and Ambegaon area.
- Property price of Sinhagad Road has been witnessing an upward trend due to the demand spilling from Kothrud which has a scarcity of land parcels.
- Katraj has some good educational institutes like the Bharti Vidyapeeth Dental College and Rajiv Gandhi Institute of IT and Biotechnology.
- Undri, Pisoli has been witnessing major real estate activity owing to availability of land parcel, best schools and international institutions (DPS, Vibgyor) and hospitals (Inamdar Hospital , Ruby Hall).
- Apartment buyers are showing a greater preference for NIBM, Kondhwa and Lullanagar where development is planned, open land exists, and water supply is better. Moreover, it offers excellent connectivity to M G Road and Magarpatta.

Comparative analysis of different segments of Pune housing market: A comparative study of different locations within Pune shows Hinjewadi as having an edge over other locations (Refer Exhibit 10). This is due to its potential for infrastructure development along with commercial development, which in turn would lead to new employment opportunities.

Exhibit 10: Location Attractiveness Index



Source: ICICI Property Services

Emerging Housing Trends in Pune

In a growing residential market like Pune, builders strive to maximize their market share by introducing innovative trends. These become the key differentiator in new housing projects. Some major trends, which are redefining the Pune realty landscape, are discussed next.

Integrated Townships: Pune's boundaries are growing in all directions. Adding another totally new dimension to the city is the rush of integrated townships into Pune. Magarpatta City is India's first private integrated township project and its success boost township projects in Pune.

Maharashtra's special township policy, 2006, defines a "township" as follows:

- Continuous land parcel of minimum 100 acres
- Abundant clean water supply, 24 by 7
- Ensure reliable power infrastructure
- 60% area reserved for residential and min. 20% for parks, gardens and playgrounds
- Well-knit by roads ranging from 30 ft to 80 ft
- Ensures care of the existing ecological systems, rainwater harvesting systems, etc
- Have schools, college, hospital, fire station on the premises
- Needs clearances from a multitude of Government bodies

Based on this policy, Amanora Park Town and Blue Ridge were the 1st townships to be launched. Nanded city and Life Republic have been launched recently.

Every township project offers a self-sustaining environment for its residents. Besides the usual amenities like swimming pool, gymnasium, etc, they provide unique amenities.

According to state government officials, there are 34 projects that have applied for township status and are under consideration. Almost all these project are being designed by overseas architects, have high rises and well-designed and well-defined spaces for living, commercial space and promise of a much better standard of living.

Green Housing: The Pune realty market is waking to the concept of green housing as sustainable features are of prime importance to developers. The need for conserving resources has become important considering its usage in future.

There are national (IGBC & GRIHA) and global (LEED) standards to rate green housing, which are monitored by independent bodies to ensure that the highest environmental safety and conservation standards are maintained.

As a boost for eco-friendly construction, the Pune Municipal Corporation (PMC) has introduced Eco Housing Assessment criteria for all residential buildings and single family residences, where they give incentives to developers and home buyers.

The Pimpri Chinchwad Municipal Corporation (PCMC) became the first municipal corporation in the country to introduce a green housing initiative in 2011. It has created a green model in collaboration with GRIHA. PCMC is making a conscious effort towards its responsibility towards natural resources and the impact on society by incentivizing GRIHA Rating System in their jurisdiction.

The steady increase in demand for green housing has brought down the cost of products, services and materials, thus making green housings available and affordable. People are realizing the necessity of green housing and moving towards a greener future.

CONCLUSION

Though the global recovery in residential real estate market will be gradual, the Indian situation is unique. Due to convergence of multiple factors, there will be acute housing shortage in urban areas. Pune's example highlights how fast a city can grow due to several growth drivers. While at one end, it presents good opportunities for many like developers, investors and end users; there are challenges like infrastructure development keeping pace with growth, providing affordable housing, maintaining a fine balance between housing and environment, etc. at the other end. It remains to be seen how Pune city's development pans out.

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**EMPLOYEE ENGAGEMENT: AN INTEGRATIVE
THEORETICAL REVIEW**

Dr. Iqbal Hakeem¹

Professor, University of Kashmir, Srinagar, India
Email: prof.iqbal.hakim@gmail.com

Sumaira Gulzar²

Research Scholar, University of Kashmir, Srinagar, India
Email: sumaira.ku@gmail.com

ABSTRACT

The Employee Engagement construct is gradually receiving the attention of academic scholars. Companies that understand the conditions that enhance Employee Engagement will have accomplished something that competitors will find very difficult to imitate. In the light of past research studies, this paper is an attempt to operationalise the definition of Employee Engagement & to discuss various outcomes of Employee Engagement, to differentiate Employee Engagement from other constructs, to analyze the measurement issues of Employee Engagement, to present an overview on researching Employee Engagement and to conclude and recommend for better Employee Engagement in organizations.

Keywords: Employee Engagement; Measuring Employee Engagement; Job Satisfaction; Organizational Commitment

INTRODUCTION

Employee engagement has become a management's hot topic in recent years and one which has quickly absorbed into the HR agenda. It is a key challenge which is capturing the attention of executives and HR professionals alike (Soldati, 2007; HR Focus, 2006) and, increasingly, the acceptance of academics. Today, hardly we find publications in the HR management without some mention of engagement and how to enable it. Till date there is lack of clarity on the clear and agreed definition of engagement and many researchers and practitioners describe the term in different ways (Soldati, 2007). Nevertheless, there is an increasing awareness that employee engagement is pivotal to successful commercial and business performance, where engaged employees are the 'backbone of good working environments where people are industrious, ethical and accountable' (Levinson, 2007a; Cleland et al, 2008). Engagement can affect employees' attitudes, absence and turnover levels and various studies have demonstrated links with productivity, increasingly pointing to a high correlation with individual, group and organizational performance, a success measured through the quality of customer experience and customer loyalty (Hemsley Fraser, 2008, cited in The HR Director, 2008; The Conference Board, 2006). Organisations with higher engagement levels tend to have lower employee turnover, higher productivity, higher total shareholder returns and better financial performance (Baumruk, 2006). By building a culture that enables employees to engage in their work, organisations may benefit from staff who are willing to go the extra mile and achieve better financial performance (Baumruk, 2006). Over recent years there has been seen a significant shift in the employee-employer relationship. With increasingly competitive markets, globalization, volatile

economic environment, demands for constant change, organisations face significant challenges in their pursuit for business success.

OBJECTIVES

This research paper is an attempt to achieve the following specific objectives:-

1. Define Employee Engagement and to discuss various outcomes of Employee Engagement.
2. To differentiate Employee Engagement from the similar constructs such as Job satisfaction, Job involvement and Organizational commitment.
3. To analyze the issues involved in measuring Employee Engagement.
4. To conclude and recommend measures for improving and enhancing Employee Engagement in organizations.

Employee Engagement: Definition Operationalised

Understanding what engagement is, is an important yet complex challenge, and there remains a great deal of scope for discussing the various approaches. Kahn (1990), one of the first to theorize about work-related engagement, described engaged employees as being fully physically, cognitively and emotionally connected with their work roles. Macey et al. (2009) defined employee engagement as “an individual’s sense of purpose and focused energy, evident to others in the display of personal initiative, adaptability, effort, and persistence directed toward organizational goals” (p. 7). Perhaps the most widely cited definition of engagement is that offered by Schaufeli et al. (2002, p. 74), who defined engagement as “a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption”. Schaufeli et al. (2006) emphasized the diffuse and state-like (versus trait-like or momentary emotion-like) nature of engagement, arguing that engagement is a “more persistent and pervasive affective-cognitive state that is not focused on any particular object, event, individual, or behavior” (p. 702).

Engagement is characterized by energy, involvement and efficacy. Engaged employees have a sense of energetic and effective connection with their work activities and they see themselves as able to deal completely with the demands of their job {Maslach & Leiter (1997)}. It also refers to an individual’s involvement and satisfaction with as well as enthusiasm for work {Harter, Schmidt & Hayes (2002)}. Lockwood (2007), states that employee engagement is a key business driver for organizational success. Some definitions assert that employee engagement is something that is produced by aspects in the work place (McCashland, 1999; Miles, 2001; Harter, Schmidt & Keyes, 2003), while others assert that it is something that the individual brings to the workplace (Harter, Schmidt & Hayes, 2002; Goddard, 1999). What perhaps can be generalized at the very least is that some researchers seem to follow Kahn (1990) and assert that Employee Engagement is a combination of workplace contexts and aspects that are mediated differentially by people’s perceptions and experienced cognitively and emotionally. Common to many definitions offered by researchers and practitioners is the idea that engagement is a positive work-related psychological state (Reflected in words like enthusiasm, energy, passion and vigor) and that engagement is also a motivational state reflected in a genuine willingness to invest focused effort toward organizational goals and success. Bakker et al. (2008), for example, argued that engagement is best conceptualized and characterized by “a high level of energy and a strong identification with one’s work” (p. 189). As already noted, Macey et al. (2009) argued that engagement is best characterized as “purpose and focused energy . . . directed toward organizational goals” (p. 7). Definitions of engagement, however cast, might therefore usefully reflect these two essential qualities: (i) a positive and energized work-related motivational state, and (ii) a genuine willingness to contribute to work role and organizational success. Although there is a great deal of interest in engagement, there is also a great deal of confusion. At present, there is no consistency in definition, with engagement having been operationalised and measured in many disparate ways.

Outcomes of Engagement: A Review

Work engagement is a positive experience in itself' (Schaufeli et al., 2002 cited in Sonnentag, 2003). 'Employee engagement is a hard-nosed proposition that not only shows results but can be measured in costs of recruitment and employee output' (Johnson, 2004 P.1). As the latter quote suggests there are numerous outcomes of investing in improving employee engagement and there is a fair amount of consistency in the practitioner and academic literature regarding the benefits of doing so. Incorporate a Para/line, meeting the deficiencies; however an effort has been made to review the results/outcomes of Employee Engagement. Some of the organizational and individual outcomes of employee engagement are listed below:

Organizational Outcomes

Customer loyalty: Levinson (2007a) suggests that employees who are happy in their work are more likely to create loyal customers. Engaged employees tend to have a better understanding of how to meet customer needs (Right Management, 2006) and, as a result, customer loyalty tends to be better in organizations where the employees are engaged (Pont, 2004).

Employee Retention: Levinson (2007a) suggests that employees who are happy in their work are more likely to stay in the organisation, and Demourouti et al. (2001, cited in Sonnentag, 2003) found that work engagement is indeed positively related to organizational commitment. Blessing White (2008) reports that 85 per cent of engaged employees plan on sticking around compared to 27 per cent of disengaged employees.

Employee productivity: Engagement affects employee performance (Kahn, 1990). 'Engaged employees work harder, are more loyal and are more likely to go the 'extra mile' for the corporation' (Lockwood, 2007, p. 3) Watson Wyatt's (2007) survey of 946 companies across 22 countries found that employees who are highly engaged are more than twice as likely to be top performers than are other employees.

Advocacy of the Organisation: Engaged employees are more likely to advocate the organisation as a place to work and actively promote its products and services' (Scottish Executive Social Research, 2007 p.23).

Manager self-efficacy: Research has shown that self-efficacy is positively linked to work performance, in that individuals with higher self-efficacy are more likely to be proactive in initiating work, and show sustained effort and determination in their pursuit to achieve the task, even when problems occur (Bandura 1986, 1997, cited in Luthans and Peterson, 2002). The reverse may also occur whereby manager self-efficacy can lead to enhanced employee engagement. Therefore, both engagement and manager self-efficacy can have a positive effect on one another to lead to more effective managers and employees (Luthans and Peterson, 2002).

Organizational Performance: In 2000 and 2002, Harter and colleagues' meta-analysis of 7,939 business units in 36 companies found a relationship between employee engagement, customer satisfaction, productivity, profit and employee turnover (Harter et al., 2002; Harter, 2000). They concluded that increasing employee engagement and building an environment to support this can significantly increase the likelihood of business success.

Bottom-line profit: The appeal of employee engagement to management is its proven links to bottom-line results' (People Management, 2008). Gallup found that employees are more productive and contribute more financially to the organisation if they feel involved in, and are committed to the organisation (Gallup cited in Levinson, 2007a). Hewitt Associates (2004) also identified a relationship between engagement and profitability through higher productivity, sales, customer satisfaction and employee retention.

Employee outcomes

Clarifying expectations: Engagement may offer a solution for the individual seeking greater fulfillment from his employment by providing him with the opportunity to invest himself in his work. 'The combination of employing and expressing a person's preferred self yields behaviours that bring alive the relation of self to role' (Kahn, 1990 p. 700). Indeed, an increase in an employee's sense of self efficacy has also been suggested to be an outcome of employee engagement (Seijts and Crim, 2006).

Health and well-being: Gallup (Crabtree, 2005, cited in Lockwood, 2007) reported increased health and well-being in engaged employees, with 62 per cent of engaged employees reporting a positive effect of work upon their physical health.

There is remarkably little literature that reports the costs attached to engaging a workforce. One of the few organizations to approach a cost-benefit analysis of engagement is Cambridgeshire County council, described in the Scottish Executive Social Research (2007). Although significant costs were attached to their engagement initiatives, Staff Survey results showed considerable improvement. Overall, they concluded that engaging employees had benefited the organization.

The work of Britt (2003), who examined the engagement of U.S. Army rangers and discovered that those who were the most engaged with their work, 'the ones who ranked work relevant values as the most important' (p. 16), also reported being the most demoralized when they were faced with obstacles to high performance. It is suggested as a result that such individuals are actually more prone to leave the organisation in question as these blocks in the way of them engaging with their work are of the organization's own making, and so outside of the employee's control. This may be the same as the 'Almost Engaged' to which Blessing White (2008) refers.

As such, it appears that there are both financial cost and possibly costs to Employee retention from engaging the workforce, but the balance of the limited data available suggests that engagement remains a desirable aim for organizations. This section has explored the current thinking and evidence of the potential outcomes of Engagement, the next section will explore the various tools available to measure Employee Engagement in organizations.

Methods of Measuring Employee Engagement

Measures of engagement need to have a clear theoretical underpinning, should be clearly consistent with an associated definition, need to have published statistical evidence in support of their validity and reliability, and need to be of practical utility in organizational contexts (Macey & Schneider, 2008). There are numerous employee attitude surveys in use currently, many developed in-house by organizations' HR departments with the aim of measuring engagement levels in the company. However, because of the diversity in the definition, assumptions and use of employee engagement, and the differing requirements of every organisation, there is likely to be a wide variation between all such measures in what is actually measured and organisations are advised to benchmark their engagement scores with caution (Balain and Sparrow, 2009). Organisations are therefore left with a dilemma when choosing how to go about measuring engagement.

The most often used scientifically derived measure of engagement is the Utrecht work engagement scale- UWES (Schaufeli & Bakker, 2010; Schaufeli et al., 2002). The UWES includes a subscale for each of the three engagement dimensions—vigour, dedication, and absorption—and has been validated in several countries in Europe, and also in North America, Africa, Asia, and Australia (Bakker, 2009). The scale is available in long and short form (17 or 9 items). The UWES-9 has been shown to have good construct validity, suggesting high correlation to the theorised construct of engagement (Seppälä et al., 2008). Tests have shown that the three scales have good internal consistency and test-retest reliability, indicating that the scale is reliable (Schaufeli et al., 2002; Schaufeli et al., 2006). Schaufeli et al. (2006) found that the tool is a suitable measure in studies of positive organizational behaviour.

Another scale for measuring engagement is Gallup workplace Audit (q12) and is based upon the work of Buckingham and Coffman (1999), who derived 12 questions to measure employee engagement from thousands of focus groups across 2,500 business, health-care and education units (Luthans and Peterson, 2002). The questions address issues such as understanding what is expected of you at work, having the resources to perform well, recognition and praise, encouragement to develop, being listened to and friendships at work (Bates, 2004). Responses to these questions have been linked to business outcomes such as bottom-line profit, productivity, employee retention, and customer loyalty and engagement.

To measure and benchmark organizations' engagement levels, and identify what may drive engagement in a given organisation, and where organizations can intervene Towers Perrin Rapid Engagement Diagnostic Survey is developed from work undertaken with 40,000 employees in northern America. (Towers Perrin, 2003; Towers Perrin, 2005). The survey is grounded in nine factors that Towers Perrin propose 'truly define' engagement. According to Towers Perrin, the advantage of this survey is that it is faster and cheaper than more traditional measures of engagement (Towers Perrin, 2005).

Another method of measuring engagement is JD-R Model (Bakker & Demerouti, 2007; Bakker, Demerouti, De Boer, & Schaufeli, 2003a; Bakker, Demerouti, Taris, Schaufeli, & Schreurs, 2003b; Demerouti, Bakker, Nachreiner, & Schaufeli, 2001) and was introduced as an alternative to other models of employee well-being, such as the demand-control model and the effort-reward imbalance model. The authors of the JD-R model argue that these models "have been restricted to a given and limited set of predictor variables that may not be relevant for all job positions". Therefore, the JD-R incorporates a wide range of working conditions into the analyses of organizations and employees. Furthermore, instead of focusing solely on negative outcome variables (e.g., burnout, ill health, and repetitive strain) the JD-R model includes both negative and positive indicators and outcomes of employee well being.

For any organisation wishing to understand their levels of engagement, they need to consider how the results will be translated into action. To achieve employee confidence and trust in the survey, actions that will be taken as a result of the survey feedback need to be transparent. Employees also need to be aware that actions taken will be directly related to the feedback received, so they feel listened to and that what they say counts (Ayers, quoted in Bates, 2004).

This section has given a snapshot of some of the measures of engagement currently available and in use by organizations. The next section will explore the overlap between engagement and other concepts.

Employee Engagement and Related Constructs

Whilst many definitions of engagement exist, it is important to show if and how the concept is distinct from other similar constructs with which it may be confused (Rotter, 1990). This is particularly important as questions have been raised over whether engagement is indeed a unique concept or whether it is a re-branding of an existing construct (Macey and Schneider, 2008a). Therefore, it is necessary to explore areas of overlap between engagement and the existing concepts of job satisfaction, commitment and job involvement, the psychological contract and motivation, with a view to understand how the concept is distinct. We take a different approach and contend that the distinctions between Engagement and these related constructs are important particularly because these related constructs might be antecedents or outcomes of Engagement.

a) Job Satisfaction and Employee Engagement: Job satisfaction is defined as a pleasurable or positive emotional state resulting from the appraisal of one's job or experience (Locke and Henne, 1986). It is positively related to organizational commitment, job-involvement, organizational citizenship behavior and mental health. A recent survey by Gallup showed that the more a customer is satisfied with their bank's services, the more they are engaged with the bank. Extremely satisfied

customers were up to 15 times more likely to be engaged with the bank than less satisfied customers (Gallup, 2008, cited in Scarborough, 2008). By the same token, they also propose that employee engagement may be the 'ultimate expression' of employee satisfaction (Koscec, 2003): the more satisfied they are, the more engaged they are with the company. However, whilst Gallup see a connection between the concepts, they also see a clear distinction between them in their relationship to performance. They argue that satisfaction is often not directly related to performance and business outcomes, whilst engagement can predict satisfaction and other business outcomes (Bizzard, 2004). Young suggests that engagement, not satisfaction, is a strong predictor of organizational performance. However, in contrast to this view Blessing White (2007, cited in Crush, 2007) suggest that engagement comes from 'Matching maximum satisfaction with maximum contribution' (p. 41). In addition, Koscec (2003) suggests that a difference exists in relation to the measurement of both concepts, and claims that satisfaction is a passive employee state, whilst engagement is an active state. Macey and Schneider (2008a) similarly indicate that although someone may be satisfied with their job, this does not necessarily mean they are engaged. Although there may be room for satisfaction within the engagement construct, engagement connotes activation, whereas satisfaction connotes satiation (Erickson, 2005). Harter et al. (2002) explicitly referred to their measure (The Gallup Workplace Audit) as "satisfaction-engagement" and defined engagement as "the individual's involvement and satisfaction with as well as enthusiasm for work". Engagement, in contrast, is about passion and commitment—the willingness to invest oneself and expend one's discretionary effort to help the employer succeed. Overall, findings from existing research suggest two possibilities:

1. Satisfaction at work is actually a relatively minor outcome of, or even completely absent from, a state of engagement. As such, whether an employee derives fulfillment and satisfaction from an action may be down to other factors, like whether they get a sense of fulfillment from completing a piece of work. This is consistent with the assertion of Macey and Schneider (2008a) and Frese (2008).
2. Satisfaction is related to employee engagement, but the behaviour that occurs as a result of stressors does not fall under the domain of engagement. It could be argued that an individual under pressure may display similar dedication and absorption, but it seems unlikely that they will experience the vigour and passion that tend to characterize engagement. Further research in this area is required to determine how the behaviour of individuals under stressors differs, if at all, from engaged employees. Similarly, the exact connection between satisfaction and employee engagement is yet to be defined.

b) Organizational Commitment and Employee Engagement: Engagement and commitment are often used interchangeably in some of the literature (e.g. Heintzman and Marson, 2006) and Gallup (2003, cited in Koscec, 2003) suggests that engagement may be an expression of employee commitment and other elements of satisfaction, however commitment lacks a number of the qualities commonly associated with engagement, such as absorption and self-expression. It refers to the degree to which an individual identifies with an organization and is committed to its goals. It is directly related to voluntary turnover. Researchers like Wellins and Concelman, (2004) suggests that engagement is an amalgam of commitment, loyalty, productivity and ownership. They suggested that "to be engaged is to be actively committed, as to a cause." Commitment is regarded as a psychological state of attachment (O'Reilly & Chatman, 1986) or binding force between an individual and the organization (Meyer, Becker, & Vandenberg he, 2004). McCashland (1999) refers to engagement and commitment interchangeably. A meta-analysis by Mathieu and Zajac (1990) found that demographic characteristics (e.g. age, sex, level of education), role states, job characteristics, group/ leader relations, organizational characteristics, motivation, and job satisfaction can enhance organizational commitment. Overall, findings from existing research suggest that organizational commitment may be encapsulated within the concept of engagement, and may result from engagement. Alternatively, engagement may share some characteristics of organizational commitment but have distinct elements such as absorption and self-expression lacking in organizational commitment.

c) Job Involvement and Employee Engagement: Lodahl & Kejner (1965) define job involvement as “the degree to which a person’s work performance affects his self-esteem”. They also argue that employees who are highly concerned with their jobs also reveal high involvement in their organizations. Lawler & Hall (1970) defined job involvement as the level of importance of one's job to one's personality, which is consistent with Lodahl and Kejner (1965). On the other hand, Bass (1965) considered job involvement as the level to which an individual is vigorously participating in his or her job. However, Etzioni (1975) projected three types of involvement: moral, calculative and alienative. Engagement is closely associated with constructs of job – involvement (Brown, 1996). Harter et al. (2002) specifically equated engagement with both satisfaction and involvement. Within the broader research literature, Maslach et al. (2001) have proposed that engagement can be characterized by energy, involvement, and efficacy. According to W.H. Macey and B. Schneider (2008) Job involvement (including task engagement and job commitment) as traditionally conceptualized and assessed is an important facet of the psychological state of engagement. Furthermore, May et al. (2004) suggests that job involvement is conceptually different to engagement, as job involvement is a purely cognitive act, whereas engagement contains an emotional and physical element. Review of literature indicates that job-involvement is an integral part of employee engagement but not its complete synonymous, as an employee may be engaged due to reasons beyond one’s job and not merely because of it.

d) Organizational Citizenship Behavior and Employee Engagement: A review of the research literature by Barkworth (2004, cited in Robinson et al. 2004) defines the key characteristic of OCB as discretionary ‘extra-role’ behaviour. Podsakoff et al. (2000, quoted in Barkworth, 2004, cited in Robinson et al., 2004) classified definitions of OCB into seven key themes: helping behaviour in terms of helping others voluntarily, sportsmanship (having a positive attitude in the face of adversity and setting aside personal interests for the good of the organisation or team), commitment and loyalty through promoting the organisation to the outside world, organizational compliance through following the organizations rules, individual initiative i.e. going the extra mile over and above what is expected, civic virtue and self-development by voluntarily improving one’s own knowledge, skills and abilities in order to help the organisation. There is a very strong relationship between OCB and engagement, with both focusing upon going the extra mile beyond what is expected. Although engagement, therefore, may be a new term, it may not be a new concept, but rather a combination of organizational commitment and organizational citizenship behaviour (Meyer, 1997; Podsakoff et al., 2000, both cited in Burke and Cooper, 2009).

e) Psychological Empowerment and Employee Engagement: Review of literature revealed that psychological empowerment is a pre-condition of employee engagement. The theory behind Kahn’s theory of personal engagement (Kahn, 1990) relates to the identification of three psychological conditions that impact on an individual’s engagement, namely psychological meaningfulness, psychological safety, and psychological availability. Psychological meaningfulness refers to ‘a feeling that one is receiving a return on investment of one’s self in a currency of physical, cognitive or emotional energy’ (Kahn, 1990). Psychological meaningfulness refers to the value of a work goal in relation to the ideals of an individual (Hackman & Oldham, 1980). The studies of May et al. (2004) and Olivier and Rothmann (2007) confirmed that psychological meaningfulness is a strong predictor of employee engagement. Joo and Shim (2010)’s study revealed that employees showed higher organizational commitment when they perceived high psychological empowerment and a high organizational learning culture.

Following a review of literature on employee engagement in the public sector, Scottish Executive Social Research (2007) suggested that whilst engagement may show shared characteristics with existing concepts, it is about more than these. As Macey and Schneider (2008a) suggest, the state of engagement is a blend of job satisfaction, organizational commitment, job involvement and feelings of empowerment, a concept that is greater than the sum of its parts.

Steps to improve Employee Engagement in Organizations

There is nothing more damaging to employee morale than asking employees for their thoughts and opinions on an issue and then failing to take any action based on their input. It's vital that employees understand that steps are being taken to improve employee engagement as a result of their responses. There is a need to enhance qualitative and quantitative measures which can meet the organizational challenges and help to pursue the organizational goals. The improvement could be brought by taking following steps:

Define and Map the Strategy: Organization leaders need to be clear on what they are trying to achieve before they communicate this to the organization. The Strategy needs to be converted into a Strategy Map. This Map is a pictorial representation of the Strategy showing dependencies and relationships of the major parts of the Strategy. Most people understand a picture far better and have much more information than from a complicated, written strategic plan.

Define Values, Behaviors and Measurement Criteria: The Executive and Management teams need to determine the values and behaviors they believe are important to the organization. These need to be clearly defined and unanimously supported, as well as clearly articulated so that they can be readily understood. Executive Management needs to define what part values and behaviors will play in employee evaluations or reviews.

Conduct Strategy Mapping in Every Major Business Unit: Each Department must complete a Strategy Map with each employee being allocated a part of the Strategy. Strategy mapping in each department or work unit helps employees to know their part of the plan, and thereby the first influencing factor of Employee Engagement – Job Importance is achieved. Each employee now knows what is important and his or her part of the plan.

Create a Performance Management/Talent Management System: An automated Performance Management and Development system needs to be set up, having the capability for regular feedback, at least monthly. This is the platform that will deliver the clarity of role and communications aspect of Employee Engagement. The Talent Management component should enable an objective way of short-listing potential candidates for promotion. This is also the platform that will deliver the Career and Succession Planning component of Employee Engagement.

Link Incentive Compensation to the Outcomes of Performance Management: To achieve the Reward component of Influencing Improvement and Reward, link compensation to Performance. Whether it's a salary increment, bonus, or some other compensation consequence, there needs to be some linkage to compensation to achieve and satisfy this component.

Foster Positive, Supportive Relationships: This is a factor that is not as easily achieved by any single initiative except that improvements will have been made through Clarifying purpose, Setting Objectives and One-on-One meetings.

Communicate constantly and consistently: At every step along the way, employees must be clear on how they are connected to the organization strategy. They specifically need to know their part of the plan and they need to see that their part of the plan is important to the organization.

A way Forward to Future research into Employee Engagement

Review of literature reflected that for tiding over challenges of globalization, immense competition, rapid and incessant change in the environment, organizations need to have engaged employees. This is more relevant in the service sector where employees directly impact customer engagement and play a more decisive role in ensuring profitability through growth. However review of literature revealed dearth of extensive literature review in the service sector. There is a clear gap in the literature at the moment, which is the dearth of qualitative data. With few exceptions (e.g. Kahn, 1990), research to date on employee engagement has utilized a survey methodology, with the intention of aggregating the individual scores into overall trends. Qualitative data would offer a greater insight into the perspective of those experiencing engagement and a better understanding of its constituent parts. There is also a need for longitudinal studies of engagement, to demonstrate a clear link between engagement and

organizational performance, and also to assess long term outcomes and benefits. Much of the research to date has focused upon short term gains. Future research should attempt to flesh out the types of factors that are the most important for engagement such as flexible work engagements, training programmes, and incentive rewards in different roles, jobs, organizations and groups. Managers can attempt to maintain a high level of engagement, employees experience at the beginning of their employment throughout their period of employment by understanding clearly what predicts engagement for those individuals. Future research should create and actionable surveys, whereby the results indicate not just levels of engagement, but also where the problem areas lie and what, in an employee's opinion, should be done to eliminate the barriers to engagement. Future research could also consider individual differences as variables that might predict employee engagement. Several personality variables, such as self-esteem, have been found to be related to burnout, so this might also be important for engagement.

Literature review also revealed absence of a holistic employee engagement model. Another research gap emerged in the area of accurately identifying dimensions and characteristics of engaged employees, particularly in India. Though studies have been conducted by researchers and consultants across the globe more in-depth studies could be undertaken in India. Extent literature review reflected that role of organizational culture and communication in shaping employee attitudes, feelings and behavior is evident. But no study had been undertaken to study the role of organizational culture and communication on impacting and predicting employee engagement. Both organizational culture and communication are multi - dimensional constructs, literature review also surfaced the need to identify the key dimensions. These would help business organizations envisaging on increasing employee engagement to focus on key variables and streamline their practices for enhancing employee engagement. The importance of the line manager in engaging employees has also been clearly established. As a sub-driver to engagement they potentially have the most impact on employees engagement levels (Robinson et al., 2007). At the same time, it is unclear exactly how the manager does this, and what distinguishes an engaging manager from their fellows. Further research might not only identify what these differences are, but potentially reveal what training managers could undergo to improve their ability to engage their staff.

Despite the proliferation in engagement related research, and despite enormous advances having been made about how best to understand and manage engagement, we believe that the notion of work engagement is at something of a crossroads. Although one path might involve the ongoing proliferation of relatively disconnected research and practice using a diversity of models and measures, we believe the time is now ripe to agree some common ground, consolidate what we know, and leverage from this firm foundation additional research, which will redress fundamental issues that still require resolution. This literature review has revealed that Employee Engagement has been conceptualized in many different ways. There is no single agreed definition and research has shown that, however Engagement is defined; it is a multi-faceted construct (Kahn 1990).

However, there is growing consensus among the authors that the construct is distinguishable from related concepts in management such as employee commitment, organizational citizenship behavior and job satisfaction in such a manner that employee engagement clearly reflects the two-way exchange of effort between employers and employees, and it has stretched meaning beyond the aforementioned constructs. Research on engagement is still on its infancy, attempting to come up with more clear-cut and acceptable definition. The existence of various conceptualizations makes the state of knowledge around Employee Engagement difficult to determine, as each piece of research is undertaken under a different protocol, using different measures of engagement under different circumstances.

CONCLUSIONS

This research paper has revealed the existence of various conceptualizations of employee engagement, making the state of knowledge around employee engagement a little complicated to determine, as each individual research is undertaken under a different concept, using different measures of engagement

under different circumstances. Although, there is no single agreed definition of employee engagement, research as shown that it is a multifaceted construct (Kahn, 1990).

There is a clear evidence in academic literature that engagement leads to improvement in employee retention, employee productivity and organizational performance and at the same time leads to increased health and well-being in engaged employees.

Further, the review of research shows, whilst engagement may show shared characteristics with similar concepts such as job satisfaction and job involvement; it is about more than these. As Macey and Schneider (2008a) suggest, the state of engagement is a blend of job satisfaction, organizational commitment, job involvement and feelings of empowerment, a concept that is greater than the sum of its parts.

This review of research also identified the need to identify the key dimensions of engagement. This would help business organizations envisaging on increasing employee engagement to focus on key variables and streamline their practices for enhancing employee engagement.

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**MOVING TOWARDS EMPLOYMENT RELATIONS: A TRYST
WITH MODERNITY**

Abhishek Mishra

Assistant Professor, Institute of Management Studies
Mahatma Gandhi Kashi Vidyapith,
(A U.P. State University), Varanasi, India
Email: abhi1234mishra@gmail.com

ABSTRACT

Post Globalization has witnessed a phenomenon known as modernism in each and every walk of life. The emergence of this phenomenon or concept has resulted in the ordering of things out of the chaos which was the result of industrial revolution in western countries. This also had an impact upon the relationship between labour and management existing inside an industrial domain. This paper makes an attempt to find out how the dynamics of employment relations has evolved in recent years aligning itself with the phenomenon of modernity. Also, it throws a brief light on the characteristic features that highlights the employment relations in recent times.

Keywords: Modernity; Industrial Relations; Employment Relations

INTRODUCTION

While contemplating on the theme of modernity at a discussion in London's Royal Society of Arts, the Nobel Laureate Prof. Amartya Sen propounded that modernity is an idea or phenomenon that conjures up image of a liberal enlightened West, and is harbinger of progress, emancipation of all that is good. Going by the definition given by Barker, modernity typically refers to a post traditional, post medieval historical period, one marked by the move from feudalism (or agrarianism) towards capitalism, industrialization, rationalization, the nation state and its constituents institutions (Barker, 2005). Labour forms one of these components and institution in the domain of industrial world. With the organizations becoming more and more modernist leaving behind the traditional methods of controlling the labour, new concept has started to emerge in the field of industrial relations, better known as 'Employment Relations'. Employment relations play the most essential part in any industrial democracy. They are often considered the two sides of the same coin. Whereas employees are essential to meet the production target of an enterprise, employers, on the other hand, are the one who provide the sources of livelihood to the employees. Employment relations in large organizations are managed by the human resource department. But smaller firms cannot afford to set up and operate the HR functions. They have no such mechanism as HRM to improve and maintain employee relations and build up their human capital (Bacon and Storey, 2000). Due to the decline in the labour power manifested through absence of organized trade unions, there is increase in the employment of contract, casual, part time and ad hoc worker (Sain, 2007). Thus, in the absence of any HRM department and HRM mechanism, there can be a decline in the power of labour unions, changing employment patterns etc. But with this decline also emerged new forms of HRM initiatives in the field of Industrial Relations, a significant among them being the emergence of employment relations. Industrial Relations, often being considered as a chaotic domain of maintaining healthy relationship collectively between employers, employees and their associations along with the government agencies, have found a new life in the form of employment relations. It is a tryst of modernity by industrial relations towards

employment relations where collectivism is being replaced by individualism and new forms of initiatives to foster sound relationship among the parties in an industrial set up.

OBJECTIVE

The objective of the paper is to introduce the readers with the concept of employment relations and make an attempt to find out the changing dynamics of employment relations evolved in recent years aligning itself with the phenomenon of modernity. Also, the paper will try to throw a brief light on the characteristic features that highlights the employment relations in recent times

Employment Relations Concept: Changing dimensions

Employer and employees are the main pillars in an industrial set up. In broad terms, an employment relation is concerned with the theory and practice associated with the management and regulation of the employment relationship. In particular, it is concerned with the socio-political dimension of the employment relationship and the distribution of power between management and employees, the incidence and expression of conflict and the social and legislative regulatory framework within which the employment relationship exists (Wilton, 2010). According to Michael Armstrong, "Employment relations are concerned with managing and maintaining the employment relationship, which involves handling the pay work bargain, dealing employment practices, terms and conditions of employment arising from employment, providing employees with a voice and communicating with employees" (Armstrong, 2009). International Labour Conference in its 95th session held in Geneva in 2006 defined employment relationship as a legal notion widely used in countries around the world to refer to the relationship between a person called an employee (frequently referred to as a worker) and an employer for whom the employee performs work under certain conditions in return for remuneration. It is through the employment relationship, however defined, that reciprocal rights and obligations are created between the employee and the employer. Hartley and Stephenson (2000) defined employment relations as the process of motivation and control over the ways in which employment is carried out and rewarded in industrial society. It includes non-industrial employment settings and also individual as well as collective aspects of employment. According to Armstrong (2009), employee relations involves handling the pay work bargain, developing employment practices, terms and conditions of employment, arising from employment, providing employees with a voice and communicating with employees. Employment relation focuses on the behaviour of individuals, groups and organizations in employment. Hartley & Stephenson (2000) defined employment relations as the process of motivation and control over the ways in which employment is carried out and rewarded in industrial society. It includes non-industrial employment settings and also individual as well as collective aspects of employment. The American HRM literature refers to it when defining the corpus of HRM functional activities and associated interactions that exist between individual employers and employees at the level of the workplace (Abott, 2006). The British HRM literature, however, tends to apply a wider meaning that goes beyond the workplace, covering in its most extreme manifestation the type of interactions that can take place between the states, employer associations and organized labour (Abott, 2006). Fossum (1995) defined employee relations in the context of non union environment. Sundaray, Sahoo and Tripathy (2010) explain employee relations as the relationship of employees with the organization and with each other and includes the process of developing, implementing, administering and analyzing the employer-employee relationship, managing employee performance and resolving work place conflicts/ disputes.

Employment Relations: A Tryst with Modernity

The history of employment relations dates back to very ancient times. Abbot (2006) has very thoroughly undertaken a study on the aspects of labour- master relationship from the very early times. In the Middle Ages labour was underpinned by a cultural and social value system that conditioned people to accept their place in the social order. It also played a lead role in the determination and legitimising of the division of authority and subjugation between employer and worker- or master and servant in the terminology of the times. The employment relationship was thus predicated upon a

mutual obligation existed between employer and employee, with the legitimisation of authority of one over another being based upon the different status each held in the prevailing social order. This type of social system continued till the nineteenth century. With the inception of the industrial revolution things started to take a change. The emergence and growth of the factory system that came along with this revolution and the traditional relationship between servant and master shifted apart, and left behind a new political negotiation that enabled people to undertake new occupations and change their locality in search of employment. Cultural notions and social expectations of mutuality in the employment relations gave way to new notions of 'freedom of choice' and 'managerial prerogative', and the legitimacy of workplace authority based on status gave way to a new legitimacy based on the 'contracted' position held by managers with respect to those in their charge. Employees were free to negotiate a work contract to their liking within the context of accepting the 'prerogatives' of managers to organized and remunerate their efforts as they saw fit (Fox, 1974). Pockets of mutual obligations persisted in firms holding a paternalistic view of employment relations, and were widely found in firms forced by the power of trade union to collective bargaining. Elements of mutuality as a basis of legitimising workplace authority have emerged in more recent times as part of various employee participation schemes, industrial democracy decisional processes and HR practices. In the 21st century, the employment relation has adopted certain new perspectives towards employment relations symbolising its trust with modernity. These new dimensions or paradigms include:

1. An inclination towards Unitary Perspective by the employers/ management towards their workers and employees
2. Employment relations encompasses both formal and informal policies and practices of Industrial Relations, as well as Human Resource Management
3. An incorporation of democratic procedures and practices of collective bargaining along with individual bargaining
4. Settlement of disputes and grievances in a democratic manner
5. Policies and practices of employee voice
6. Formulating legal provisions for governing the employment relations in organizations
7. Recognizing the representation of worker/employee organizations
8. Independence/autonomy of representative organizations participating in collective bargaining on behalf of the workers
9. Agreed organizational rights and responsibilities through workers' education and awareness building.
10. A shift in the nature of negotiated agreements and their status from that of a casual and ad-hoc one that of greater commitment.
11. Development of Innovative Strategies as regards the last resort for workers in lieu of strike such as legal action or public demonstration with a well-worked out media strategy for maximum publicity as a way of pressurizing the other party in the negotiations
12. Increasing interest in 'new' actors in an industrial set up – customers, families, other interest groups - and in service sector, women and complexity of employment arrangements

These shifting trends towards employment relations have lend a great helping hand towards a sound management of labour-employer relations in industries. This phenomenon has become more fruitful in the industries which are small in nature, or are unorganized. The employers, or proprietors of such units, individually bargain with the workers and kept their business well on track. The industries are no more caught in the cobwebs of rules and regulations, or the adamant pressure tactics adopted by the trade unions to make their demands by accepted by the management. Another significant aspect or the outcome of this trend phenomenon is the declining influence of trade unions, which in recent years

have grown much ferocious. The unfortunate incidents at Maruti plant in recent years, or at jute mills in West Bengal also points out towards the ugly face of trade unionism in India. Employment Relations is definitely a way out of this chaos leading towards modernity.

CONCLUSION

Modernity, both as a concept and phenomenon, has brought revolutionary changes in the social, political, cultural and economic aspect of life. Traditionalism, although serving as the root of the civilization, is somewhat related to stagnation of things. With the employment relations replacing industrial relations, better relationships between labour and management have started to evolve. With the modernization of employment relations better workplace culture have started to come on the forefront. The romanticizing of employment relations with modernity or the tryst of employment relations with modernism is no doubt a noteworthy phenomenon in the annals of economic and managerial aspect in the country and the world.

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**ETHICAL ISSUES AND PRINCIPLES RELATED TO
ADVERTISING**

Manender Singh

Research Scholar, Department of Commerce, Kurukshetra
University, Kurukshetra, India
Email: manindersingh10190@gmail.com

ABSTRACT

Advertising is the paid, impersonal, one-way marketing of persuasive information from an identified sponsor disseminated through channels of mass communication to promote the adoption of goods, services or ideas. Advertisement is used to capture the attention to a product or service in a special and unique way to scale up the sale. Promotions are a major driver of a firm's integration to increase the sale. In a liberal and competitive environment, advertisement can be a leading technique to sell if it is distinctive, lucid and attractive to consumers. Ethical issues in advertising are contiguous to all businesses and customers. The purpose of this paper is to explain the ethical issues appertain to the messages.

The objective of this research is to look and explore the ethical issues related to the advertising for different aspects such as related to consumers, related to products, related to children etc. The purpose of the study is to obtain ethical issues related to advertising from different advertising experts, advertising agencies, researchers, scholars and advertising promoters' point of view. Furthermore, one perspective of the study is to define the importance and impacts of ethical issues related to advertising.

Our findings indicated that different number of industries, companies, firms and advertising organizations use ethics in their advertising to promote the product. The companies use the prospective ethical issues in their advertising to fulfill the legal framework. Today, consumers are more conscious and aware to purchase the products carefully. Therefore, the ethics related to advertising are helpful to build up the positive attitude and confidence of consumers. However we also discovered that companies, to build up the brand image, to survive in the market and to win the confidence of the consumers, use the ethics in their advertising. We have used the allover secondary data to describe the different numbers of ethical issues in advertising.

Keywords: Advertising; Theories & Principles of Advertising; Legal Issues; Code of Ethics; Message; Target Audience; Marketers and Advertisers

INTRODUCTION

The word 'Advertising' is derived from the Latin word 'Adverto'. Advertising consists of all the activities involved in presenting to a group a non-personal, oral or visual, openly sponsor identified message regarding a product, service, or idea. Advertising has been defined 'as any paid form of non-personal presentation and promotion of ideas, goods or service by an identified sponsor'. The advertiser may use the various types of advertising form such as product and institutional advertising, primary and selective demand advertising, comparative advertising and cooperative advertising etc. Advertising aims at committing the procedure, educating the consumers, supplementing the salesman, connecting the dealer to eliminate the competitor but above all, it is a link between the producer and the consumer"(RS Davar).

American Marketing Association (AMA) defined “Advertising is any paid form of non-personal presentation and promotion of ideas, goods and services by an identified sponsor”.

(Bovee, 1992, p. 7) defined “Advertising is the non-personal communication of information usually paid for and usually persuasive in nature about products, services or ideas by identified sponsors through the various media.”

Businesses are interesting in making money and advertising helps a great deal to sell products, but it can be just as harmful. Advertising is a form of communication that attempts to influence customers to purchase or consume more of a particular product or service. Every major medium is used to deliver these messages, including radio, television, magazines, newspapers, Internet and billboards. In terms of ethical standards, advertising has been rated the lowest on 14 ethical dimensions in the functional areas of business (Burnett and Pettijohn, 2003).

Ethics is a branch of philosophy that is concerned with human conduct, more specifically the behaviour of individuals in society. Ethics examines the rational justification for our moral judgments; it studies what is morally right or wrong, just or unjust. Ethics are the set of principles, rules, standard and values that guide actions and create a sense of responsible behavior. The Code of Business Conduct is extended through our Code of Ethics for Advertising to include the way in which we approach all our advertising and marketing communications. We are use the meta-ethics in advertising their products, services or ideas to the massage. The advertisers have to be especially careful to act ethically at all times, taking extra care when advertising to children, advertising potentially harmful products and using psychological tactics to stimulate demand.

However, there are companies that neglect their ethical responsibility by continually producing and airing unethical advertisements (Polonsky and Hyman, 2007). The ethical issues in advertising apply to companies globally and all consumers. The consumers should not be misled about the products or services that are being promoted.

Advertising should be designed to conform to the laws of the country and should not offend against morality, decency and religious susceptibilities of the people. Such type of advertisements is termed as ethical advertisements which contributes to a good corporate reputation, heighten morale and, thus, increases the business for the advertised product.

Serious consequences can result from the failure to follow ethical and honest procedure when dealing with the public. The final blame must rest with the public relation or advertising arm of any organization. They are the final filter through which information and facts flow out to the public. They are alone responsible for the accurate and honest reporting of information.

Jacki Gordon, Regional Sales Manager for Georgia Pacific’s Southeast region says that an honest business advertising strategy is a key part of attracting and retaining customers. “While many companies go for the quick and easy add campaign, sometime whitewashing, or even outright lying about the qualities of their products possess, using honesty and integrity is the only way to use advertising effectively” (Gordon).

There are many organizations that allow the advertising industry to police itself. Group such as the American Advertising Federation, American Communication Association and the American Marketing Association offer both consumers and advertisers a place to air complaints and file grievances against the real or perceived violations of advertising laws and practice norms. NARC (National Advertising Review Council) is one of the most powerful self-regulating organizations in North America. NARC’s mission is to foster Truth and accuracy in national advertising through voluntary self-regulation. The ASCI (Advertising Standards Council of India) is very broad based to cover the entire gamut of Media vehicles which carry advertisement, ranging from printing and publishing, audio visual, promotion or merchandising vehicles to even packing as a vehicle of promotion.

REVIEW OF LITERATURE

Ethics can be defined as “a set of prescriptive rules, principles, values, and virtues of character that inform and guide interpersonal and intrapersonal conduct”. The ethicality of advertising may be determined by the extent to which it harms consumers and they can be defined as (1) violation of autonomy by control or manipulation, (2) invasion of privacy, and (3) the violation of the right to know. Ethics is one of the branches of philosophy. These ethical issues include women exploitation, subliminal perception, Advertising to children, deceptive advertising, and other issues which can lead to moral deterioration of the society.

(Boddewyn, 1985) defined that the Governments did impose restrictions and rules in the marketing industry, but advertisers still find ways to use unethical advertising without tampering with legal issues. Firms need to decrease their ethical violations in advertising. Firms have to be more aware of ethical issues and put more effort in becoming more respectful to their consumers. Firms should monitor and police the extent of ethical violations deemed plausible for business, and they can let the market be aware of the manner in which they control their advertising ethics stature as a signal of their endeavor toward action and commitment of their corporate social responsibility perspective.

Nageshwara Rao.S.B. (1987) in his study on “The code of ethics in advertising”, suggested that the advertising should make the life of the consumer easier, more comfortable and pleasant. Thus, he emphasizes on ethics and honesty in advertising.

Anandsen Gupta (2002) in his research on “Ethics in advertising” stated that the success of advertising depends on public confidence and no practice should be permitted to resort to immorality and indecency. Advertisers should fulfill their obligations towards the society.

Madhusudhan.N.Pandya (2005) has concluded in his study on “Advertising” that ethical advertising is mostly influenced by values, opinions and judgments.

(Dr. Githui Donatus Mathenge,2013) defined that It is very difficult to identify what is or not ethical conduct in integrated marketing communicating as it varies from country to country. Ethical values as situation specific and time oriented. Nevertheless everyone both in business, marketing and specifically in advertising and marketing communications must have an ethical base that applies to conduct in the business world and in personal life morals.

(DR.N.A. ANBARASAN and DR. K. PONGIANNAN, 2012) conclude that Honesty, integrity and quality are the important features of ethical advertising. These features create value to all the stakeholders of the advertising media. Now-a-days only ethical based advertisements are highly welcomed by all the audience. Ethicality in advertising improves the quality of the advertisements in any media and enhances the brand image for the advertised product. Thus, it can be concluded that strictly adhering to ethical values in advertisements will increase the market share for the advertised product.

Research in advertising ethics covers all the functions of promotion. Advertising is one of the most integral parts of a business entity. Organizations all around the world spend billions of dollars every year to promote their products and advertising is one of the tools to promote their product globally. The role and magnitude of advertising expenditure have expanded thus introduction of new technologies has set a new playing field in which advertisers have to be up- to-date with new media such as advertising through web sites and also through mobile phones.

OBJECTIVES OF STUDY

1. To evaluate the major ethical issues related to advertising.
2. To define the principles of advertising ethics.
3. To describe the code of ethics for advertising.
4. To define the ethical theories of advertising.

5. To describe the importance of advertising ethics.
6. Safeguard against misrepresentation and misleading advertisements.

Major Ethical Issues Related to Advertising

The Message: - The message in the public notice is the most crucial component of the advertising strategy. The message of the commercial can be broken down into two different groups in which it communicates. Misleading statements and attractiveness are ways of communicating to viewers. Misleading statements are messages that are presented to viewers and the advertiser discloses their identity. Deception or misleading in advertising leaves viewers with other than reasonable knowledge, which is required to make a purchasing decision, about the product. These messages give consumers incorrect information about products or service, which persuade them to buy it. Advertisers are very skillful to be able to portray these products as healthy and life enduring even though they are not. This is a deceptive claim and does not make the advertisement ethical.

Also, honesty is something that these advertisers do not exactly follow. Advertisers are using words like “finest” and “number one,” which are incomparable and untruthful. These kinds of ads are directly affecting consumers and changing their purchase decisions. The issue occurs when these groups or individuals feel offended as to how they are being portrayed in the advertisements. As mentioned before, advertisement is changing the way people portray society, culture, and individual self. Stereotyping in advertisement includes the misinterpretation of how women, religious groups, and children function in society. The ethical issue in this is, these advertisements include idealised people performing or using products, which creates uncertainty to the audience and have caused many health effects. The message of advertising is the most important element in the communication process from businesses to consumers. The message holds the most glitches pertaining ethical values and is the most criticized.

Target Audience: - Marketing strategies include certain products and service to pertain to a specified target audience. Ethical issues exist amongst advertisements to certain target audiences. These include children, women and senior citizens or the elderly. Many statistical studies have proven that children watch the most commercials on television. This allows advertisers to strategically place commercials on television for children’s products. Targeting children is seen as profitable since children have an effect on families. Advertising to children through television commercials, magazines, and Internet is a concern for parents and society, because children have not judgments abilities. Children should not be misled and advertisers should not misrepresent products advertised to children.

When targeting women, there is an enormous ethical issue. Women are used in ads mostly as things and sex objects. Models are portrayed flawless and perfection of the physical appearance is strongly suggested. Women do find these ads insulting, but continue to buy the products. Although, the ads cause no harm immediately, but after time with continuous ads of women is portrayed as sex object, it has affected all of society. These ads have caused much health and decrease in self-esteem. Women should be portrayed through their natural beauty.

Senior citizens or in other words the elderly are vulnerable consumers to pharmaceutical products. Advertisers use abusive and fear-inductive ads that make the elderly anxious, and tense. It is unethical to promote pharmaceutical products in such an unpleasant manner. The elderly should not be persuaded to purchase products or service through shocking advertisements.

The Product or Service: - The ethical issues related to products or services can vary immensely depending on cultures. For example, in some eastern cultures advertisements for women’s under garments, contraceptives and sexually related products are found to be offensive and inappropriate. These countries do not advertise such sensitive and personal products publically. While in other liberal cultures in western countries do not find such advertisements insulting. Whether the society accepts such products; it should be in line with the law. Ethical issues arise in all societies liberal or conservative depending on how graphic and arousing this

Advertisements can be. It is unethical to have billboards in public places that can make people feel sexually aroused or offended and uncomfortable. Advertisements for cigarettes and alcohol are very controversial at the same time. These products are targeted towards young adults, through persuasive advertisements, leading teenagers to believe it is in trend to smoke and drink. New public policies have changed the way tobacco and alcoholic beverages are to be advertised. Advertisements for alcohol include a message to drink responsibly. Cigarettes have new laws to include and specify health risks faced with smoking.

Even though laws have been enforced concerning these two controversial products, it does not solve the problems. Drunk driving accidents statistics are increasing and young teenagers are victims of such accidents. Drinking and smoking are advertised to be appealing and fashionable, and young adults are persuaded to use the products.

Principles of Advertising Ethics

1. Advertising, public relations, marketing communications, news and editorial all share a common objective of truth and high ethical standards in serving the public.
2. Advertising, public relations and all marketing communication professional have an obligation to exercise highest personal ethics in the creation and dissemination of commercial information to consumers.
3. Advertisers should clearly distinguish advertising, public relations and corporate communications from news and editorial content and entertainment, both online and offline. As we continue to blur the line between commercial communication and editorial content, consumers are increasingly being misled and treated unethically. To avoid consumer confusion and mistrust, the industry must strive to clearly separate paid advertising from actual news.
4. Advertising should clearly disclose all the material conditions, such as payment and receipt of a free product affecting endorsement in social and traditional channels, as well as identity of endorsers, all in the interest of full disclosure and transparency. The popularity of social media and word of mouth marketing raises questions about the credibility of content. Advertisers must be transparent about whether bloggers are expressing their own opinions or are being compensated by a brand. There must also be full disclosure regarding the authenticity of comments on facebook, twitter and other social media platform.
5. Advertisers should treat consumers fairly based on the nature of the audience to whom the ads are created and the nature of the products and services advertised. Extra care must be used when advertising to children and other vulnerable audience to avoid misleading and mistreating them. Advertisers should also use discretion based on the nature of the products and service, especially alcohol and prescription drugs.
6. Advertisers should never compromise consumers' personal privacy in marketing communication, and their choices as to whether to participate in providing their information should be transparent and easily made. As marketers develop increasingly advanced means of online behavioral targeting, consumers worry about their privacy. In response to consumer concerns and government warnings, marketing and media trade association are launching an online self-regulatory initiative to give consumers greater control over the collection and use of online viewing data.
7. Advertisers should follow the federal, state and local advertising laws and cooperate with industry self-regulatory programs for the resolution of advertising practices. The federal trade commission, better business bureau and food & drugs administration are just a few of the regulatory bodies that advertisers can look to for guidance regarding ethical practices. The advertising industry has also created an exceptional regulatory program called the national advertising review council (NARC) that cover, both adult and children's advertisements.

8. Advertisers and their agencies, and online and offline media, should discuss privately potential ethical concerns and the members of team creating ads should be given permission to express internally their ethical concerns. Taking the time to discuss and resolve the ethical dilemmas is essential to practicing the highest ethical standards.

Code of Ethics for Advertising

1. Our Code of advertising Conduct reflects the values that sit at the heart of Liberty Global and embodies our commitment to conduct business with honesty and integrity, in accordance with high ethical and legal standards, and with respect for each other and everyone with whom we do advertising.
2. The Code of Business Conduct is extended through our Code of Ethics for Advertising to include the way in which we approach all our advertising and marketing communications.
3. We adhere to the principles of the International Chamber of Commerce's Code of Advertising and Marketing prescribing that all marketing communications should be legal, decent, honest and truthful.
4. In all of our advertising activities and contact with customers, we aim to meet the very highest standards in truthfulness and honesty. We seek to substantiate all claims before they are aired or published and we do not make or endorse any communication that misrepresents the characteristics of any product or service or omits facts that could mislead our customers.
5. We are committed to ensuring that our advertising activities are decent and responsible and we make every effort to ensure the images and language used does not go beyond what the vast majority of people consider acceptable. Nothing we do is intended to encourage prejudice, violence, cruelty, or to cause offense or distress.
6. Additional care is taken in all advertising and marketing communications to be sensitive to children and vulnerable groups. We always seek to avoid any activity that could take advantage of their inexperience or cause them any distress.
7. We work to ensure that the principles underpinning our Code of Business Conduct are fully embraced by all directors, officers and employees of each company within our Liberty Global group and that any comment from our stakeholders, referring to the way we advertise or communicate, receives a swift and helpful response.

Ethical Theories of Advertising

Deontology Theory: - Deontology is the most associated with German Philosopher Immanuel Kant. The basis of this theory is we have a moral obligation to do the right thing. According to Kant actions have true moral worth only if they come from good will. I feel advertisers should act with good will all the time, but unfortunately others who only have the interest of the company can away from doing the right thing. Critics of this theory say it is too rigid and it does not take into account cultural differences. Everyone's moral are not the same. This theory has good intention, but not the best for advertising.

Communitarianism Theory: - This theory says that we have a responsibility to the community. We should do what is best for the community and not for ourselves. In this theory, one principle is to have a like-minded philosophy to the public. Another principle is the "individual I" does not exist, only the "common I". As good as it sounds, this theory has few criticisms. The definition of community, and what if the community mind is wrong are, two issues that arise. When people look an ad, everyone will not have the opinion. Some absolutely love it, others will hate it and hand a handful could care less. Communitarianism sounds good at first when applying it to advertising, but as you did deeper you can see this would not fit.

Utilitarianism Theory: - This theory says that the greater good is the only concern. If using Utilitarianism, the right course of action will lead to the greatest pleasure or least amount of pain. This takes into account the majority rather than the minority, which if thinking about the government, this is commonly how things play out. I believe this is the theory that most fits the modern advertising. The majority of ads today get their fair share of complaints unless it is just so offensive to viewers that it causes uproar.

Importance of Ethically Advertising

1. Ethics is known as moral philosophy, one that is held in high regard within mass media, communications and its prospective profession. Due to the diversity of world both demographic and psychographic, ethics is very subjective philosophy. In the advertising ethics is an extremely vital aspect for which reputation, credibility and success thrive on.
2. The subjectivity of ethic sin advertising is very controversial, highly debated issue. Most in the field of advertising are on a content struggle in regard to what is ethical, not just to oneself or group but to the masses.
3. It is the important to appeal the largest audience possible and be politically correct. One unethical choice could cost advertisers, not only money but their reputation and cliental. There have been countless cases in which advertisers and the companies in which they represent have been deem unethical their advertisements. Truth in advertising is not always “black & white” more so “grey”.
4. There are many companies that choose to aligned themselves with social issues and do so with one that are neutral in nature. There is also a responsibility by advertisers to maintain a strong respect for different “cultures, religions and morals” that consumers have. It is also important to ensure that the general public is not affected negatively by what is produced creatively.

Safeguard Against Misrepresentation and Misleading Advertisement

1. Advertisements must be truthful. All description and claims comparisons which relate to matters of objectively acceptable fact should be capable of substantiation. Advertisers in advertising agencies are required to produce such substantiation as a man called upon to do so by the Advertising Standards Council of India.
2. Where are advertising claim expressly stated to be based on or supported by independent research or assessment, the source and date of these should be indicated in the advertisements.
3. Advertisements shall not, without permission from the person, firm or institution under reference, contain any reference to such person, firm or institution which confers unjustified advantage on the products advertised or tends to bring the person, firm or institution to disrepute.
4. Advertisements shall not distort facts nor mislead the consumer by means of implications or omission. Advertisements shall not contain statements or visual presentation which directly or by implication or by omission or by ambiguity or by exaggeration are likely to mislead the consumers about the product advertised or the advertiser or about any other products.
5. Advertisement shall not be framed as to abuse the trust of consumers or exploit the lack of experience or knowledge.
6. In manufacturing and distribution of goods and services it is possible that there may be an occasional, unintentional lapse in the fulfillment of an advertised promise or claim.

CONCLUSION

This research paper concludes that there are numbers of prospective ethical issues, principles, code of conduct that the advertisers use in advertising their products and services to safeguard the

advertisements and fulfill the legal framework of the advertising associations such as NARC, FTC, ASCI etc. Advertisers use the prospective ethical value to communicate their message to the audience and treat with the honesty, truthness, integrity with the target audience and use high ethical standards to different type of consumers and audience such as men, women, children, senior citizen etc. Advertisers fully disclose the prospective ethical issues in their advertising to win the confidence of the audience and to meet the government legal & ethical framework.

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***Abhinav National Monthly Refereed Journal of Research in
Commerce & Management***

**IMPACT OF SOCIAL MEDIA ON CONSUMER'S BUYING
DECISIONS**

Nufazil Altaf

Student, Central University of Kashmir, Srinagar, India

Email: nahangar113@gmail.com

ABSTRACT

On a daily basis in present-day, 100,000 tweets are sent, 684,478 pieces of content are shared on Facebook, 2 million search queries are made on Google, 48 hours of video are uploaded to YouTube, 3,600 photos are shared on Instagram, and 571 websites are created (James 2012). Social media introduced a new, complex and uncontrollable element in consumer behavior presenting a new challenge both to the academia and the marketers. This study is an attempt to identify their role and describe their impact on consumer buying decision. This research gives explanation on how individuals are attending, processing, and selecting the information on social media before a purchase. The findings indicated that individuals pursue an active role in information search on social media comparing to mass media. To satisfy the research data has been collected from both the primary and the secondary sources. Secondary sources of data have been collected through use of internet, consulting past studies on the subject and also books have been used, primary data has been collected from 100 respondents through questionnaire by direct survey method. The findings of the study can be used by marketers and media planners for effective marketing results.

Keywords: Social Media; Consumer Behavior; Marketing; Buying Decisions

INTRODUCTION

Social media provides a virtual network place where people can enjoy expressing and exchanging opinions disseminate and control messages reach out to friends or family through social media, sometimes on a daily basis. On a daily basis in present-day, 100,000 tweets are sent, 684,478 pieces of content are shared on Facebook, 2 million search queries are made on Google, 48 hours of video are uploaded to YouTube, 3,600 photos are shared on Instagram, and 571 websites are created (James 2012). As opposed to traditional media, social media allows conversation readers/viewers/listeners to participate in the creation or development of the content.” McKinsey (2011) reveals that as companies carry on their business and interact with individuals, they generate a tremendous amount of digital “exhaust data” i.e. data created as a byproduct of other activities. Social media sites smartphones and other consumer devices have allowed billions of individuals around the world to contribute to the amount of big data available. In the early 1990’s, when World Wide Web (WWW) was introduced in India, the percentage of people using internet was just 0.2%. Gradually, the reach of internet started increasing and is around 10% of the Indian population at present and most of the internet users view/follow social media sites. The percentage of Indians using internet is projected to reach 19% by 2015 and to 25% by 2020. The technical revolution during the last decade has drastically bought marketers to a new era Traditional advertising via mass media is on decline; Sergio Zyman (1999), former Chief Marketing Officer, Coca Cola, believes, “The era of marketing as we have known it is over, dead, kaput – and most marketers don’t realize it...” he further clarifies that technology has given people many more options than they had in the past and has created a *consumer democracy* in which people around the world constantly use social-media platforms to *seek and share information*

from discussing consumer products to organizing political movements (see Chui and Manyika 2012). Social media tools have become superb channels for marketers to reach consumers. The article titled, "Expand your Brand Community Online" states that social media is important for marketers because it allows them to dialogue directly with consumers, which in turn engages consumers directly with company brands (Hanlon, Patrick, Hawkins, & Josh, 2008). Many companies, such as Audi and Dunkin' Donuts have used social media very effectively to reach consumers. According to Wasserman (2011), out of all other brands on Facebook, Audi's fans are the most engaged of all major corporate brands on Facebook. Internet offers favorable solutions to marketers these days. Marketing through social media would be an alternative perspective of interfacing with individuals, and yet the most influential applications of social technologies in the global economy are largely untapped (Chui and Manyika 2012). A company that uses social media is more likely to create relationships with members of its target demographic rather than traditional media where conversations between the medium and the audience are unlikely. Now, social media outlets such as Facebook and Twitter have made it easy for consumers to post product reviews and reach out to other like-minded individuals in their communities. As social media infiltrates our lives as consumers, before people make purchases, they are increasingly reaching out to their social media communities for opinions (Drell, 2011).

REVIEW OF LITERATURE

Over the last few years, researchers and practitioners have written on variety of issues related with social media and social media marketing. Researchers have explored the consumer behavior and attitude toward social media sites and implications for marketers (e.g. Chung and Austria, 2010; Hensel and Deis, 2010; Kyle and Michael, 2010; and Diffy and Kearns, 2011). Boyd and Nielsen (2006) reported that the top ten social networking sites developed with the passage of time, and its number of users increases from 46.8 million to 68.8 million. This rating reveals the important information about how new generation interacts with each other. Hensel and Deis (2010) are of view that marketers should consider positively the use of social media to influence the consumer behavior. There are benefits, drawbacks, and challenges associated with any social media strategy, and these must be addressed before a specific social media strategy is implemented. Businesses need to assist in facilitating the social media inputs and discussions. In addition, social media strategies should also be used to track a business presence online, and to make sure that clients are not degrading the branding value. Chung and Austria (2010) have conducted a study to determine the factors related with social media gratification and attitude toward social media marketing messages. The results of the study show that attitude toward social media marketing messages are strongly related to social media usage gratifications such as interaction and information, but not entertainment gratification. Diffley and Kearns (2011) studied focused groups of different age groups for their perception about social networking sites. They suggest that companies must seek to integrate advertisements and engage consumers rather than disturbing on their privacy or irritate customers. If a company can engage consumers, they will choose to listen to the messages that are being told and potentially pass these messages on to others. The potential of social networking sites to be utilized as an effective marketing tool is in involving consumers to participate in marketing on social networking sites. A different approach is required by companies that 'pull' consumers in rather than 'push' marketing messages onto them. Consumers and businesses around the globe have been more connected than ever before with the presence of Internet. An average Internet user has 669 social ties (Hampton et al. 2011); Facebook has more than 600 million daily active users, with over 1.5 million business pages (Facebook 2013), and 30 billion pieces of content shared on a monthly basis (McKinsey 2011). Approximately 500 million Tweets sent per day, at about 600 Tweets per second (Tweeter 2012). LinkedIn has more than 225 million professionals worldwide, including all Fortune 500 companies (LinkedIn 2013). The global average time spent per person on social networking sites is 6.9 hours per month (Delaney and Salminen 2012). Changes in consumer behavior due to social media are one of the most important aspects in the marketing.

RESEARCH METHADODOLOGY

A descriptive research was undertaken to meet the objectives of this study with the collection of both secondary and primary data. The primary data was collected from respondents through a questionnaire designed for a sample of 100 respondents, representing the genders, different age groups, education level, and monthly income. A structured questionnaire with a five point balanced likert scale for measuring impact of social media on consumer behavior has been used. The data collected from the respondents are tabulated and analyzed into logical statements using percentage and mean score analysis. Secondary data was collected from the available literature, journals and web search.

OBJECTIVE

The study has been carried out keeping in mind the following primary objective:

To understand the impact of social media on consumer behavior

DATA ANALYSIS

Table 1.

Statements	Percentage of respondents					Mean score
	Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)	
1) I am a regular reader of blogs on Internet.	35	35	15	10	5	3.85
2) I use social media to write blogs.	31	22	26	10	11	3.52
3) I use social media to view online Advertisement.	25	25	22	19	9	3.58
4) I use social media for interacting with others	45	30	10	8	7	3.81
5) I use social media to seek opinions about product/services	25	26	21	14	14	3.34
6) Advertisements through social media are more Interesting than traditional advertising.	40	20	5	25	10	3.55
7) Social media advertisements are more interactive than traditional advertising.	42	35	3	15	5	3.94
8) Social media advertising is more informative than traditional advertising.	51	42	1	5	1	4.37
9) Social media is more reliable as compared to traditional media like newspaper, TV, Radio etc.	30	20	21	15	14	3.37
10) I refer to the opinion of experts on social media sites while considering any product or service.	41	32	18	2	7	4.00

Table 1. (Contd....)

Statements	Percentage of respondents					Mean score
	Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)	
11) I refer to number of likes/ dislikes while considering any product or service.	22	45	16	5	12	3.60
12) I am subscribed to updates and alerts regarding a brand or product through social media networking sites.	62	32	2	1	3	4.49
13) I respond to queries and promotional offers received through social networking sites.	20	26	12	23	19	3.05
14) Organizations that use social media for marketing purpose are more innovative than others who are not using it.	21	30	9	12	28	3.04
15) Organizations that use social media for marketing purpose are more reputed than others who are not using it.	24	21	20	19	16	3.18

Interpretations of Statements in Table 1

Statement 1 depicts that respondent's agree with the statement that they regularly read blogs on interne, implies that blog advertisement attracts the consumers and can influence their buying decisions

Statement 2 depicts that respondents agree with the statement that they use social media to write blogs. This implies that marketers can get there feedback from consumers from social media sites

Statement 3 depicts that respondents agree that they use social media to view advertisement, marketers can use this platform to influence the buying decisions of consumers and position there products in the mind of consumers

Statement 4 depicts that respondents agree that they use social media to interact with others. This implies that they can share the information of products with the ones they are connected on social networking hub

Statement 5 respondents also agree with the statement that they use social media to seek opinions about product/services. This is an important indication for marketers to build up their customer service windows on social hub

Statement 6 respondents agree that advertisements through social media are more interesting than traditional advertising. This means social media advertisement have been able to influence the buying decisions of consumers to a large extent than traditional advertisement.

Statement7 respondents agree that social media advertisements are more interactive than traditional advertising. This implies that social media advertisements by an large extent been able to interact with consumers then traditional advertisements

Statement 8 respondents agree that social media advertisements are more informative than traditional advertising. This implies that social media advertisements by an large extent been able to provide information to consumers about their products/services

Statement 9 respondents agree that Social media is more reliable as compared to traditional media like newspaper, TV, Radio etc. so we can say that social media is has proven to be more powerful advertisement tool then traditional print media

Statement 10 respondents strongly agree that they refer to the opinion of experts on social media sites while considering any product or service. This is an implication to the marketers, to provide with the expert opinion pages on social sites

Statement 11 respondents agree that they refer to number of likes/ dislikes while considering any product or service.it implies that past performance of the product/service has an effect on the buying decisions of the consumers

Statement 12 respondents strongly agree that they are subscribed to updates and alerts regarding a brand or product through social media networking sites. This implies that consumers keep themselves updated regarding the product/services they use.

Statement 13 respondents agree that they respond to queries and promotional offers received through social networking sites. This implies that updating influences the buying decisions as the consumer is updated with your offerings

Statement14 respondents agree that organizations that use social media for marketing purpose are more innovative than others who are not using it. This implies that consumers believe that social media marketing is an innovative idea to promote a company's products/services.

Statement 15 respondents agree that organizations that use social media for marketing purpose are more reputed than others who are not using it implies that social marketing helps in building goodwill for an organization

FINDINGS OF STUDY

The findings are tabulated using likert scale for measuring the awareness of consumers towards green marketing

(Highest Rating is 5-Strongly Agree and 1-Strongly Disagree)

s. no	Description filled by respondents	Mean score(5) is considered as highest score
1	I am a regular reader of blogs on Internet.	3.85
2	I use social media to write blogs.	3.52
3	I use social media to view online Advertisement.	3.58
4	I use social media for interacting with others	3.81
5	I use social media to seek opinions about product/services	3.34
6	Advertisements through social media are more Interesting than traditional advertising.	3.55
7	Social media advertisements are more interactive than traditional advertising.	3.94
8	Social media advertising is more informative than traditional advertising.	4.37
9	Social media is more reliable as compared to traditional media like newspaper, TV, Radio etc.	3.37
10	I refer to the opinion of experts on social media sites while considering any product or service.	4.00

11	I refer to number of likes/ dislikes while considering any product or service.	3.60
12	I am subscribed to updates and alerts regarding a brand or product through social media networking sites.	4.49
13	I respond to queries and promotional offers received through social networking sites.	3.05
14	Organizations that use social media for marketing purpose are more innovative than others who are not using it.	3.04
15	Organizations that use social media for marketing purpose are more reputed than others who are not using it.	3.18

CONCLUSIONS AND IMPLICATIONS

The motive of the research was triggered by personal interest in how social media impacts the consumer's buying decisions. The amount of information available to us increases in each new day; as a result, we are overwhelmingly exposed and attained to different aspects of information via the Social Web. The accessibility and transparency that social media offers has led changes in how consumers position themselves in today's market, in which it is inevitable and necessary for companies to equip with a new marketing mindset. The central gravity of the research was to explain social media's impact on consumer decision making process. Additionally, the research, perhaps, could help company to gain new insights from this perspective and to identify potential pitfalls and opportunities via social media, for instance to develop appropriate ways to tab into the decision making process at the right time or to have a better understanding of why their social media marketing campaigns may not be executing as they would have anticipated. To satisfy the study Research questions were designed to narrow down the subject and to help the researcher to identify the explanations of the issue. To begin with, social media has brought profound changes to both consumers and businesses Therefore there is a need for social marketing and a need for a shift in the business organizations behavior and attitude towards promoting their products.. Apart from this, social media plays an important role in influencing the consumer's buying decisions. Consumer's regularly read the blogs on internet to view online advertisements. They use social media to provide feedback about the products/services they use. Some of the respondents use social media to view online advertisements to keep themselves aware of the new products/services. Consumers also seek opinions about products/services via social media. Social media has revolutionized the world of advertisement and has moved a far away from traditional advertising. It is agreed that social media is more informative. Interactive and more reliable than traditional marketing tools. Consumer's analyze the past performance of product/services via social media by checking likes and dislikes for it. Various subscriptions are made by consumers to keep themselves updated with the new launches and the changes in the existing products/services. Consumers are of view that innovative firms use social media as their marketing tool. Public image of the company is also build through social media. The digital world has bought the change in every sphere. Its impact on consumer's buying decisions cannot be nullified.

RECOMMENDATIONS

Based on the results of the study and the literature reviewed, we suggest the following measures for effective implementation of social media marketing:

1. Set specific objectives. Your objectives should be clear in terms of financial or non-financial result you expect from Social media campaign.
2. Allocate sufficient resources in terms of time, money and man power. There should be a separate social media marketing department and budget allocated to it.
3. Conduct a research to identify the areas required to be focused during the campaign.

4. Make a Social Media Marketing Plan – What, When, Where and How of SMM campaign i.e.
 - What kind of Information will you share with the audience?
 - When is the time to target the traffic on social media sites?
5. Make Internal Collaboration - All the employees of the organization should be part of SMM plan. They are the real advocates for the company and for the SMM campaign.
6. Integrate and synchronize the social media marketing with other marketing communication messages across the channels, online as well as offline.
7. Build Relationships.

(Suggested Do's : Start- interaction, participate, be true, listen to your customers, make them feel special, provide customer services, give timely response/information, involve and engage your customers in co-creating the marketing events and content, make your customers a part of your organization, provide proper feedback and rewards to your customers, and value their interest and privacy)

(Suggested Don'ts: Do not disturb your customers without their permission or interest, do not irritate your customers by passing unnecessary comments, videos, pop-ups and advertisements, do not share customer information and data without their permission, and do not interfere in their other social activities on social networking sites.)

8. Appoint technically expert people to keep 24*7 checks on the SMM content, have control over negative word of mouth, keep check on competitors SMM activities, and present your stuff uniquely)
9. Watch the changes in financial results - sales and revenue during the SMM Campaign. Keep following the non-financials like number of fans, unique visitors, Comments, Likes, rankings etc.

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**CONSUMER BEHAVIOUR IN KERALA TOWARDS
SELECTED GOODS**

Jisana T. K.

Research Scholar, PSMO College, Tirurangadi,
Malappuram (University of Calicut), India
Email: jisanaatk@gmail.com

ABSTRACT

Consumer behaviour reflects the totality of consumer's decisions with respect to acquisition, consumption and disposition of goods, services, time and idea by decision making units. Consumer's preferences and demands are changing rapidly. To understand their changing behaviour detailed market studies are essential. This paper explains consumer behaviour in Kerala towards selected essential goods. Consumers were selected from Kozhikode district for the study. Some essential goods like rice, sweets, furniture, chappals etc. were selected for the study. This study clearly shows the changing behaviour of consumers. The study shows that in recent years a 10% reduction in consumption of rice is happening due to health problems and new generation fast foods. In Kerala highest numbers of chappal factories are in Kozhikode district. Around 3000 females are working in different departments of chappal factories. Monthly sale and consumption of sweets, furniture, hardware and bicycles were also included in the study.

Keywords: Consumer Behaviour; Consumption Pattern; Brand

INTRODUCTION

In today's competitive environment consumers preferences and demands are changing rapidly. Consumption is the soul and purpose of all production. A consumer is one who does some physical activities and deliberates to take decisions concerning purchase and to dispose off on to evaluate products and services. Consumer behaviour reflects the totality of consumer's decisions with respect to acquisition, consumption and disposition of goods, services, time and idea by decision making units.

Leon G Schiffman and Leslie Lazer Kanuk defined consumer behaviour as the behaviour that consumer display in searching for, purchasing using, evaluating and disposing of products and services that they expect will satisfy their needs. Consumer behaviour focuses on how individuals make decisions to spend their available resources (time, money, effort) on consumption-related items that includes what they buy, why they buy, when they buy it, where they buy it, how often they buy it, how often they use it, how they evaluate it after the purchase and the impact of such evaluations on future purchases, and how they dispose of it. The markets are customer driven these days and the target of all marketing activities is consumers. To understand the consumers, are not easy jobs as his behaviour is mostly unique and unpredictable. Marketers therefore should consider the consumers and then develop their plans of action. Here lies the essence of marketing. The consumer is the king and all actions should start with this notion in mind.

Population in Kerala (Census 2011)

Rural	17,471,135	52.30 %
Urban	15,934,926	47.70 %
Total	33,406,061	100

Population in Kozhikode (Census 2011)

Rural	1,013,721	32.85 %
Urban	2,072,572	67.15 %
Total	3,086,293	100

The above census data says that in Kerala 52.30% of total population is residing in rural area and 47.70% are in urban area. In Kozhikode district 67.15% of total population is living in urban area. Only 32.85% are living in rural area.

OBJECTIVES OF THE STUDY

1. To analyze the consumption pattern of consumers in Kozhikode district towards selected goods
2. To find out preferences of consumers towards selected goods
3. To study the changes in consumer behaviour

RESEARCH METHODOLOGY

Secondary data was used for the study and for collecting data books, articles, newspapers etc. were used. From 14 districts of Kerala, Kozhikode district was selected for analyzing consumption pattern and preferences of consumers.

List of Goods

Today individuals needs and wants are changing day by day. By simply watching the market we can understand that yesterday's luxurious products are today's needs and tomorrow's essentials. Due to technological development tremendous changes are happening in the lifestyle of public and these changes lead to change in consumption pattern of consumers.

This paper analyzes consumption pattern and preferences of consumers in Kozhikode district towards some items like rice, chappals, bicycles, spectacles, furniture and hardware.

- Rice
- Chappals
- Bicycle
- Spectacles
- Furniture
- Hardware

Rice

Rice is an essential food item consumed by almost all the people in Kerala. Generally people are using rice twice in a day in their food menu. But today the food habits of people are changing due to several reasons. Health problems and new generation fast foods are the two main reasons for this change. Most of the people has reduced rice as once in a day. In recent years a 10% reduction in consumption of rice is happening in Kozhikode district.

In the older days Kozhikode was the godown for rice in Kerala. Rice coming from Andhra, Tamilnadu and West Bengal were stored in Kozhikode and was distributed to different districts of Kerala. The main centre was 'Valiyangadi' in Kozhikode. Kuruva is the favourite rice of Kozhikode. The Matta rice which is produced in Kerala is not at all preferred by consumers in Kozhikode. Around 10% of people are not using rice in their food menu.

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Table 1. Arrival of Rice to Kozhikode

State	Percentage
Andra	50%
Tamilnadu	20%
Karnataka	10%
Bengal,Gujarat	20%

Table 1 shows the arrival of rice to Kozhikode. Majority of the rice (50%) is coming from Andra. Other sources of rice are Tamilnadu (20%), Bengal and Gujarat(20%) and Karnataka(10%).

Table 2. Types of Rice

Type	Percentage
Kuruva	60%
Ponni	20%
Others	20%

Table 2 shows different types of rice available in the market and their share in the market. 'Kuruva' is the most demanded and preferred rice in the market. Kuruva holds 60% of the entire rice market. 'Ponni' rice is having 20% of market share and other types of rice constitutes the rest of the rice market (20%).

Table 3. Sale of Rice (Monthly Average)

Quantity	Year
1.83lakh (sack of 75 kg)	2010
1.66 lakh(sack of 75 kg)	2011
1.51 lakh(sack of 75 kg)	2012
1.37 lakh(sack of 75 kg)	2013
1.25 lakh(sack of 75 kg)	2014

From the above table it is clear that sale of rice is decreasing every year. This is the monthly average sale of rice in Kozhikode. In 2010 1.83 lakh sack of rice was sold in a month. In the next years a significant reduction is happened in the sale of rice and in 2014 it is reduced to 1.25 lakh sack of rice.

Chappals

Today people have developed the habit of using chappals. They choose modern variety of shoes and chappals. In the past none except a few had the practice of wearing chappals or shoes. In Kerala highest number of chappal factories are in Kozhikode district. Total number of chappal factories in Kozhikode is 150. In a month an average 12 lakh chappals are sold in Kozhikode district. (Rs.250 is the price estimated for a chappal.). In Kozhikode district 65% of total chappal sales are in rural areas.

Rubber chappals: The main change occurred in the chappal market is decrease in the sale of rubber chappals. The sale of rubber chappals is below 1%. Before 15 years 90% was the participation of rubber chappals in chappal market. Today chappals made by using polyurethane are having highest sales. Polyurethane chappals are having long life.

Female consumers and chappals: The control of chappal market is in the hands of female consumers. In recent years each factory in the district is introducing a new design chappal in every week for female consumers. Female consumers are giving importance to design of the chappal rather than its life.

Another important factor is the participation of females in chappal factories. Around 3000 females are working in different departments of chappal factories.

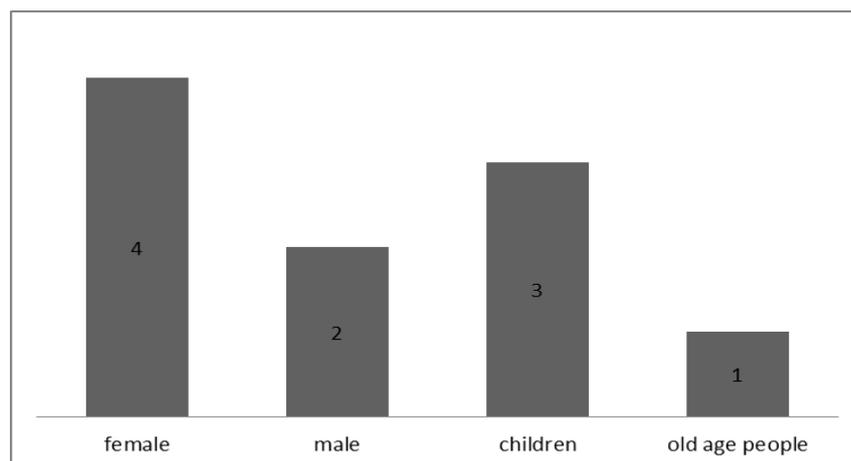


Chart 1. Average Usage of Chappals

The above chart depicts the average usage of chappals by different categories of consumers. Female consumers are having an average of 4 chappals. The second place in usage goes to childrens. They are having 3 jody chapplas. Male consumers are using 2 chapplas and most of the old age people are using single chappal.

Table 4. Sale of Chappals

Category	Percentage
Chappals	50%
Shoe	20%
Sandals	30%

Different categories of chappals are available in the market. Among the total sale, chappals holds 50% and sandels holds 30%.The rest is the sale of shoes (20%).

Table 5. Market Share of Chappals

Material	Percentage
Polyurethane	90
Stykone	3
Vergin PVC	7

Different types of materials are used for making chappals. Today 90% of the chappals are made by using Polyurethane material. Vergin PVC and Stykone holds 7% and 3% respectively.

Bycycle

In this era of technological development numbers of modern vehicles are increasing. But still people are using bicycles as a vehicle. In the past 5 years there is a high increase in the sale of high priced and low priced bicycles. Childrens are the main users of bicycles. In the urban area of Kozhikde district, the sale bycycles in a year is between 10000-15000.In a year 30000 number of bicycles are sold in Kozhikode district.

Table 6. Usage of high priced bicycles

Price range	Number
10000-13000	2000
13000-25000	500
25000-1.15 lakh	150
1.25 lakh	3

The above table shows usage of high priced bicycles by the consumers in Kozhikode district. Currently 2000 bicycles are used by public in between the price range of 10000-13000. In between the price range of 13000-25000, consumers are having 500 bicycles. Consumers are having 150 bicycles in the range of 25000-1.15 lakh. At present the highest price of bicycle is 1.25 lakh and such types of 3 bicycles are used by the consumers in Kozhikode district.

Among high priced bicycles, the 3 types are Road Bike, Mountain Bike and Hybrid Bike. In Kozhikode the most favourite bicycle is Mountain Bikes, but the credit of high sales goes to Hybrid Bikes.

In Kerala only Kozhikode district is having flat, rolling and climb roads for scientific bicycle riding. Bicycles protect the earth by reducing carbon. But there arise a complaint that government is not considering bicycles. Earlier the import duty of bicycles were 10-15 % and now it is increased to 30%. Due to the increase in import duty there is decrease in import of branded bicycles.

Spects

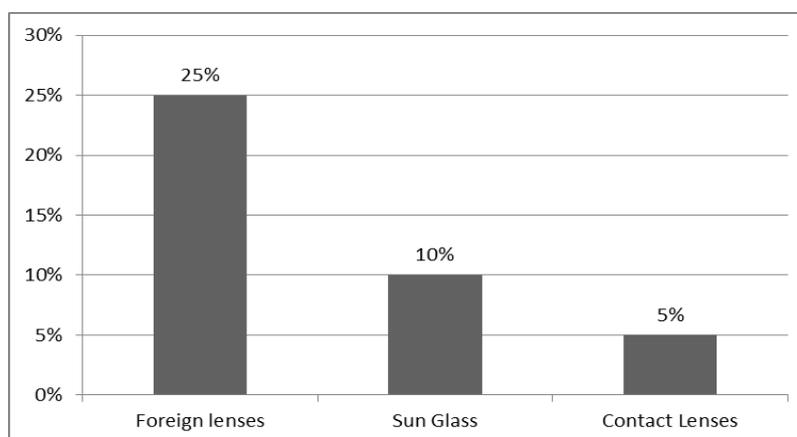
In Kozhikode district, if we are taking 10 peoples 6 of them are using specs due to several reasons. Long sight is the main problem faced by people in the district and major part of specs sale is due to this problem. The total sale of specs is between 10000-11000 numbers and the price ranges between 300 to 45000. In eye hospitals the average number of patients in one day is 200 to 300.

Table 6. Sale of Lenses (Monthly Average)

Lense	Number
Single Vision	5000-5500
By Focal	3000
Progressive	500-1000

As the above table indicates 3 different types of lenses are available in the market and they are single vision, by focal and progressive lenses. Among them single vision lenses are having highest sales ie in between 5000-5500. By focal lenses are having an average monthly sale of 3000 numbers. Monthly average sale of progressive lenses are in between 500-1000 numbers.

Chart 2. Market Share of Lenses



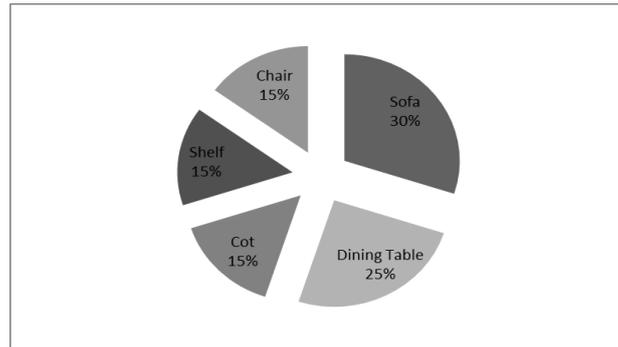
The above chart shows that foreign lenses are having highest market share of 25%. The market share of sun glasses and contact lenses are 10% and 5% respectively.

Furniture

In Kerala Kozhikode district is famous for wood industry. The heart of the wood industry is a place named 'Kallai' in Kozhikode district. In the older days a lot of factories were present in Kallai for making furnitures and for exporting them to different parts of the country as well as foreign countries.

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Pie-Diagram 1. Market Share of furniture



The above pie-diagram clearly explains market share and sale of different types of furniture. Majority of the market is held by sofa. Second place is for dining table. Changes in the lifestyle of consumers are clear from this diagram.

Table 7. Way of Acquisition of Furniture

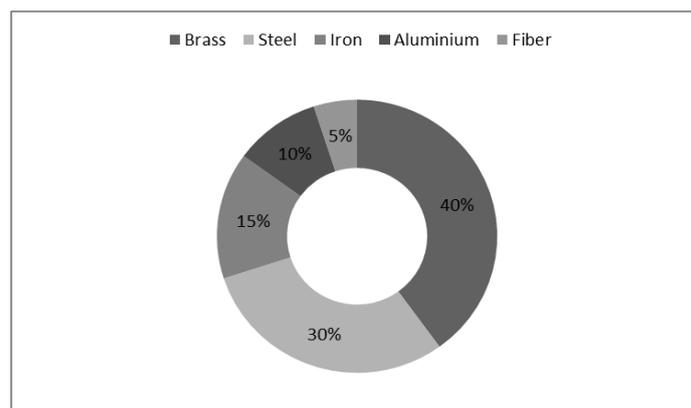
Way of acquisition	Percentage
From branded Shops	35%
Made from home	50%
Small scale traders	15%

The above table clearly indicates the way of acquiring furniture by the consumers in Kozhikode district. Only 35% people are purchasing furniture from branded shops. Majority of the people i.e. 50% are making furniture from their homes by traditional carpenters. Only a small number of people (15%) are purchasing furniture from small scale traders.

Plastic Furniture:70% of the plastic furniture sold in the district are un branded items. Recycled plastics are used for this purpose. The report says that there is a decrease in the sale of plastic chairs. Consumers prefer medium or high priced design chairs for their home. The monthly average sake of plastic chair is 25000.

Hardware

Hardwares are an essential part of the home . People are sending a lot of money for purchasing hardwares for their home. In the case of consumers in Kozhikode district, they are spending large amount of money for purchasing hardwares for their kitchen and bathrooms. While selecting hardwares people are giving more importance to quality and beauty instead of its price.



Pie-Diagram 2. Sale of Hardwares

The above diagram shows the monthly average sale of different types of hardwares. Brass hardwares are having highest i.e. 40% of entire hardware sales. Steel and iron hardwares are having 30% and 15% sales respectively. Sale of aluminium and fiber hardwares are low i.e. 10% and 5% respectively.

Table 9. Monthly sale of Hardwares (in numbers)

Item	Number
Ornate Lock	600
Ordinary door lock	2000
Door Hinges	6000
Door Handle	1000
Safety bar	2000
Screw	1.20 lakh
Chain	7500 kg
Nut&bolt	1000 kg

The above table explains the monthly sale of important hardwares in numbers. The average monthly sale of safety bars is 2000. The reason for increase in the sale of safety bars is the threat of thieves. Monthly sale of chain is 7500 kilograms and the main consumers are fishermen. Door hinges are having a sale of 6000 numbers. 1.20 lakh number of screws are sold in every month.

Monthly sale of ornate lock is 600 in the district. Nowadays 70% of the public are selecting ornate lock for their main door. Since 10 years the sale of ornate lock is increasing and the main reasons are safety and beauty.

Consumers from Lakshadweep are coming to Kozhikode for purchasing hardware items. Due to nitaqat problems in Gulf region there was a decrease in the hardware market. But in 2014 the hardware market becomes active.

FINDINGS OF THE STUDY

- According to 2011 census 9.24% of the total population of Kerala is residing in Kozhikode district.
- In Kozhikode district 67.15% of total populations are living in urban area and 32.85% are living in rural area.
- In Kerala generally people are using rice twice in a day in their food menu.
- In recent years a 10% reduction in consumption of rice is happening due to health problems and new generation fast foods.
- In Kozhikode district 50% of the rice is coming from Andhra and other states are Tamilnadu, Bengal, Karnataka and Gujarat.
- The sale of rice is decreasing every year.
- In Kerala highest numbers of chappal factories are in Kozhikode district. Total number of chappal factories in Kozhikode is 150.
- Monthly average sale of chappals in Kozhikode district is 12 lakh.
- In recent years there is a decrease in the sale of rubber chappals and chappals made by using polyurethane are having highest sales due to its long life.
- Around 3000 females are working in different departments of chappal factories.
- Today 90% of the chappals are made by using Polyurethane material
- In Kerala highest numbers of chappal factories are in Kozhikode district.

- At present the highest price of bicycle is 1.25 lakh and such type of 3 bicycles are used by the consumers in Kozhikode district.
- In Kerala only Kozhikode district is having flat, rolling and climb roads for scientific bicycle riding
- The total sale of spectacles is between 10000-11000 numbers and the price ranges between 300 to 45000.
- In eye hospitals the average number of patients in one day is 200 to 300.
- In Kerala Kozhikode district is famous for wood industry. The heart of the wood industry is a place named 'Kallai'.
- 50% of the public are making furnitures from their homes by traditional carpenters
- 70% of the plastic furnitures sold in the district are unbranded items.
- While selecting hardwares people are giving more importance to quality and beauty instead of its price.
- Consumers from Lakshadweep are coming to Kozhikode for purchasing hardware items.

CONCLUSION

Today as we know that due to several reasons consumers taste and preferences are changing. As a result companies are trying to introduce new items to cope up with consumers changing needs. To understand consumers changing behaviour it is very important to conduct detailed consumer behaviour studies. Such studies should be conducted in relation with their area of living, age, religion, income, occupation etc. Consumer behaviour studies helps companies to attract new consumers and retain existing consumers. Consumers are considering a lot factors before making a purchase decision. For capturing higher market share companies should be able to identify these factors.

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**CYBERSPACE: JURISDICTIONAL ISSUES OF E-
COMMERCE AND CONSUMER PROTECTION**

Chetan Karnatak

Student, Gujarat National Law University,

Gandhinagar, India

Email: chetan.karnatak@gmail.com

ABSTRACT

Today the trend of communication has changed from a face to face communication to an advanced form of communication. One such modern form of communication mechanism is internet. It is the need of the society in every sphere of their life. They can perform almost all their transaction through internet. One such important transaction in the today's world is e-commerce. Such transaction creates e-contract between the sellers and the consumers. Today e-commerce is growing day by day across the globe and also in India & the disputes in such business are also increasing. The authors want to highlight the various jurisdictional issues while deciding disputes in e-commerce & also the present legal framework in India governing e-commerce in cyberspace. This paper also highlights how far consumers are protected in cyberspace.

Keywords: Cyberspace; E-Commerce; E-Contract; Jurisdiction and Consumer Protection

INTRODUCTION

Since the beginning of civilization, man has always been motivated by the need to make the progress and for betterment of the existing technologies. This has led to tremendous development and progress. Of all the significant advances made by mankind till date, probably the most important is the development of the internet. To put in a common man's language, internet is a global network of computers. Internet technology is rapidly becoming a necessity of modern social and economic life. It is opening new opportunities and new avenues for each and every individual member of society. Thus internet is being praised by our society as an incredible intellectual tool.

User of internet lives in cyberspace (the space of the interaction formed by the global network of computers which compose the internet). Following is a very popular phrase about cyber society: "Cyber society cannot be located in the physical world. It has no street address and one cannot observe it with his senses. In order to be a cyber society, there have to be people who allow themselves to believe in it." The term "cyberspace" was first used by the cyberpunk science fiction author William Gibson, which he later described as an "evocative and essentially meaningless" buzzword that could serve as a cipher for all the cybernetic musings. Now it is used to describe anything associated with computers, information technology, the internet and the diverse internet culture. In simple language it is to be defines as an electronic medium of computer networks where the communication in the form of online medium takes place and the interaction, exchange of ideas, share information conduct business, and so on among the individuals takes place.

In the knowledge society of 21st century, computer, Internet and ICT or e-revolution has changed the life style of the people. Today paper based communication has been substituted by e-communication, paper based commerce by E-commerce and paper based governance by E-governance. Accordingly we have new technologies like cyber world, netizens, e-transaction, e-banking, e-commerce, e-return and online contracts. Apart from positive side of e-revolution there is seamy side also and computer,

internet and ICT in the hands of criminals have become weapon of offence. Accordingly, a new branch of jurisprudence emerged to tackle the problems of e-commerce and of cyber crimes in cyber space i.e. cyber law or cyber space law or information technology law.

The definition of E-commerce is the business environment in which the advertising, buying, selling, and/ or licensing of goods, services and information occurs electronically such as with computer network or wireless communication system. It can be defined more formally as “a way of conducting business by utilizing computer and telecommunication technology to exchange data between independent organizational computer information systems in order to complete a business transaction”.

For the first time, a model law on e-commerce was adopted in 1996 by United Nations Commission on International Trade and Law (UNCITRAL). It was further adopted by General Assembly of United Nations by passing a resolution on 31st January, 1997. Further, India was also a signatory to this model law, and had to revise its national laws as per the said model law. Therefore, India also enacted the Information Technology Act, 2000.

As the internet is a unique market place in terms of market penetration, any computer, anywhere in the world, connected to the internet can access a website and may conclude, through that side, an e-contract. E-commerce, like offline commerce, leads to obligations. These contractual obligations exist between the offeror and the offeree in an electronic market. It is also not necessary that obligations arising out of e-commerce will have electronic attributes only; there may be physical attributes also, in terms of physical execution of the contract, although it may have been formed by electronic means.

E-commerce is the trend today and many business transactions are going online. Individuals and business houses need not directly deal with the other business people for doing business. Information and communication is under a revolution change which has brought about unprecedented changes, compelling the business world and the political governments to follow the modern system of governance through computer and the internet. The industrial revolution beginning with the end of 18th century brought its own changes in the society all over the world. Such a scenario in the world wherein there are dramatic changes in the information and communication technologies, the business transactions are being made with the help of computers. Business communities as well as individuals are increasingly using computers to create, transmit and store information in the electronic form instead of the traditional paper documents. Information stored in electronic form is very cheap, easier to store and retrieve, speedier, and long lasting, unlike paper documents. Now, business people have realized the advantages of business transaction in electronic form. Such a change of thinking of business people as well as the availability of the facilities in the form of computers and electronic commerce has made it essential to have an effective legal regime for governing the e-commerce and business transactions properly and effectively.

In order to enter into any business transaction to enter into a contract is the fundamental premise. Law of contracts is the essential ingredient for achieving business expediency. People do not even realize that they have entered into a contract in their modern day-to-day life. The increase in the dependence on others leads to the increase in the frequency of getting into contract. Technological advancements have necessitated the legal system to adapt to the changed situations so that order and harmony are preserved and also that the commerce and industry are augmented with full legal endorsement. With the advent of information technologies, industries and business houses started using information technologies to prop up their trading relations. Consequently, there has been a shift from paper based transaction to electronic transactions. Hence electronic contracts have become necessity.

While studying electronic contract, some important questions related to it need to be understood, which are not same as traditional paper based contract, they are:

1. Formation and conclusion of e-contracts
2. Validity and enforceability of e-contracts
3. Applicability of the established principles of contract law to e-contracts

4. Jurisdictional issues in relation to e-contracts
5. Consumer protection and standard form contracting in the electronic age
6. Dispute resolution mechanism, so on and so forth.

Among these issues the most important issue is the jurisdiction issue in relation to e-contracts, which is totally different from traditional form of contract.

OBJECTIVE OF THE PAPER

This paper highlights the various jurisdictional issues while deciding disputes in e-commerce & also the issue of consumers protection in cyberspace.

Recognition and Validity of E-Commerce

Regarding the validity and recognition of electronic contracts, presently it is being recognized both at international level and also at national level by most of the countries. India has also recognized such contract by framing the law which governs such contract. At international level the body of United Nations to be named as UNCITRAL, which deals with preparing wide range of conventions, model laws and other instruments dealing with the substantive laws that govern trade transactions or other aspects of business law which have an impact on international trade. This body in the year 1996 came out with a model law called "The UNCITRAL Model Law on Electronic Commerce 1996". It provides for the users of electronic communications and paper based communication to be treated equally. It was drafted with an object to offer a set of internationally accepted rules to national legislators, so as to remove the obstacles in the way of development of electronic commerce and also to create a secure legal environment for electronic commerce. Various important things in order to develop e-commerce has been incorporated in the model law, they are-

1. The fundamental principles of non-discrimination.
2. Technological neutrality and functional equivalence.
3. It may be used as to tool to interpret existing international conventions and other instruments that creates problem for the use of electronic commerce.
4. The other important thing is that it enables and facilitates the use of e-commerce and providing same treatment to the users of electronic commerce.

With regards to India there is no specific law as such dealing with e-contacts or e-commerce. India has framed the "Information Technology Act, 2000, which are having the provisions related to e-contracts. This act is solely based on UNCITRAL model law. IT Act in brief deals with certain aspects of e-contract. In Information Technology Act parties are identified as three in an electronic transmission process, to be named as, the originator, the intermediaries and the addressee. Originator is defined in section 2(1)(za) of the IT Act as a person who sends, generates, stores or transmits any electronic message to be sent, generated, stored or transmitted to any other person, but does not include an intermediary.

Addressee is defined in section 2(1) (b) as a person who is intended by the originator to receive the electronic record, but does not include any intermediary.

Intermediary is defined in section 2(1) (w), with respect to any particular record, means any person who on behalf of another person receives, stores or transmits that record or provides any service with respect to that record and telecom service providers, network service providers, internet service providers, webhosting service providers, search engines, online payment sites, online auction sites, online market places and cyber cafes. Intermediaries are not a party to a contract; they just act as a facilitator to a contract. So there are only two parties to a contract as proposer and the acceptor. Both the proposer and the acceptor act as originator and addressee. It means that the expression 'originator'

and 'addressee' are not same as the promisor and promisee under the Indian Contract Act. They are meant only to give meaning to the parties involved in the electronic communication process.

There are some provisions, in particular, section 10A, 11, 12 and 13 of the IT Act which deals with 'validity of contracts formed electronic means', 'attribution of electronic records', 'acknowledgement of receipt' and 'time and place of dispatch and receipt of electronic record' respectively. These all provisions in the IT Act are base on the UNCITRAL model law on e-commerce 1996.

Validity of contracts formed through electronic means [Section 10A] Where in a contract formation, the communication of proposals, the acceptance of proposals, the revocation of proposals and acceptances, as the case may be, are expressed in electronic form or by means of an electronic record, such contract shall not be deemed to be unenforceable solely on the ground that such electronic form or means was used for that purpose.

Attribution, Acknowledgment and Dispatch of Electronic Records [Section 11-13] Attribution of electronic records-An electronic record shall be attributed to the originator:

- (a) if it was sent by the originator himself;
- (b) by a person who had the authority to act on behalf of the originator in respect of that electronic record; or
- (c) by an information system programmed by or on behalf of the originator to operate automatically.

Acknowledgment of receipt

1- Where the originator has not agreed with the addressee that the acknowledgment of receipt of electronic record be given in a particular form or by a particular method, an acknowledgment may be given by—

- (a) any communication by the addressee, automated or otherwise; or
- (b) any conduct of the addressee, sufficient to indicate to the originator that the electronic record has been received.

2- Where the originator has stipulated that the electronic record shall be binding only on receipt of an acknowledgment of such electronic record by him, then unless acknowledgment has been so received, the electronic record shall be deemed to have been never sent by the originator.

3- Where the originator has not stipulated that the electronic record shall be binding only on receipt of such acknowledgment, and the acknowledgment has not been received by the originator within the time specified or agreed or, if no time has been specified or agreed to within a reasonable time, then the originator may give notice to the addressee stating that no acknowledgment has been received by him and specifying a reasonable time by which the acknowledgment must be received by him and if no acknowledgment is received within the aforesaid time limit he may after giving notice to the addressee, treat the electronic record as though it has never been sent.

Time and place of dispatch and receipt of electronic record

1. Save as otherwise agreed to between the originator and the addressee, the dispatch of an electronic record occurs when it enters a computer resource outside the control of the originator.
2. Save as otherwise agreed between the originator and the addressee, the time of receipt of an electronic record shall be determined as follows, namely :—if the addressee has designated a computer resource for the purpose of receiving electronic records-
 - a. receipt occurs at the time when the electronic record enters the designated computer resource; or

- b. If the electronic record is sent to a computer resource of the addressee that is not the designated computer resource, receipt occurs at the time when the electronic record is retrieved by the addressee;

If the addressee has not designated a computer resource along with specified timings, if any, receipt occurs when the electronic record enters the computer resource of the addressee.

1. Save as otherwise agreed to between the originator and the addressee, an electronic record is deemed to be dispatched at the place where the originator has his place of business, and is deemed to be received at the place where the addressee has his place of business.
2. The provisions of sub-section (2) shall apply notwithstanding that the place where the computer resource is located may be different from the place where the electronic record is deemed to have been received under sub-section (3).
3. For the purposes of this section, —
 - a. if the originator or the addressee has more than one place of business, the principal place of business, shall be the place of business;
 - b. if the originator or the addressee does not have a place of business, his usual place of residence shall be deemed to be the place of business;
 - c. “Usual place of residence”, in relation to a body corporate, means the place where it is registered.

In addition to IT Act, 2008, the provisions related to contractual elements in e-commerce are to be governed by the general principles of Indian Contract Act, 1872. Section 10 of the Indian Contract Act, 1872 must be fully complies with while going for electronic contract or electronic commerce.

Jurisdictional Issue

Jurisdiction in general refers to “A government’s general power to exercise authority over all persons and things within its territory”. Same situation with regards to court’s jurisdiction also, it is the geographical area within which the judiciaries have the authority to adjudicate the disputes. If we talk about cyberspace jurisdiction the situation is different from physical world. The term “cyber jurisdiction’ generally encompasses the system operators or users power to frame rules and enforce them in an “apparent virtual community” interacting in cyberspace, or virtual space in the cyber world which is perceived as a place on the Internet and is independent from the normal government regulations. In this virtual world the cyber jurisdiction can be exercised. As a result of internet a market place has developed in the virtual world. The users of any computer connected through internet can access to the website and enter into contract anywhere in the world. Such a contract is called e-contract. The e-contract is entered in the e-commerce. It means that all the obligation of valid contract is there in e-commerce. The existed of offer from one side and acceptance from the other side is there in a business transactions through internet. All the obligations in e-commerce need not be in only electronic form, there may be a situation where one party may perform their obligation in a physical form. It is not so important, the only thing is important is the conclusion of contracts is to be done through an online medium only. In such a case the question regarding the time ‘when’ and the place ‘where’ where the contract was actually concluded is inevitably arises.

The jurisdictional issue in e-commerce is very important to discuss. For instance, an Indian company accepts an offer from an American company over the internet to render certain service in Singapore and the ISP of the Indian Company (and its server) is in London and that of the American company is in Colombo, the determination of the choice of law would indeed be a challenging task, leading to consequences not intended by the contracting parties. In the cyber space quite often parties physically located in different countries may enter into a contract. A legal issue which arises is: which country (or which state within in a country) will have jurisdiction. One possible solution that would be given is: it will be decided on the basis of the ‘choice of forum’ clause. But it is no simple there also the problem

arises related to choice of forum court having the jurisdiction to decide arises under the e-contract, otherwise the clause related to forum would be invalid and hence, unenforceable.

The main trouble and problem about the internet jurisdiction is the presence of multiple parties in various parts of the world who have a virtual nexus with each other. The question arises in such cases that if one party wants to sue the other, then where can one sue? The municipal laws traditionally require two areas, the place where the defendant resides, and where the cause of action arises. However, in the context of internet, both these are difficult to establish with any certainty. In addition to this a situation of conflict of laws among nations may also arise. For example some websites may be obscene in India but legal in US. They can be viewed in India by assessing the websites & may amount to an offence under the Indian Law, but they are not illegal in US where these sites are hosted. How can these situations be handled is a serious concern.

In determining the personal jurisdiction of a court over a foreign defendant is to be applicable or not, the 'minimum contacts' rule is to be followed in US courts. This rule was developed in US by US Supreme Court in the leading judgment, *International Shoe Co. v Washington*. This minimum contract test allows for the jurisdiction over a non-resident when such contract exists between the defendant and the Forum State such that "maintenance of the suit does not offend 'traditional notions of fair play and substantial justice. This Courts minimum contracts test for specific jurisdiction abandons more formalistic tests that focus on a defendant presence within a state in favour of a more flexible inquiry into whether a defendants contracts with the forum made it reasonable, in the context of the US federal system of government, to require it to defend the suit in that state.

In US, the reasonableness requirement is captured in the minimum contacts or purposeful availment test. The principle being that a defendant cannot be brought before a court of a particular State unless that person has minimum contacts, so that maintenance of the suit does not offend 'traditional notion of fair play and substantial justice. In order to achieve the balance between the two main object behind the entering into e-commerce i.e. first, cost effectiveness and the second one is that it allows the business providers to insulate themselves against the jurisdiction in every state, except the place where they are physically located, would be troublesome and unreasonable to the consumers situated across the globe, who have lesser bargaining power and resources to litigate in foreign country. The US courts have applied the principle of minimum contact, effective functions and the theory of long arm statute, with necessary adaptations to e-contracts.

Indian Position

With regards to the Indian position related to the internet disputes, the jurisdiction is theoretically matches with United States 'minimum contact'. The jurisdiction aspect of the courts in civil matter is governed by, the Code of Civil Procedure Code, 1908. Territorial jurisdiction in India granted by the CPC on the basis of place of residence of the defendant and secondly, the place where the cause of action arises. The cause of action can also arise at various places. The places can be domestic places and also international places. Section 20 of the CPC deals with the situation where cause of action arises in more than one place. This section through interpretation applies to transnational issues as well as private international law.

E-commerce through its nature, especially in its business to business or business to consumer model, to be looked in relations to the jurisdictional aspect, from the two possible sources:

Jurisdiction based on Forum of Choice- in this situation parties have decided their choice of jurisdiction beforehand. Parties can decide any courts at national jurisdiction as well as to decide the dispute neutral forum in the foreign country. But the thing to be kept in mind that the court which have been decided by the parties to settle their future dispute should have the jurisdiction to entertain the case.

Jurisdiction based on Choice of Law- in this case the private international law principles are very important, so as to identify in case of parties belonging to different country, which country law will

apply in order to settle their dispute. It is to be noted that the modern theory of conflict of Laws recognizes the jurisdiction of the state, which has the most ultimate contact with the issue arising in the case. There are some limitations on the parties while going for this rule, and they are; the choice of law must be bona fide and should not be opposed to public policy, in the absence of express choice, law which have closest and more real connection to be taken and in the absence of any arbitration law to be applicable then choice of law country law will be applicable.

CONCLUSION

Jurisdiction issue is a major factor while doing e-commerce through internet without any geographical or national boundary. In every territory consumers are protected through their own territorial law. It means that one nation law is applicable within the boundary of that nation only. In e-commerce doing business is not limited to one nation only; it can sometime be doing business in two different territories. In such a situation the degree of consumer protection in e-commerce comes into picture. It can be solved by entering into a bilateral agreement with the countries around the globe with regard to settling the disputes.

With regards to a situation where the parties to an electronic contracts are from different countries, the court will apply the law of that country which has the closest and most substantial connection to the contract, unless there is no express mentioning regarding the governing law. This concept is introduced in order to protect the consumers. In India section 28 of the Indian Contract Act, 1872 and section 11(2) of the Consumer Protection Act, 1986 provides for the rights and remedies which Indian Law provides to its consumers, and allows the court to disregard the agreement between the consumer and the seller in so far as the choice of forum and governing law are concerned.

Consumer protection issue in e-commerce transaction is very important today from all the perspective. So without effective consumer protection e-commerce cannot be flourished.

Regarding the suggestion, the authors suggest that in such e-commerce environment there is a strict need of strong and pervasive laws at the international level, both for determining the governing law of the contract and also for establishing the proper forum for settling the disputes and the recognition and compulsory enforcement of such forum decisions in other territorial jurisdiction.

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**NON-RESIDENT INDIAN INVESTMENT IN INDIAN CAPITAL
MARKET**

Namrata Jhingan

Student, Gujarat National Law University,

Gandhinagar, India

Email: mk.jhhigan@gmail.com

ABSTRACT

Since 1991, after the globalisation, liberalisation and privatisation in India, Indian economy has been growing very fast and from all over the world, the investors are keen to invest in this economy in order to take the benefit of this growth. In this growth Non-Resident Indians (NRIs) also want to invest in India because of having access to many investment opportunities both at repatriation and non-repatriation basis. NRIs can invest in India both at portfolio investment and strategic investment. In portfolio investment they can invest in all the securities in the capital market, whether that securities are shares, debentures, mutual funds, etc. Through this project the researchers want to explain the NRI investment in capital market and also highlight FEMA, RBI and other authority guideline which is related to the NRIs investment in capital market.

Keywords: NRIs; Repatriation; Portfolio Investment; Securities

INTRODUCTION

There is ample amount of investment opportunities & possibilities in India for Non resident of India and the Persons of India Origin, since the last few years, especially after 1991 economic reform in India. It is provided under Indian Investment law also that non-resident Indian have an exclusive place for investment in India. The Government of India has also taken the step by simplifying the various directions and guidelines applicable to NRI's and encouraged them to invest in India. These all the above things resulted into showing larger interest by NRIs in investing into India. These NRIs and PIOs plays a significant role in the development & advancement of India through their contribution in terms of their investments. Since the liberalisation of Indian economy the connection of NRIs with India has led to a number of investments in both capital market as well as in strategic area investment. By looking at this opportunity of investment by NRIs, the Indian Government is focused towards encouraging more and more NRI Investments.

The Laws which governs NRI investments in India are as follows:

1. Foreign Exchange Management Act, 1999 (FEMA) and its regulations particularly dealing with this subject.
2. The Securities and Exchange Board of India Act, 1992 empowers SEBI to make regulations in this subject.
3. The Ministry of Commerce Foreign Direct Investment policy,
4. The RBI Act 1934 empowers Reserve Bank of India to issue master circular

According to the Foreign Exchange Management Act (FEMA), 1999, "An NRI is a person resident outside India who is either a citizen of India or a person of Indian origin (PIO)."

An NRI:

1. is an individual;
2. is a person resident outside India;
3. has been or is an Indian citizen or a person of Indian origin (PIO).

The definition of a person resident outside India is that, any person who is not a resident in India. It means that in order to have a person resident in India he have to reside in India, but only for a minimum period of 182 days during the course of the preceding financial year and does not include any person who has gone out of India due to his employment or to do his business or for any other purpose which would indicate his intention to stay outside India for an uncertain period. This any other purpose depends on the circumstances which show the intention of staying outside India for an uncertain period.

These Non-Resident Indians (NRIs) can invest and are allowed to invest in India by investing into the portfolio investment scheme (PIS). Through this portfolio investment scheme they can invest in primary and secondary capital market in India. Under this scheme, they can purchase or acquire any securities i.e. shares, debentures, mutual funds etc of any Indian company through the medium of stock exchanges in India.

The Companies can raise funds through issuing securities to the public through the medium of stock exchanges. This is called capital market, consisting of primary market, where new issues through initial public offer has been issued to the public for the first time directly by the company to the investors, and the secondary market, is a place where existing securities are traded. For the NRIs Investment in equity shares are the best investment because it gives high return to them.

Objectives of the paper

The objective of this paper is to explain the NRI investment in capital market with reference to guidelines issued by FEMA and RBI related to the NRIs investment in capital market.

Definition

Who is a non resident Indian (NRI) : An Indian Citizen who stays outside the territory of India for an employment or to carry on any business or to stays outside India under the circumstances which shows the intention to live outside the territory of India for an uncertain duration. If any of the above condition is satisfied than the person is said to be the non-resident of India. It also includes persons posted at United Nations Organisation and officials deputed abroad by Central or State Government and public Sector undertaking on temporary basis for an assignment are also comes under the preview of non-resident. NRI are on par with non resident foreign citizens.

Categories of NRIs

There are three main categories of NRIs which are as follows-

1. Indian citizens who stay outside India for an employment or for carrying on any business or Vocation or any other purpose in indicates through the circumstances that he will stay for an indefinite period.
2. An Indian citizen who is working outside India on any assignment with foreign government agencies like United Nations Organisation (UNO), including its affiliates, International Monetary Fund (IMF), World Bank, United Nations peace keeping force etc.
3. All the Officials of Central and State Government and Public Sector undertaking deputed outside India on temporary basis for any assignments.

Definition of NRIs under different laws

The residential status of a person is also decided under two different Acts, other than FEMA. Income Tax Act, 1961 and Foreign Exchange Regulation Act, 1973 also defines it. The concept of Non-Resident under FERA is different as compared to that under Income Tax Act. Under the Income Tax Act, a person residential status is determined on the basis of number of days he stays in India whereas under FERA, it is the intention of a person to be in India or outside India is an important factor for determining his residential status.

As per Section 6 of the Income tax act:

1. An individual is said to be resident in India in any previous year, if he-
 - a. is in India in that year for a period or periods amounting in all to one hundred and eighty-two days or more; or
 - b. [* * *]
 - c. having within the four years preceding that year been in India for a period or periods amounting in all to three hundred and sixty five days or more, is in India for a period or periods amounting in all to sixty days or more in that year.

Explanation- In the case of an individual,

- a. being a citizen of India, who leaves India in any previous year [as a member of the crew of an Indian ship as defined in clause (18) of section 3 of the Merchant Shipping Act, 1958 (44 of 1958), or] for the purpose of employment outside India, the provisions of sub-clause (c) shall apply in relation to that year as if for the words “sixty days”, occurring therein, the words “one hundred and eighty-two days” had been substituted
 - b. being a citizen of India, or a person of Indian origin within the meaning of Explanation to clause (e) of section 115C, who, being outside India, comes on a visit to India in any previous year, the provisions of sub-clause (c) shall apply in relation to that year as if for the words “sixty days”, occurring therein, the words “one hundred and eighty-two days” had been substituted.
2. A Hindu undivided family, firm or other association of persons is said to be resident in India in any previous year in every case except where during that year the control and management of its affairs is situated wholly outside India.
 3. A company is said to be resident in India in any previous year, if-
 - a. it is an Indian company; or
 - b. during that year, the control and management of its affairs is situated wholly in India.
 4. Every other person is said to be resident in India in any previous year in every case, except where during that year the control and management of his affairs is situated wholly outside India.
 5. If a person is resident in India in a previous year relevant to an assessment year in respect of any source of income, he shall be deemed to be resident in India in the previous year relevant to the assessment year in respect of each of his other sources of income.
 6. A person is said to be “not ordinarily resident” in India in any previous year if such person is-
 - a. an individual who has not been a non-resident in India in nine out of the ten previous years preceding that year, or has not during the seven previous years preceding that year been in India for a period of, or periods amounting in all to, seven hundred and twenty-nine days or less; or

- b. a Hindu undivided family whose manager has not been non-resident in India in nine out of the ten previous years preceding that year, or has not during the seven previous years preceding that year been in India for a period of, or periods amounting in all to, seven hundred and twenty-nine days or less.

As per Section 2 (p) and 2 (q) of FERA Act:

Resident and non-resident status of a person is defined as under:

“Person resident in India” means-

a citizens of India ,who has, at any time after the 25th day of March, 1947, been staying in India, but does not include a citizens of India who has gone out of, or stays outside, India in either case-

- a. for or on taking up employment outside India, or
- b. for carrying on outside India a business or vocation outside India, or
- c. for any other purpose, in such circumstances as would indicate his intention to stay outside India for an uncertain period.

a citizen of India, who having ceased by virtue of paragraph (a) or paragraph (b) or paragraph (c) of sub-clause (i) to be resident in India, return to, or stays in, India, in either case-

- a. for or on taking up employment in India, or
- b. for carrying on in India a business or vocation in India, or
- c. for any other purposes, in such circumstances as would indicate his intention to stay in India for an uncertain period.

a person, not being a citizen of India, who has come to, or stays in India, in either case-

- a. for or on taking up employment in India, or
- b. for carrying on in India a business or vocation in India, or
- c. for any other purpose, in such circumstances as would indicate his intention to stay in India for an uncertain period.

a Citizen of India, who not having stayed in India at any time after the 25th day of March, 1947, comes to India for any of the purpose referred to in paragraphs (a), (b), and (c) of the sub-clause (iii) or for the purpose and in the circumstances referred to in paragraph (d) of that sub-clause or having come to India stays in India for any such purpose and in such circumstances.

Explanation.- A person, who has, by reason only of paragraph (a) or paragraph (b) or paragraph (d) of sub-clause (iii) been resident in India, shall, during any period in which he is outside India be deemed to be not resident in India.

Classification of Non-Resident Indian Citizens:

With respect to making investments in India, the following categories of entities are relevant to be explained, one category that is NRI is already explained in the earlier part, so here only two classification will be explained, they are-

Persons of Indian Origin (PIO): For the purpose of making an investment in the Indian securities market and for opening a bank account for investing in the security market, a person is said to be of Indian Origin if he holds Indian passport at any time or either of his parents or his grandparents were the citizens of India or the spouse is the Indian citizen is also treated as a person of Indian origin provided the bank accounts are opened or investment in securities in India are such persons jointly with their NRI spouses.

Overseas Corporate Bodies: Overseas corporate bodies is also a one class of non-resident Indian which is predominantly owned by an individual's of Indian nationality or origin resident outside India and includes Overseas companies, partnership firms, societies and other corporate bodies which are owned directly or indirectly, by the individuals of Indian origin to the extent of at least 60%. The various facilities which are granted to NRIs are also available, with some exceptions to Overseas Corporate bodies so long as the ownership or beneficial interest held in them by persons of Indian nationality or origin resident outside India continues to be at or above the level of 60%.

Types of NRIs Account in India

In India the NRIs can hold different types of account in order to invest in India. They don't need any permission from the Reserve Bank of India to open an account. They can open and maintain the different types of accounts available for them in India in order to invest, with an authorised dealer in India i.e. a Bank which is authorised to deal in the foreign exchange. However for the individuals of Bangladesh and Pakistan, there is a need to have a prior approval of RBI before opening an account. The GPO post office in India is also authorised to open an NRO saving bank account. The different types of accounts for the NRIs are classified as-

Non Resident Ordinary Rupee Account (NRO Account)

It is a normal bank account opened by the Indian citizens who are going outside India with an intention of residing there only i.e. to become a NRI. A person who has not opened the account before becoming NRI can also open this account after becoming NRI by sending remittances from his home country or by transferring funds from his other NRO account. The facilities available to the holder of this account are same as facilities available to an NRE account holder, except that any repatriation done through this account should be reported to RBI by filling up prescribed forms. This account can be opened in an authorised bank in the form of savings, current, recurring or fixed deposit accounts. The account can be opened in an individual or on joint account also with the resident or non-resident of India. The saving bank account is generally opened by the NRIs in order to credit their legitimate dues, earnings, incomes etc. this NRO account should be denominated in Indian rupee only.

Non-Resident External Rupee Account (NRE Account)

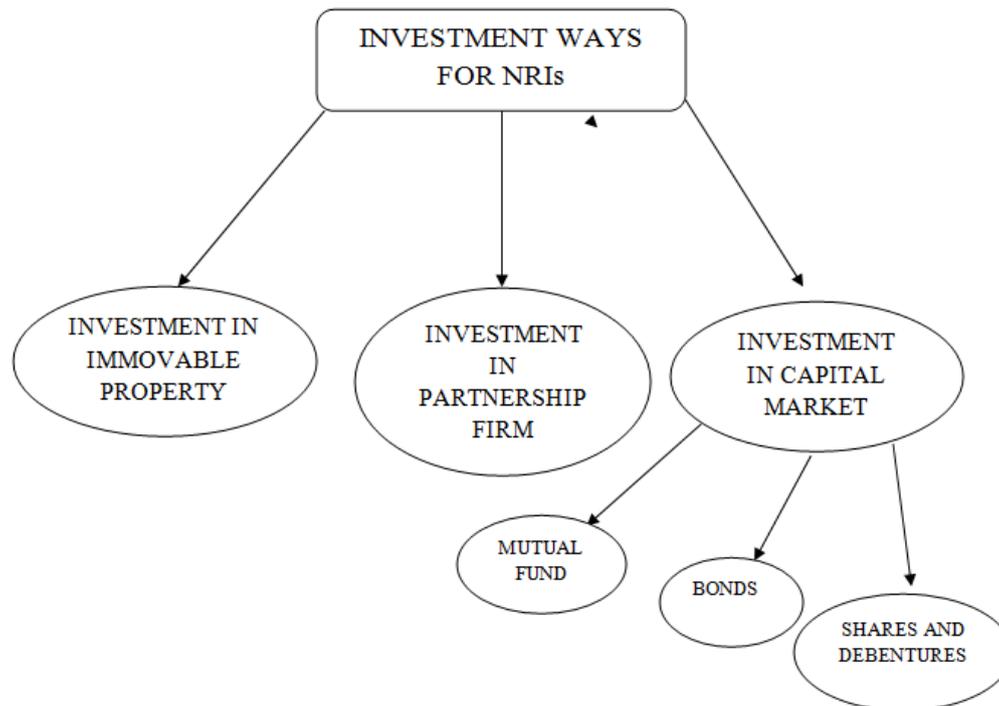
It is an account which is opened by NRIs by depositing the foreign currency at the time of opening an NRE account. This foreign currency can be deposited through the medium of traveller's checks or notes. This account can be opened in the form of saving, current and fixed deposit account. This can be opened by non-resident himself.

Foreign Currency Non Resident Bank Account – FCNR (B) Account

This account can also be opened by the NRIs but only in the form of term deposits of one to five years. The account can be maintained in any freely convertible currency.

Different Investment Ways

Unlike other investors the NRIs also have the different types of investment ways to invest in India. NRIs always have been very opportunistic in terms of the investment and always ready to invest in India. By looking at this thinking of NRIs the government of India regularly comes up with various new schemes to attract more and more investment from abroad from the NRIs.



Investment in Immovable Property

NRI can freely acquire and transfer the immovable property in India, but subject to certain restrictions provided under the Foreign Exchange Management Act, 1999. The restriction is that they can acquire any property other than agricultural land or farm house plantation property, by way of gift from a person resident in India or from a person resident outside India who is a citizen of India or from a person of Indian origin resident outside India.

NRI may acquire any immovable property in India other than agricultural land /farm house plantation property, by way of gift from a person resident in India or from a person resident outside India who is a citizen of India or from a person of Indian origin resident outside India. NRI may acquire any immovable property in India by way of inheritance from a person resident outside India who had acquired such property in accordance with the provisions of the foreign exchange law in force at the time of acquisition by him or the provisions of RBI Regulations or from a person resident in India, An NRI may transfer any immovable property in India to a person resident in India.

Investment in Partnership: The NRIs are allowed to invest in the partnership or the proprietary business in India, by way of the capital contribution in such business in India engaged in any industrial, trading activity on non-reparation basis. RBI is the authority to grant such permission to the NRIs, with some conditions-

1. The amount invested in such business through abroad should be through normal banking channels or through transfer of funds held in investor's bank account in India.
2. They should not engaged in any agricultural activity
3. The amount invested should not be repairable outside India.

Investment in Capital Market: NRIs and the FIIs are allowed to invest in the capital market of India also under the portfolio investment scheme. Under this scheme they can invest in both the primary as well as the secondary capital market through the medium of stock exchanges in India, where the securities are listed. NRIs can invest in the capital market in India through various modes, they are as follows-

1. NRIs Investment in Mutual Fund
2. NRIs Investment in Bonds
3. NRIs Investment in Shares and debentures.

NRIs Investment in Mutual Fund: The investment by NRIs in the mutual fund can be on repatriation basis and also on non-repatriation basis. It is the option of the NRI to choose any one as the investment mode. To invest in repatriation basis NRI must have an NRE Bank Account in India. The Reserve Bank of India (RBI) has granted a general permission to offer mutual fund schemes on repatriation basis, subject to the following conditions:

1. The mutual fund should comply with the terms and conditions stipulated by SEBI.
2. The amount representing investment should be received by inward remittance through normal banking channels, or by debit to an NRE account of the non-resident investor.
3. The net amount representing the dividend / interest and maturity proceeds of units may be emitted through normal banking channels or credited to NRE/ account of the investor, as desired by him subject to payment of applicable tax.

They can invest in mutual fund also on non-repatriated basis. This is also provided by the RBI to the NRIs by providing the permission to them to invest in the mutual fund on non-repatriation basis, but subject to certain conditions, like, fund for this investment should be provided from the NRO account by debiting the account and the current income from the dividend should also be repatriated.

This type of investment is also governed by FEMA in addition to the RBI guidelines. It covers all the transaction of investment in mutual fund which deals with foreign exchange, through its guidelines.

NRIs Investment in Government Securities: Under this scheme NRIs can invest in the government bonds and securities which can also be issued through the capital market. The NRI can purchase the units of UTI, Central and state government securities on non-repatriation basis and also on repatriation basis except the bearer securities which cannot be issued to NRIs. It can be by the remittance from normal banking channels or by withdrawing funds from their non-resident account with the bank situated in India. In addition to this investment in the government undertakings bonds is also allowed subject to the approval of the RBI.

NRIs Investment in Shares and Debentures: Under this scheme NRIs can invest in the shares and debentures of Indian company freely on repatriation basis or on non-repatriation basis by directly investing in the shares and debentures through the primary market and also through the investment in the shares and debentures in the secondary market. Primary market means the market where the buying of shares by the NRIs directly through the company itself and not through the market. This type of investment by the NRIs is the first investment in the shares and debentures of the company. Secondary market means where the buying of the shares and debentures by the NRIs of the existing shares and the debentures, through the stock exchanges in India where the securities are listed.

Here the investment by the NRIs can be done in shares/convertible debentures on repatriation basis and also on non-repatriation basis, under portfolio investment basis and also through the investment in securities other than shares and debentures.

Repatriation basis investment in shares and debentures: Such type of investment by NRIs is allowed to them through the Foreign direct Investment Scheme of the Government of India. Under this scheme a non-resident Indian or the persons of Indian origin can buy the equity shares, preference shares and the debentures of the company, excepting certain cases where the prior approval of the RBI is necessary. Under this scheme direct subscription to the company shares can be possible. There are two routes available to the NRIs under this scheme; they are automatic and permission route.

The Indian company issuing the securities on repatriation basis should within 30 days of receipt of application money and also within 30 days of issue of shares or debentures submit various details to the Reserve Bank of India briefly stated herein:

- Name and address of the NRI investor; amount of investment; share of NRI participation; name and address of bank through which the funds have been received and other relevant facts about the investor.
- Name and address of the Company ; its business ; authorized capital ; paid-up capital ; share of NRI participation ;present value of shares as per specified guide lines and other relevant facts about the company together with professional chartered accountant / company secretary's certificates etc.
- Said information and submission is not required to be submitted if the shares / debentures are issued on non-repatriation basis.

Investment under portfolio investment scheme: Through this portfolio investment scheme both the NRIs and the persons of Indian origin are permitted to invest in the capital market in India. They can invest in both primary market as well as secondary market in India under this portfolio investment scheme. Such type of investment by the NRIs under the portfolio investment scheme is allowed under both RBI and FEMA. They can invest in the company through purchasing the shares and debentures of the company through the stock markets in India.

Under this portfolio investment scheme NRIs are allowed to invest in the shares and debentures of the Indian company but subject to the certain conditions:

- The payment has to be made for the buying of the shares and the debentures through an inward remittance in foreign exchange or by debiting the NRE accounts of the investors.
- In case of non repatriation basis the payment for the purchase of the shares has to made out of NRO account
- Registered stock broker is the medium of investment.
- The NRI should route all transactions relating to purchase and sale of shares / convertible debentures through a designated branch of an authorized Dealer (Generally a Bank Branch).
- The paid-up value of shares and each series off convertible debentures of an Indian company, purchased by each NRI both on repatriation and on non-repatriation basis, should not exceed 5 percent of the paid up value/ each series of convertible debentures respectively handed out by the company.

Investment in shares or debentures on non-reparation basis: Under this head also the things are same as non-reparation basis; it only adds two more things in the purchase consideration. Here the NRIs can purchase the shares or the convertible debentures also through the NRO account and also foreign exchange remittance is also possible.

Investment in securities other than the shares or convertible debentures: Under this scheme also NRIs can invest in the capital market of the India. This scheme itself defines what kinds of securities can be included in this head. It includes a five kind of securities in which NRIs can invest. They are to be listed as-

- Government dated securities,
- Treasury bills,
- Units of domestic mutual funds,
- Public sector undertaking bonds (PSU)

- Shares of public sector enterprise under dis-investment programme. With regard to limitations on investing by NRIs, there is no restriction on investing in such kind of securities.

The Reserve Bank of India monitors the ceilings on NRI/PIO investments in Indian companies on a daily basis. The ceiling limits for the NRIs which is provided by RBI overall 10 percent of the company paid up capital. For effective monitoring of foreign investment ceiling limits, the Reserve Bank has fixed cut-off points that are two percentage points lower than the actual ceilings. The cut-off point, for instance, is fixed at 8 percent for companies in which NRIs/ PIOs can invest up to 10 per cent of the company's paid up capital.

CONCLUSION

As it is a fact that today in India ample number of opportunities for the investors to invest in India in every field of sector. The Investment in the Capital market is also a very boom area where the chances of getting high returns is more as compared to other investment. The NRIs and PIOs can also invest in the capital market of India by investing in the primary and secondary market of India. The transactions of investing in the capital market by the NRIs are governed by RBI regulations and also through the FEMA regulations.

Presently after the repealing of the Foreign Exchange Regulation Act, the foreign investment in India is very increasing day by day. Among the different kinds of investment, the investments in the capital market by the NRIs are also flourished. But there is need for them to have a detail study about the investment opportunities in Indian Capital Market, whether the laws in India are sufficient enough to deal with there all the issue which may arise in future. The researcher suggest that in order to have a good investment by the NRIs in India in the Capital market, there is a need of for them to appoint the economic advisors for them before investing in the capital market of India. Such mechanism can lead to minimisation of risk of the bad allocation and also the bad deception.

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**MEASURING CUSTOMER SATISFACTION TOWARDS ATM
SERVICES - A COMPARATIVE STUDY OF UNION BANK OF
INDIA AND YES BANK**

Kanika Verma

Research Scholar, Dayalbagh Educational Institute,
Agra, India
Email: vermakanikacomm@gmail.com

ABSTRACT

Now a time, in Indian banking industry, E- Banking is at its revolutionary stage and provides various electronic service like Mobile Banking, Internet Banking, ATM services, Electronic Fund Transfer (EFT), Credit Cards and Electronic Clearing Services etc. Among all of these, ATM is the widely used and popular E-Banking services. This study aims at analyzing the satisfaction level of customers of Union Bank of India and Yes Bank based on various aspects related to ATMs. In this study, data will be collect from the way of survey from bank customers and later on will be analyze by statistical technique and tools like Descriptive Statistics, Percentage Method, and Ranking Method. The conclusion would be interpreted accordingly.

Keywords: E-Banking; ATM; Customer Satisfaction

INTRODUCTION

In banking industry, E-services are at revolutionary stage. Electronic based banking is replacing conventional banking system. Now, trend in banking has evolved from cash economy to plastic card economy. Fierce competition among banks along with the global forces has compelled the banks to adopt the technological changes to face the electronic age. It is also known as E-banking or internet banking or online banking which provides various alternative electronic channels to using banking services i.e. internet banking, mobile banking, ATM services, electronic fund transfer, credit card, debit card, and electronic clearing services etc. Among these services, ATM is the main channel of distribution to be explored due to the increase in its popularity.

This study aims at analyzing the satisfaction levels of the customers of union bank of India and yes bank holding ATM cards with respect to some aspects such as prompt ATM services delivered by personnel, location, sufficient number of ATMs in city, regularity in working of ATMs, their overall impact on customer satisfaction etc. This study is a type of descriptive research using non probability sampling technique. Questionnaire was used to collect the data from a convenience sample of 40 respondents (customers) of the selected banks.

REVIEW OF LITERATURE

Motwani D.and shrimali D. (2012) in their study highlights the awareness level and satisfaction of customers regarding ATM services. This is a descriptive research in which convenient sampling method was used to collect data. Various statistical tools have been used like chi- square test, ANOVA, weighted mean to test the hypothesis. The conclusion reveals that awareness level is affected by demographic profile of customers.

Chattopadhyay P. and Saralelimath S. (2012) in their study analyze the relationship between demographic variables and preferences to use ATM; a structure questionnaire was used to collect data from a convenience sampling from three cooperative banks in Pune city. Frequency and percentage analysis and chi square tests are applied for data analysis and interpretation. This study reveals that awareness and preferences to use ATM services offered by cooperative banks is affected by demographic profiles of respondents.

Kumbhar Vijay (2011) in his study aimed at comparative investigation of the customer satisfaction in ATM service in public and private sector banks, observed that other than cost effectiveness of ATM service perception about all service quality dimensions is approximately same in public and private sector banks. This study concluded that private sector banks are providing more satisfactory ATM service than public sector banks. Overall results shows that cost effectiveness of ATM service were core service quality dimension and it were significantly affecting on overall customer satisfaction in ATM service provided by commercial banks.

Prof. Karunesh Saxena (2011) in his study, "Analytical study of customer satisfaction at ICICI Bank with special reference to ATMs" aims at analyzing the satisfaction levels of the customers of ICICI Bank holding ATM cards in Udaipur city with respect to service quality of ATM, personnel, location, sufficient number of ATMs in city and found that customers are highly satisfied with ATM services provided by the ICIC bank in Udaipur.

RATIONALE OF THE STUDY

As we know that, the use of ATMs is increasing day-by-day, it is essential to know about the perceptions of customers about its various aspects and their problems while using ATM services, and find out the weak area which needs improvements.

RESEARCH OBJECTIVES

1. To identify the various aspects affecting customer satisfaction in ATM services.
2. To compare the satisfaction level of customers associated with various aspects of ATM services in the selected banks.
3. To provide suggestions to overcome the problems related to various aspects.

RESEARCH DESIGN AND METHODOLOGY

This study involves both primary and secondary data; primary data was gathering from ATMs users of Union Bank of India and Yes Bank. The size of sample was taken 40 as per convenient sampling method by using 17 statements which is related to various aspects of ATMs services like location of ATMs, processing time, availability of cash, quality of notes, ATMs grievances, safety & security, sufficient numbers of ATMs etc. besides this, many published sources have been used for the better understanding of the study. Secondary sources include bank's annual reports, relevant research papers on ATMs, article, thesis etc.

In this study, data will be collect from the way of survey from bank customers and later on will be analyze by statistical technique and tools like Descriptive Statistics, Percentage Method, and Ranking Method. The conclusion would be interpreted accordingly.

ANALYSIS AND FINDINGS

Table 1. Demographic Profiles of ATM Users

		TYPE OF BANKS		
		PUBLIC SECTOR (UNION BANK OF INDIA)	PRIVATE SECTOR (YES BANK)	TOTAL
Gender	Male	8	7	15
	Female	12	13	25

	TOTAL	20	20	40
Age	18-25	18	15	33
	26-35	1	2	3
	36-45	1	1	2
	46 and above	0	2	2
	TOTAL	20	20	40
Education	Under Graduate	3	4	7
	Graduate	4	4	8
	Post Graduate	12	9	21
	Other	1	3	4
	TOTAL	20	20	40
Occupation	Govt. Employees	1	3	4
	Business	1	7	8
	Professional	0	2	2
	Students	18	8	26
	TOTAL	20	20	40

Table 1 clearly shows the demographic profile of sample respondents. It reveals that female respondents are higher than male respondents using ATM services of public and private sector banks together. Majority of respondents using ATM services falls in the age group of 18-25 and post graduate are high as compared to other educational groups. Students are high in both sectors.

Table 2. Responses of Public Sector Bank

S. No.	ASPECTS	SA (5)	A (4)	M (3)	D (2)	SD (1)	Sum	Weighted Average	Rank
1.	Promptness of the delivery of card	10	7	0	2	1	20	4.2	2
2.	Easily located ATM	5	11	0	3	1	20	3.8	3
3.	ATM's are found at all useful places like malls, Hospitals, stations. Etc	2	7	0	10	1	20	3.0	7
4.	Directions are clear to operate my ATM	5	15	0	0	0	20	4.3	1
5.	Keypad of ATM machine is working properly	3	10	0	7	0	20	3.5	4
6.	Processing time of ATM	1	16	1	2	0	20	3.8	3
7.	Availability of cash in my ATM	0	10	0	7	3	20	2.9	8
8.	ATM slip always shows updated balance	12	4	0	4	0	20	4.2	2
9.	Quality of notes	0	14	0	5	1	20	3.4	5
10.	ATM grievances are settled within stipulated time	3	9	1	5	2	20	3.3	6
11.	Safety & security	3	14	0	2	1	20	3.8	3
12.	Behavior of ATM guard	2	11	1	5	1	20	3.4	5
13.	Sufficient number of ATMs	2	7	0	7	4	20	2.8	9
14.	Working condition	0	10	1	7	2	20	3.0	7
15.	Complaint book	0	4	1	11	4	20	2.3	10
16.	Availability of Power backup/Generator/Inverter	11	5	1	3	0	20	4.2	2
17.	Overall performance	1	14	5	0	0	20	3.8	3

In table 2, on the basis of weighted sum, ranking is done against various aspects of ATM in order to know which aspect contributes the most towards maximizing the satisfaction and which one gives a negative effect. According to the response of the respondents researcher analyzed that directions to operate ATM services gave 1st rank, its means that respondents of sectors are most satisfied with this aspect followed by updated balance, availability of power backup, promptness of the delivery of card, locations of ATM, processing time, safety and security, overall performance, keypad of ATM, quality of notes, behavior of ATM guard, grievances settled with stipulated time, easily found at useful places like malls, hospitals etc., availability of cash, sufficient number of ATM ended with the complaint book.

Table 3. Responses of Private Sector Bank

S. No.	ASPECTS	SA (5)	A (4)	M (3)	D (2)	SD (1)	Sum	Weighted Average	Rank
1.	Promptness of the delivery of card	6	12	0	0	2	20	4.0	3
2.	Easily located ATM	6	9	1	0	4	20	3.7	5
3.	ATM's are found at all useful places like malls, Hospitals, stations. Etc	5	8	2	0	5	20	3.4	7
4.	Directions are clear to operate my ATM	4	15	0	0	1	20	4.1	2
5.	Keypad of ATM machine is working properly	4	13	1	0	2	20	3.9	4
6.	Processing time of ATM	0	14	2	2	2	20	3.4	7
7.	Availability of cash in my ATM	0	4	2	6	8	20	2.1	14
8.	ATM slip always shows updated balance	8	12	0	0	0	20	4.4	1
9.	Quality of notes	1	3	5	5	6	20	2.4	12
10.	ATM grievances are settled within stipulated time	0	2	6	6	6	20	2.2	13
11.	Safety & security	0	9	2	4	5	20	2.8	11
12.	Behavior of ATM guard	2	6	8	2	2	20	3.2	9
13.	Sufficient number of ATMs	2	9	2	1	6	20	3.0	10
14.	Working condition	0	4	2	5	9	20	2.1	14
15.	Complaint book	0	2	0	1	17	20	1.4	15
16.	Availability of Power backup/Generator/Inverter	4	10	0	0	6	20	3.3	8
17.	Overall performance	0	13	5	2	0	20	3.6	6

In table 3, on the basis of weighted sum, ranking is done against various aspects of ATM in order to know which aspect contributes the most towards maximizing the satisfaction and which one gives a negative effect. According to the response of the respondents researcher analyzed that aspects related to ATM slip always shows updated balance getting 1st rank, followed by directions to operate ATM, promptness related to delivery of cards, working condition of keypad, easily location of ATM, overall performance, easily found at useful places like malls, hospitals etc. processing time, availability of power back up, behavior of ATM guard, sufficient number of ATM, safety and security, quality of notes, grievances settled with stipulated time, availability of cash, working conditions ended with the complaint book.

Table 4. Comparison of Public and Private Sector Bank

S. NO.	ASPECTS	Public Sector (Union Bank Of India)		Private Sector (Yes Bank)	
		Weighted Average	Rank	Weighted Average	Rank
1.	Promptness of the delivery of card	4.2	2	4.0	3
2.	Easily located ATM	3.8	3	3.7	5
3.	ATM's are found at all useful places like malls, Hospitals, stations. Etc	3.0	7	3.4	7
4.	Directions are clear to operate my ATM	4.3	1	4.1	2
5.	Keypad of ATM machine is working properly	3.5	4	3.9	4
6.	Processing time of ATM	3.8	3	3.4	7
7.	Availability of cash in my ATM	2.9	8	2.1	14
8.	ATM slip always shows updated balance	4.2	2	4.4	1
9.	Quality of notes	3.4	5	2.4	12
10.	ATM grievances are settled within stipulated time	3.3	6	2.2	13
11.	Safety & security	3.8	3	2.8	11
12.	Behavior of ATM guard	3.4	5	3.2	9
13.	Sufficient number of ATMs	2.8	9	3.0	10
14.	Working condition	3.0	7	2.1	14
15.	Complaint book	2.3	10	1.4	15
16.	Availability of Power backup/Generator/Inverter	4.2	2	3.3	8
17.	Overall performance	3.8	3	3.6	6

In table 4, On the basis of weighted mean and ranking of promptness in delivering card, location of ATMs, clear direction for operating the ATM services, processing time, availability of cash, quality of notes, grievances settlement within stipulated time, safety & security, behavior of ATM guard, working condition, availability of complaint book at ATM centers, facility of power backup / generator / inverter and overall satisfaction, the performance of public sector bank is much better than the private sector bank, which indicates that the customers of public sector bank are satisfied as compared with the satisfaction level of customers of private sector bank for the above said factors.

While for the remaining factors like availability of ATM center at useful places, working keypad, ATM slip shows updated balance, sufficient numbers of ATMs, the performance of private sector bank is much better than the public sector bank.

The findings reveals that ATM services of public sector bank are providing more satisfactory services as compared to public sector bank in this study. Therefore private sector banks should concentrate their attention on ATM services quality to improve customer satisfaction.

CONCLUSIONS AND SUGGESTION

Majority of the respondents in both the banks dissatisfied with the ATM Grievance settlement. Hence it is suggested the banks to developed and improvise the proper mechanism to resolve the grievance settlement, as it leads to customer comfort and satisfaction. Comfort and convenience is very important in any business that majority of the respondents are dissatisfied with the ATM., locations, therefore it is suggested that the banks Administration should arrange the ATMs at all the useful places like malls, hospitals shopping malls, etc., so that customer have a comfort and convenience. Majority of the customers are dissatisfied with the sufficient number of ATMs in city, working conditions, cash availability, quality of notes hence, it is suggested the banks to provide all the facilities based on the

customers data base and potential customers in the city. Complaint book is most important at the ATM counters, it is found respondents stated that no complaint book is available at ATM counter hence, it is suggested the banks to put the complaint book in ATM counter, then the customers utilize and make the complaint and also suggestions to the banks for effective functioning. The most important issue the bank administration should concentrate on proper mechanism on Grievances settlement; besides that, customers' data is increasing day by day correspondingly the number of ATMs should be increased, so it leads to customers' satisfaction.

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MERGER FAILURE: STEPS TO MAKE THEM WORK

Dr. Sinha P.K.¹

Professor, Management Institute, Pune, India

Email: pradipsinha48@yahoo.co.in

Sinha Sanchari²

Sr. Researcher, Research Firm, Pune, India

Email: sanchari.sinha@gmail.com

ABSTRACT

Merger is undertaking equity shares by mode of business growth. It could be a method of business combination that is undertaken on permanent basis between two companies or sometimes more than two companies.

During a merger, the acquiring company and acquired companies decide and execute a merger agreement between themselves. Post merger, acquiring company survives whereas acquired companies do not survive anymore, and they cease (stop) to exist.

A new company is not always formed as a result of merger. The merger is led by senior management of acquiring company.

This article brings about an understanding of why mergers fail and recommendations for a successful merger.

Keywords: Merger; Failure; Strategy; Recommendation; Success

INTRODUCTION

A merger arises when two companies incorporate to form a single company i.e. existing stockholders of both involved companies retain a shared interest in the new corporation.

The merger process is usually kept confidential from the public and often from majority of employees of the involved companies. Since majority of attempts fail and this is kept confidential, it is difficult to estimate how many potential mergers generally occur in a given year.

Two companies may think of merger due to a number of reasons. One reason could be increase in profit to the shareholders. For example, combine a profitable company with a loss making unit in order to set-off losses with profits which is a tax benefit while expanding the corporation as a whole.

In recent years, the number of mergers that have taken place across the world has been staggering and has affected nearly all industries, large as well as small companies. Increasing globalization has led to large number of cross-border mergers such as the Daimler-Chrysler, Exxon-Mobil and Alcoa-Reynolds. The reasons given by companies for this recent wave of consolidation include cost cutting through economies of scale, global expansion, acquire new knowledge and expertise, gain talented workforce, new customer base and pursue new technologies.

Mergers although are being aggressively pursued by companies, recent studies have indicated that 60-80% mergers are financial failures. While it is true that some of these failures can be largely attributed to financial and market factors, neglect of human resource issues is also a major reason for merger failures.

PricewaterhouseCoopers (1997) global study concluded that lack of attention to people and related organizational aspects contribute significantly to disappointing post-merger results.

Lawyers, bankers and accountants are indispensable in merger process, but they are not real elements of a successful merger. It is how effective people from two organizations are brought together that will ultimately determine the success of a merger. Employees usually are not involved in the integration process of a merger. If a merger has to succeed, employees need to be informed and involved more deeply through all stages of the merger process.

LITERATURE REVIEW

There is vast literature available on mergers in economics, accounting and finance (surveys by Andrade, Mitchell and Stafford 2001; Pautler 2001, 2003).

Topics researched include return to shareholders of both firms and the effects of mergers on profit, product quality, R and D intensity, market share and capacity. Recovery to shareholders tends to be positive, with major advantage to target shareholders. Many possible motives for merging has been recommended, but empirical evidence is inconclusive on which are the most common or create the most value.

Mergers tend to occur in upsurge within industries, suggesting that they are led by external shocks such as technological or regulatory change.

A large number of mergers are unsuccessful. Over the last fifteen years, 43% of all merged firms worldwide reported lower profits than comparable non-merged firms (Gugler et al. [24]).

In management literature, poor merger performance has often been connected to unsuccessful integration of different corporate cultures. Cultural differences, however, are inadequate to demonstrate failures.

During an economic boom, merger failures are more frequent (Harford and Gugler).

Prior research indicates conditions under which merger failure occurs and predictions when more failures should be expected.

There are merger failures when opportunity costs of merging are lower. Firms merge because it is cheaper and integrate less because of several complexities.

There are fewer failures if penalty arises before reaching a fully integrated company. At the post-merger stage, a higher penalty increases the incentives to integrate. It might thus well be that company differences and divergent management styles create opportunities for merger success.

Many research studies and findings have proposed a number of other explanations for merger failure. Managers can be empire-builders and merge only to belong to a larger firm (Merger Failures, Albert Banal-Estañol, Jo Seldeslachts, April 2005). Managers do not necessarily maximize shareholder's utility, but their own, which is associated with the capacity of their firm. Managers may elaborate the future output of the merged entity because they are over-optimistic about the synergy gains or because they do not foresee any post-merger difficulties.

According to prior research, failures include lack of adequate planning, an overly aggressive timetable to close the deal, lack of looking at possible post-merger integration problems and projecting synergies that turn out to be illusory (Sherman 2010).

NEED FOR THE STUDY

It is important to analyze a merger failure. When analyzing the failure of the merger process it is important to look at the aim, strategy and objective in the pre-merger planning and compare it with the results post-merger.

Successful mergers are a process and not an art or science. Therefore, it is crucial and essential for understanding the merger process by analyzing its outcome and result.

OBJECTIVE OF THE STUDY

Objective of this study is to explain some factors why mergers fail and steps undertaken to make them work.

RESEARCH DESIGN AND METHODOLOGY

Research Design

Research Design used is qualitative research approach.

Source and Methods of Data Collection

Collection of secondary data from a number of sources i.e. published and unpublished materials in the form of books, reports, journals and periodicals.

Literature and empirical research was the fundamental research method undertaken.

Research Process and Structure

The research method in this article could be characterized as one with high interplay between theory and empirical research.

Need for research began with an analysis of existing literature and prior research on this topic.

The study of this paper is structured in five parts i.e. introduction, literature review, research method, data presentation, analysis and interpretation and conclusion.

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

A study by Watson Wyatt based on a survey of 1,000 companies revealed that more than two-thirds of companies failed to reach their profit goals post-merger (Literature Review about Mergers & Acquisitions, Peterson, Marcus, 2007) and only 46% met their cost-cutting goals. These findings have been further supported by A.T. Kearney study which shows 58% mergers fail to achieve their stated goals, and only 42% global mergers manage to outperform their competitors after two years (Literature Review about Mergers & Acquisitions, Peterson, Marcus, 2007).

Mergers typically fail for the following human resource reasons:

Lack of Communication

- According to a survey examining the role of human resources in mergers and on responses from 413 HR directors in companies with 2000 or more employees, 70% respondents cited employee communication as an important issue during merger process (Chupp, 1993).
- One of the major reasons why mergers fail is lack of communication between the two merging organizations or between people at all levels of the organization.
- Middle management and lower level employees in particular are not shared information related to merger issues. Research shows that less than 30% companies share merger information to middle management and lower level employees. Therefore, it is not surprising that managers gain information about their organization from print media rather than from their own superiors.
- Another problem is deliberate withholding of information by senior executives who are involved in the merger process thus leading to confusion, uncertainty, loss of trust and loyalty with the employees. In some cases, companies feel the need to lie by making reassuring statements to their employees about the continuity of their roles and pay packages.

- To meet regulatory requirements , safeguard proposed merger and valuation of the company on the stock exchange implies that the information sometimes must be withheld, within the organization and externally , before completion of merger. Conditions of secrecy and uncertainty hence develop throughout the company. Consequently, executives without a ‘need to know ’ are often kept away from information they require to plan effectively and communicate with their employees about a potential merger. The fact that employees are often excluded while a merger deal is being finalized makes it all the more important to communicate and indicate to them as soon as the merger deal has been officially sealed.

Lack of Direct Involvement by HR

- Primary stages of merger which requires planning and negotiation is often carried out confidentially and does not involve human resources.
- The following table has been obtained from a presentation by Raymond Noe and illustrates various stages at which human resources become involved in the merger process in countries like the United States, Asia-Pacific and Brazil.

Human Resource Involvement in the Merger Process

	United States	Asia-Pacific	Brazil
Initial Planning	16%	19%	8%
Investigative	41%	21%	12%
Negotiation	16%	16%	24%
Integration	27%	44%	56%

Source: Raymond Noe, “Mergers and Acquisitions” MHR 860, Ohio State University Fisher College of Business, January 17, 2002

- According to a survey of 134 human resource executives, HR departments are not always involved in the merger process. Lack of involvement by HR can have a detrimental impact on merger since it implies neglect of issues which are directly linked to merger success or failure.
- If legal and financial experts are accountable for strategic analysis behind integration, financial success of merger such as productivity of new employees may get overlooked unless HR and corporate communications team provide their input.

Lack of Training

- Lack of training, not only of employees of the merging company , but of senior managers and HR professionals who are supposed to overlook the merger process , is a major contributor to merger failure.
- Training is an essential ingredient in aligning post-merger processes and activities and in achieving a smooth integration process. However, in a recent survey involving HR directors in large companies, only 48% respondents reported taking part in training and development in the post-merger phase.
- In many cases, HR professionals are neglected in the merger process because they are considered ill-equipped to deal with the merger and the arising issues. The survey reveals 81% HR directors believe that most HR professionals do not have sufficient technical knowledge of mergers and other corporate growth activities to support merger strategy development.
- The irony is that lack of training creates a vicious circle i.e. senior executives do not involve HR directors in the merger process because they are not efficiently trained to deal with merger issues and activities , but in order to get that essential training , HR needs the support of senior management. In many instances, senior managers themselves lack proper training required to deal effectively with mergers, and in spite of this drawback they are the ones who are often in

charge of making human resource decisions which affect employees. Decisions could be about job losses and changes in people's roles within the organization.

- According to a survey involving 88 senior HR executives of companies that have recently experienced merger, less than 33% respondents reported that training in merger communications was provided to top management. It has been observed that training was provided to CEO, middle managers, or frontline supervisors in just one out of five companies.
- If this situation does not change, senior managers will be unable to lead post-merger processes effectively, and will lack necessary knowledge to meet demands of newly-merged organizations. The company's efficiency and profitability will in turn be affected.

Loss of Talented Employees

- Increase in productivity of employees is of great concern during corporate mergers. Mergers often lead to loss of merging companies' greatest assets i.e. talented employees and key decision-makers. According to American Management Association, one out of four top performers leave the company within 3 months of an announcement of an event involving major change in the organization and 47% senior managers in the acquired company leave within the first year. A Wall Street Journal article estimated that 50-75% managers in companies that have merged plan to leave within three years. (Corporate Finance, FIN 622, Mergers and Acquisitions, ZeePedia.com)
- Decision to merge is often based on the desire to gain a talented workforce as well as new ability and skill force. The management needs to realize that when employees leave the company following a merger, they take with them the knowledge and expertise that was actually the reason why the merger occurred.
- Many a time employees do not leave on their own freewill following a merger transaction. Companies may reduce their headcounts and downsize in a bid to reduce costs.
- Merging companies not only suffer a fall in their productivity as a result of losing talented employees, but there is a loss of morale and insecurity on the part of employees who still remain in the newly-merged organization which leads to productivity problems.
- Employees prevalent in the system start distrusting their employer and become averse to safeguard the interests of the new company. They become de-motivated to work. Loss of creative power can act as a hindrance to the organization for competing in a rapidly changing industry.

Loss of Customers

- During mergers, loss of employees invariably leads to loss of customers.
- Some of the most talented employees, responsible for bringing in business to their organizations, are often the ones who leave, leading to loss of key customers. Organizations need to remember that it's the people who bring in profits, represent the organization, establish a bond with customers and ultimately, are the ones that will make the combined company succeed.
- Even if merging companies succeed in retaining employees that bring in business, customers may still want to give their business to other companies if they doubt that their service level will deteriorate with the newly merged organization.
- Lack of communication from the management is therefore the culprit not only to the employees of the merging organizations, but also to their customers.

Corporate Culture Clash

- In mergers, selection of the right partner must be after an honest and meaningful courtship. There needs to be communication, flexibility and mutual respect.
- Organizational culture is a blend of an organization's values, traditions, beliefs and priorities. Also, it helps to justify what sort of behaviour is rewarded in an organization.
- Work climate within an organization tends to change even on slight rumor of a merger. People within the organization tend to become emotionally confused and anxious. The initial feeling is of betrayal.
- Employees begin to re-think how their career will progress. Gossip within the organization competes with production and then competition begins to gain foothold.
- If two companies have all components in place for a successful merger, cultural differences can break the deal. It is not enough for two companies to appear progressive on paper. Employees need to work together for the merger to succeed.
- Poor communication and inability to manage cultural differences are the two main causes of failed mergers.
- Communication, decision-making, productivity and employee turnover at all levels of the organization gets affected if cultural differences cannot be resolved.
- Importance of cultural differences can be explained with the DaimlerChrysler merger. In this merger, Daimler-Benz and Chrysler both expressed their commitment of working together, sharing work practices and product development methods. The commitment did not materialize as Daimler's management was unwilling to use Chrysler parts in Mercedes.
- Culture clashes being at the heart of many failed mergers, managers are not taking sufficient measures to resolve and manage critical cultural differences.

Power Politics

- Power struggles can be a major obstacle for merger success.
- Clashes between the management of two companies, as well as within a company's own management, can lead to merger failure. Power struggles distract management from targeting business issues. Managers tend to place their own self-interests above those of business, and often end up making decisions favoring them at the expense of the rest of the organization. In Daimler-Chrysler merger, the distribution of power was not equally spread out.

Inadequate Planning

- Success or failure of a merging organization is also determined by planning. Many merging organizations have inadequate or incomplete integration and implementation plans in place.
- Major downside of planning process is that it can take focus away from daily business activities. It can also lead to failure of addressing serious HR issues and activities which can have a strong impact on the organization.
- Another flaw in many merger plans is that they include unrealistic expectations and hence lead to the merging organizations stretching beyond their capabilities.

Technology Integration

Integrating information systems is found to be one of the toughest post-deal challenges.

Regulatory Delay

Merger announcement is a disturbing event for employees of both involved organizations. Detailed plans need to be in place to deal with potential problems immediately arising post announcement. In case of regulatory delay, risk of substantial deterioration of business increases along with loss of valuable employees, customers and suppliers. This loss helps to evaluate whether a particular merger should be undertaken.

Flawed Intentions

- A merger may have more to do with earning money than serving its real purpose. Major force in merger is the ego of top management which is boosted by buying competition. They get carried away with influences from bankers, lawyers and other assorted advisers who earn big fees during mergers.
- Most CEOs get to where they are because they want to be the biggest and the best, and many top executives get a big bonus for merger deals, no matter what is the outcome to their share price later.
- Mergers can be driven by generalized fear. Globalization which makes the outlook uncertain can create a strong incentive for defensive mergers. The management team feels the need to acquire a rival before being acquired. The idea that is generated is only big players survive a more competitive world.

Excessive Premium or Over Paying

In a competitive bidding situation, a company may tend to pay more. The highest bidder many a times turns out to be one who overestimates the value out of ignorance. Though one emerges as the winner, it turns out to be an unfortunate winner termed as winner's curse hypothesis. Premiums are paid based on expectations of synergies. However, if synergies are not derived, there is failure of merger process.

Poor Organization Fit

- Organization fit is match between administrative, cultural practices and personnel characteristics of the target and the acquirer. It is the bases on which two organizations can be integrated during implementation.
- Organization structure with similar management problem, cultural system and structure facilitates effectiveness of communication pattern and leads to improvement in the company's ability to transfer its expertise. Merger failures tend to happen due to mismatch of organization fit.

Poor Strategic Fit

- Strategic fit between merging companies is essential to yield desired results.
- Mergers with strategic fit can improve profitability through cut in overhead costs, effective utilization of facilities, ability to raise funds at a lower cost, and deployment of surplus cash for expanding business with higher returns. Many of a times lack of strategic fit between the two merging companies results in merger failure.
- Strategic fit can also include business philosophies of two entities (return on investment versus market share) , time frame for achieving these goals (short-term versus long-term) and the way in which assets are utilized (high capital investment). Absence of strategic fit between companies may destroy the shareholder value of both companies.

Poor Cultural Fit

- Lack of cultural fit between merging firms results in misunderstanding, confusion and conflict. Therefore for success of mergers cultural due diligence is required. Steps like determining the

importance of culture and assessing the culture of both the target and acquirer should be undertaken. It is useful to know target management behaviour with respect to dimensions such as centralized versus decentralized decision making, speed in decision making, time horizon for decisions, level of teamwork, conflict management, risk orientation and openness to change. It is necessary to assess cultural fit between the two organizations. Potential sources of conflict must be managed. It is necessary to identify the impact of a cultural gap, develop and execute strategies to use this information in the cultural profile.

- Cultural issues may create major problems if kept unaddressed. If one organization is feudalistic and the other open and transparent, culture can definitely become an issue when they merge. For example: Merger of Daimler and Chrysler.

Poor Managed Integration

- Integration of companies requires high quality management. It is often poorly managed with lack of planning and design leading to its failure.
- Key variable for success is effective management of the company post merger. Even good deals fail if they are mis-managed post merger.

Incomplete and Inadequate Due Diligence

- Lack of due diligence is lack of detailed analysis of all important features like finance, management, capability as well as intangible assets.
- Lack of incomplete and inadequate due diligence many a times results in merger failure. ISPAT Steel as a corporate acquirer conducts merger activities after elaborate due diligence.

Limited Focus

If merging companies have entirely different product range, market structure and cultures, the merger is bound to fail. There is an effect on their core competencies which gets weakened and affects their position in the stock market. Purely financially motivated mergers such as tax driven mergers on the advice of an accountant can be affected by adverse business consequences. Conglomerates that had built unfocused business portfolios were forced to sell their non-core business as they could not withstand competitive pressures. For example, Tatas sold their soaps business to Hindustan Lever which led to merger of Tata Oil Mill company with Hindustan Lever Ltd.

Failure to Examine Financial Position

Examination of financial position of the target company is quite significant before takeovers are conducted. Areas that require examination is stocks, stability of finished goods, quality of receivables, details of fixed assets, unsecured loans, claims under litigation and loans from promoters. For example when ITC took over the paperboard unit of BILT near Coimbatore, it organized for a comprehensive audit of financial affairs of the unit.

Failure to Evaluate Target Company's Business Condition in Detail

- Risk of failure can be reduced by detailed evaluation of the target company's business condition by experts in the line of business.
- Pre-requisite for merger success comprises of detailed examination of manufacturing facilities, product design features, rejection rates, marketing network, details of key people and productivity of employees. Decision to acquire target company should not be influenced by state of art physical facilities such as a good headquarters building, guest house on the beach and availability of land for expansion.

Failure to take immediate management control

Control of new unit should be taken immediately after signature of agreement. ITC did so when they took over BILT unit even though the consideration was to be paid in five yearly installments. ABB put new management systems in place on day one and reporting systems in place by three weeks.

Failure to Set Pace for Integration

Important task in merger is integrating the target with the acquiring company. All major business functions such as marketing, finance, production, design and personnel should be put in place. In addition, prominent people of the acquiring company and key people from the acquired company should be retained and given sufficient prominent opportunities in the combined organization. Positive aspects of the earlier culture should be preserved while discarding those not needed. Integration delay leads to delay in product shipment, business operations and slow down in the company's road map. Arun Thygarajan, former MD and Country Manager, ABB India Ltd., opines that once the merger announcement is made, not only should things move in a flash but decisions should also move with an utmost speed.

Failure of Follow Up by Top Management

- After signature of merger agreement, top management should be very active and make things happen. After takeover initial few months determine the speed at which the process of resolving the problem can be addressed.
- Top management follow-up is essential to set a clear road map of actions to be undertaken and set the pace for implementing them.

Partners Incompatibility

Merger between two strong companies is safer as compared to merger between two weak companies. Many strong companies seek small partners in order to gain control while weak companies look for stronger companies to bail them out. But an experience shows that the weak link becomes a hindrance and causes friction between partners. A strong company taking over a sick unit in the hope of rehabilitation may end up in liquidation.

Improper Communication

The objective of proper communication is to minimize uncertainty relating to issues that directly impact people and organization. Failure to manage communication results to inaccurate consciousness, loss of trust in management, morale, productivity and safety problems, poor customer service, defection of key people and customers. It may lead to loss of support of key stakeholders at a time when the support is needed the most.

Failure of Leadership Role

Some of the roles the management should take seriously are modeling, quantifying strategic benefits, building a case for mergers, articulating and establishing a high standard for value creation. During mergers, walking the talk also becomes crucial.

Boardroom Schisms

When mergers are structured with 50/50 board representations or substantial representation from the acquire, care must be taken for determining compatibility of directors following the merger. Failure to focus on this aspect can create or exacerbate a culture clash and prevent integration. The continuing directors many a time fail to meet and exchange views until after the merger is accomplished.

Recommendations for a Successful Merger

Extensive and Regular Communication

- During all stages of a merger process, communication is crucial and key to its success. To be effective communication must aim to avoid confusion and mixed messages. There is a requirement for honesty and a focus on positive messages. If not, it will encourage rumours that have a negative impact both within the organization and externally.
- It is essential for the management to communicate clearly and regularly to all employees about the implications of a merger. Planned changes in working practices as well as organizational processes should be undertaken. If the management is unable to discuss the merger while negotiations are taking place, there is a need to make up for it immediately in the post-merger phase. Communication process should include stating the merging company's goals and objectives to all employees and keeping them informed of progress during the implementation and integration phase of the merger.
- Communication process should encourage two-way feedback between the management and employees to make them feel their contribution. Merging companies are encouraging widespread acceptance of the merger process and reducing insecurity feelings by involvement of people at all levels of the organization.
- Communication within merging organizations as well the two companies that are merging is essential in order to reduce the "us" and "them" mentality which can be destructive during the merger process.
- It is important for merging companies to communicate extensively with customers to reassure them that their level of service will not be affected. The information flow needs to be continuous and specific in order to maintain a sense of continuity and to reduce uncertainty feelings on the part of customers.
- Management would not want to complete the merger without a key customer or supplier who is no longer doing business with the company because of uncertainty resulting from lack of communication.

Effective Planning

- Success in mergers correlates directly with level of planning.
- Careful and early planning influences merger success. Plans need to include realistic goals and reasonable timeframes, and should cover all key aspects of the organization including people, systems and organizational processes. They should also focus to align systems, work structures and processes between the merging organizations, and on implementing structures and procedures that will allow the organization to handle the changes brought about by merger.
- Effective planning leads the way to a smoother implementation process and maximizes the chances of success of the merging organization.
- When a carefully laid out integration plan is implemented, companies can achieve optimal results and maximize value proposition of strategic transactions, regardless of merger objectives.

Retain Key People

- During the merger process, retention of a talented workforce, which is often a major reason behind merger, should gain priority and the management needs to take measures to improve the retention rate in their merging companies.

- In the management's retention strategy, comprehensive communication with employees play's a significant part. If communication process is effective, it can lead to reduction of employees insecurity giving them a brighter picture of their future within the organization. If, however, managers are not honest about the true implications of the merger, they will lose trust of their employees, causing them to leave the company. As for the remaining employees, they may no longer feel motivated to produce the best results.
- In the management's retention strategy pay and reward policies can play a crucial role , but they need to be addressed early in the merger process and should not only focus on senior executive pay , but on remuneration of employees at all levels of the organization. There is also a need to reflect the newly-merged company's goals and business needs.
- Companies that are considering cutting costs by lowering headcount should think twice and must remember that quality is more important than quantity. Post-merger the best people are generally asked to go and the ones remaining are ineffective at bringing in business and clients.
- Talented employees are a company's best assets, and company leaders need to distinguish between their best people and poor performers before making decisions about job cuts.
- If job reductions are to be carried out, they need to be speedily communicated within the organization, and if possible, senior management should reassure the remaining employees that there will be no more redundancies. Employees in turn will redirect their full attention to their work and keep their productivity up.

Manage Cultural Differences

- Merging companies need to be aware of cultural differences between them and find practical ways of reconciling those differences.
- Corporate mergers where the acquiring company is aware that cultural differences exist, produce considerably higher shareholder value than those where the acquiring company believes there are no such differences.
- Two determinants of success are a measured and selective approach to post-merger integration, coupled with recognition that different companies have different cultures no matter how similar the businesses appear.
- Cultural audit is an effective way to obtain information about differing cultures of two companies and helps to evaluate differences and similarities in their work standards and practices. Awareness of potential difficulties and issues arise in the merging process which allows the merging company to take steps to minimize culture clashes.
- Part of the communication process should involve bringing together people in both organizations and encouraging them to take part in both social and professional activities together. The two companies should be encouraged to build on their common ground.
- The most effective way to avoid destructive conquered versus conqueror mindset is to ensure that majority of people in both organizations get to know each other early in the process.
- With the increasing trend towards global mergers, language barriers need to be taken into account, and companies should consider providing language training to their employees if this can benefit the integration process.
- A fundamental step towards achieving successful partnership is integrating the two cultures of the merging companies. In order to do this, cultural awareness and sensitivity are crucial to avoid potential clashes and misunderstandings between the people in the two companies.

Training and Development

- Training and Development should be provided to senior and middle management and their focus should be on all aspects of merger process. Employees will gain better understanding of key issues that arise during the course of a merger.
- Training should focus on merger implications for the company in terms of effects on employees at all levels and its impact on working practices and organizational structures.
- Training should also educate managers on each stage of the merger process
- Providing training to managers for communicating merger implications and issues to the rest of the organization is also required. Managers need to engage employees at all levels of the organization to involve them in the decision-making process and to cultivate their support.

Governance

- Governance of the new organization must be openly discussed and negotiated in the same way as financial issues.
- Before agreeing to a deal, it is essential to decide which board of directors will survive the transaction. The issue of governance is of critical importance in case of merger of religious-sponsored and community institutions.

Leadership

- Leadership of the new organization must be determined before completion of merger, failure of which will result in power struggles among executives and management.
- Before a merger it is difficult to address leadership questions since it is impossible for the two negotiating parties to be present at the same time.
- Boards of the two parties have to provide strong leadership. It may even be helpful to bring in an outside consultant to aid in this process.

Post-Merger Integration Teams

- One way to ensure smooth post-merger integration is to set up an integration team dealing with all critical areas of the organization, including finance, sales and marketing , human resources and operations.
- “Over integration” of the merger target can also harm shareholder value because it can destroy the essential value of the target company. The most successful mergers were those that aimed for a medium level of integration.
- There can be dangers in moving too fast in an attempt to realize all its synergies at once. It’s a question of identifying where value is being created, and then making sure one can protect it during the integration process. One needs to be selective when deciding exactly what to integrate and how quickly.

CONCLUSION

In many companies on one hand as senior executives recognize the importance of human resource issues in determining whether a merger is going to succeed or fail, on the other hand those executives are not doing enough to encourage the involvement of HR teams and employees in the merger process. This clear contradiction between what executives know to be true and their reluctance to do anything about it is baffling.

Though companies continue to neglect HR-related issues in mergers, there is some evidence which suggests that companies are recognizing the importance of having people in place with necessary skills and experience to lead effective mergers.

In the merger process, importance of financial, market and legal factors must not be downplayed. However, human resource issues, such as merger effects on workforce, must not be neglected since they are important in determining the success of a merger. They can greatly maximize the chances that a merger will succeed if they are dealt with promptly and effectively. Business situations may be complex and unique, but people situations are predictable and addressable.

Most mergers are one time events that companies manage with heroic effort; few companies go through the process often enough to develop a pattern. Thus, it tends to be seen not as a process but as something replicable to get done with and get back to business.

Ideally, merging organizations should take into account the following steps for the merger to be successful:

- Merger should be in the best interests of the merging companies beneficiaries
- Organizations involved must be compatible in objects , culture and values
- Effective communication with all stakeholders from the outset is vital i.e. processes and outcomes should be clear to all involved
- Merging organizations should be united in believing that the merger is the best way forward
- Identify key roles and responsibilities in the merger process

Communicate and negotiate in a way that reflects the interests of all parties.

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**A STUDY ON AWARENESS OF E-GOVERNANCE SERVICES
PROVIDED THROUGH AKSHAYA CENTRES IN KERALA
WITH SPECIAL REFERENCE TO MALAPPURAM DISTRICT**

Nissar P.¹

Research Scholar, Department of Commerce and Centre of
Research, PSMO College, Tirurangadi, India
Email: nissarkdp@gmail.com

Dr. Yakoob C.²

Research Guide, Department of Commerce and Centre of Research,
PSMO College, Tirurangadi, India
Email: dryakoobc@gmail.com

ABSTRACT

ICT can be used by government agencies to transform relations with citizens and businesses. In India, as in much of the developing world, it is not uncommon for rural villagers to travel long distances to government district headquarters in order to submit applications, meet officials, obtain copies of public records, or seek information regarding various services. This involves the loss of a day's income as well as the cost of transportation. Once at the government office, the relevant official, record, or information could be unavailable, forcing repeated visits and additional expenses. In effect, government officials working with paper records enjoy a monopoly over information and records.

Villagers may also face discomfort, harassment, and corruption on the part of public officials and are often given incorrect information about government programs and services. With ICT, it is possible to locate service centers that provide documents, land records and other public services physically closer to citizens. Such centers may consist of an unattended kiosk in a government agency, or a service kiosk located close to the client. Potential benefits include increased transparency, less corruption, better delivery of government services and greater government responsiveness. The study aims at analysing the awareness and acceptance of e-governance provided through Akshaya centre in Kerala.

Keywords: E-Governance; Common Service Centre; Akshaya Centre

INTRODUCTION

E-governance or electronic governance is the application of information and communication technology (ICT) for delivering government services to the beneficiaries. "Electronic Service Delivery" means the delivery of services through electronic mode. There are three kinds of services extended by the Government:

1. G2C or Government to Citizen Services (accessed by the Citizens)
2. G2B or Government to Business Services (accessed by the Businesses)
3. G2G or Government to Government Services (accessed by Government Department)

E-governance in India

E-governance India has steadily evolved from computerization of Government Departments to initiatives that encapsulate the finer points of governance, such as citizen centricity, service orientation and transparency. Constitutional provision for e-governance was given by passing Information Technology Act 2000.

The formulation of National e-Governance Plan (NeGP) by the Department of Electronics and Information Technology (DEITY) and Department of Administrative Reforms and Public Grievance (DAR&PG) in 2006 has boosted the e-governance process. Another major contribution was E-District programme implemented in 2013 in selected District. The National e-Governance Plan (NeGP), takes a holistic view of e-governance initiatives across the country, integrating them in to a collective vision, a shared cause. Around this idea, a massive countrywide infrastructure reaching down to the remotest villages is evolving, and large scale digitalization of records is taking place to enable easy, reliable access over the internet. The ultimate objective is to bring public services closer home to citizens, as articulated in the vision statement of NeGP that “make all Government services accessible to the common man in his locality, through common service delivery outlets, and ensure efficiency, transparency, and reliability of such services at affordable cost to realise the basic needs of the common man”.

The Government of India’s National e-Governance plan has a clear vision: to deliver, and make accessible all Government, social and private sector services in the area of agriculture, health, education, utility payments, banking and financial services, etc. to the citizen at affordable cost. With this intent, the Common Service Centres (CSC) were conceptualized in may 2006, as the friend end service delivery outlets enabling smooth and transparent governance at the village level. CSC is meant to be a low cost vehicle for Government institutions to deliver e-Governance services to the rural population of India in ‘Simple, Moral, Accountable, Responsive and Transparent’ (SMART) and most cost effective manner. In Kerala Akshaya centres act as CSC for delivering government services.

Public-Private Partnership and E-Governance

PPP is an arrangement between a public (government) entity and private (non-government) entity by which, services traditionally delivered by the public entity are now provided largely by private entity under a set of terms and conditions well defined at the outset. Hence, under the PPP approach, output based indicators are much more important. PPPs therefore, imply sharing of management control, and impose local, as opposed to distant accountability. . The development of network-based distributed systems that serve numerous and diverse constituents and improve the overall efficiency and functioning of Government is a priority. Considering these requirements, private players such as IT vendors are extending their overall support to realise e-Governance projects for Indian citizens. Not just the Central Government, State Governments are also actively participating in these projects. Today, most states have drafted state-specific IT policies that are in various stages of implementation. The Central Government has also taken several initiatives to advance ICT usage across all Government bodies as this will benefit the common man. These include the roll-out of the National e-Governance Plan (NeGP), the launch of Mission 2007, and the formation of Common service centre like Akshaya centres across the country.

Akshaya Centres- Kerala

Kerala’s unique developmental experience is reflected in its high levels of human developments but low industrial development and employment. ICT was seen as an enabler of the region’s socio-economic development and a sound physical digital infrastructure was put in place. The important step in taking ICT to the mass has been rolled-out in Kerala by introducing call centres, FRIENDS, Akshaya centres etc, but the most important one is Akshaya Centres. AKSHAYA conceived originally to bridge the digital divide In Kerala and to act as a catalyst for socio-economic development. The project has established 610 multi-purpose community technology centres, each with 5-10 computers in

Malappuram district. Private entrepreneur who are known and respected in the village community own the centre.

An e-literate citizen is a key component of a successful e-governance strategy. In the initial phase of Akshaya projects, the focus was placed on educating one person in each family to be e-literate. Malappuram was selected for piloting e-literacy and project was launched on 18th November 2002. When many renowned organisations come up with computer education Akshaya changed its direction in to citizen service delivery. In 2007 Akshaya moved in to phase- two of the project rendering new G2C and B2C services through its 2000+ Akshaya centres. It is now providing more than 23 services to citizen in rural area. The Government of india has sanctioned the request of Government of Kerala to integrate the Akshaya centres with the Common Service Centres scheme under the National e-Governance Programme (NeGP). Accordingly all Akshaya centres are now Akshaya Common Service Centres. Akshaya is acting as an instrument in rural empowerment and economic development. The project is a catalyst in creating massive economic growth and creation of direct and indirect employment in the State by focusing on the various facts of e-learning, e-transaction, e-governance etc. The study aims at understanding the acceptance and awareness of e-governance services provided through Akshaya centres in Kerala

METHODOLOGY

The study is an exploratory in nature, using a combination of methods such as interviews, observation, and literature and document review were used to conduct the study. Primary data has been collected from 75 respondents in Malappuram district. 10 services provided through Akshaya centres has been examined for measuring awareness and acceptance of the e-governance services provided through the Akshaya centres projects in the states of Kerala. These services are

1. UIDAI/ Aadhaar enrollment
2. E-Grantz
3. E-District
4. Ration Card related services
5. E-Ticketing
6. E-Payment
7. E-Manal
8. E-Vidhya
9. RSBY-CHIS Health Card
10. Online Application for Passport

OBJECTIVES OF THE STUDY

Following are the important objectives of the study

1. To understand awareness of e-governance services provided through Akshaya Centre in Kerala
2. To Analyse usage of e-governance services provided through Akshaya Centre in Kerala
3. To study on perception of users on effectiveness of cost and time of service delivery

ANALYSIS AND DISCUSSION

Awareness of e-governance services

Table 1 shows the awareness level of various e-governance services provided through the Akshaya Centres. It is clear that 89% of respondents are aware about the UIDAI/ Aadhaar services. Services like e-payment, RSBY health card, e-district and ration card services are to some extent aware by

people. But the awareness levels of other services are not in a satisfactory level. Services having least awareness are E-grantz, e-manal and e-vidhya services. In short it can be justified that awareness level of the services provided through Akshaya are low.

Table 1. Awareness of e-governance services

Services	Aware		Not aware	
	No.	%	No.	%
UIDAI	67	89	8	11
E-Grantz	13	17	62	83
E-District	52	69	23	31
Ration Card	45	60	30	40
e-Ticketing	25	33	50	67
e-payment	71	95	4	5
E-Manal	20	27	55	73
E-Vidya	18	24	57	76
RSBY-CHIS Health card	58	77	17	23
Passport Application	19	25	56	75

Usage of E-Governance Services

Table 2 shows the usage of e-governance services provided through Akshaya centres in Kerala. Mainly used services are UIDAI, e-payment and RSBY health card. 77% of respondent uses UIDAI Services, 63% uses e-payment and 61% respondent uses RSBY services. 93% people are not using e-grantz and passport application and other least used services are e-vidhya and e-manal respectively. So it can be say that usage level of services provided through the Akshaya centre are not in satisfactory level.

Table 2. Usage of E-Governance Services

Services	Service Users		Service Non users	
	No.	%	No.	%
UIDAI	58	77	17	23
E-Grantz	5	7	70	93
E-District	41	55	34	45
Ration Card	32	43	43	57
e-Ticketing	13	17	62	83
e-payment	47	63	28	37
E-Manal	11	15	64	85
E-Vidya	9	12	66	88
RSBY-CHIS Health card	46	61	29	39
Passport Application	5	7	70	93

Effectiveness of Cost and Time of Service Delivery

Table 3 analyses perception of users regarding effectiveness of cost and time of services delivered under e-governance. Respondent perceive UIDAI, e-grantz and e-manal are highly cost effective compared to other services. In short weighted average of cost effectiveness shows that the services provided through Akshaya centres are cost effective to the respondents. It should be noted that even though there is effectiveness of time for delivering e-governance services, as far as the e-district and e-manal is concerned the time effectiveness is very low. From the table cost effectiveness are higher than the time effectiveness. It means e-governance services are cheaper than it save time.

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Table 3. Perception of Users on Effectiveness of Cost and Time of Service Delivery

Services	Cost		Time	
	Rating (1-5) (Avg)	Respondents	Rating (1-5) (Avg)	Respondents
UIDAI	4.5	58	3.8	58
E-Grantz	4.2	5	4	5
E-District	3.4	41	2.2	41
Ration Card	4	32	3.6	32
e-Ticketing	3.3	13	4	13
e-payment	3.8	47	4.2	47
E-Manal	4.2	11	2.8	11
E-Vidya	3.7	9	4	9
RSBY-CHIS Health card	3.4	46	3.8	46
Passport Application	3.6	5	3.6	5
Weighted Average	3.8	-	3.6	-

Sources of Information Regarding the Services

It is seen from the table 4 that colleagues or friends are the main source of information about the services provided through Akshaya centres in kerala. 45% of respondent got information from their friends or colleagues and 21% of respondent got information from politician including gram panchayath ward member. So it can be say that word of mouth is the main source of information about the services provided through the Akshaya centres.

Table 4. Source of Information Regarding The Services

Sources	No. of Respondent	Percentage
News Paper	9	12
Colleagues/ Friends	34	45
Visual Media and Internet	5	7
Politician/ ward member	16	21
Local government office	11	15
Total	75	100

Community Involvement

Akshaya centres are owned by local entrepreneurs on PPP (Private Public Ownership) model, which is a new concept of government service delivery that is fast, efficient, hassle free and accessible to the common man. Akshaya centre operators are young, educated, computer savvy, and very attached to their communities. Besides offering e-government services, often create and manage database and work on data entry for private clients, offer PC training, provide voice, fax, copy, etc. Akshaya centres with the collaboration of local staff are more likely to be appropriate for local conditions because there is continuous involvement and feedback from the community.

Misunderstanding Governance

Majority of people are widely misunderstanding the Government and e-Governance efforts. They are not aware about the necessity and ultimate benefits of e-governance system. People have many doubts in the new system of governance. Due to lack of communication they are not getting necessary information and assistance in the new system of governance. Further the respondents do not realizes that Government is a complex structure which has existed over years and any big changes are very difficult to implement due to political, social, economic, and security constraints for the Government.

Front-office Vs Back Office e-Governance

Unless the back end integration of systems takes place, the front end efforts may not lead to any success. The integration of various departments, supporting applications and databases is must for true front office results. However in most cases various service centres are established as example of e-governance in states. Such centres devoid of any backend integration just act as internet cafes or movies theatres. The true e-governance application will be achieved only when the front office is integrated with the backend application. Creating front offices without any back office integration is another cause of e-governance failure.

PPP Misinterpreted

The concept of PPP is often misinterpreted to mean Public Money for Private Partners. Infact the projects where the private partners are dependent on Government money are not true PPP projects. True Public Private Partnership is an equal investment of private partners in Government projects. This partnership may be in form of manpower, technology, resources etc. However various groups interpret that by involving the private partner the Government is draining public money to private partner. Many Akshaya centres have failed and stopped its operation recently due to these reason. Any business model which is not self supporting is never everlasting. The same applies to e-Governance projects like Akshaya as well. The Government Subsidized / funded projects may sail through for sometime but in long run may not sustain themselves. The projects actually require a business care.

Suggestion for Improving E-governance Service Delivery

- Conduct usability and capacity Surveys for assessment of existing Akshaya projects in Kerala.
- It is also need to make more awareness of common man for efficient and successful implementation of e-Governance projects and their benefits.
- Make healthy environment in existing ICT infrastructure of Akshaya projects.
- Change in traditionally attitude of servants of government departments and also make internal functions flexible to integrate with e-Governance projects in-order to have fast development and better integration of front office and back office governance.

CONCLUSION

E-governance is an application of ICTs to transform the efficiency, effectiveness, transparency and accountability of informational & transactional exchanges within government to government, government to citizen & government to businesses and to common citizens. AKSHAYA has been trying to make government services more accessible to villagers, which attempts to reduce the time and money people spend, trying to communicate with public officials and to provide immediate, transparent access to local government data and documentation.

One needs to learn to walk before one starts running. The radical changes in Government through e-Governance may lead to lot of resistance to change and the Governments must opt for sequential change. Radical changes may fall as they are difficult to implement and may lead to lot of resistance. The best approach in e-Governance implementation is to think big, start small and scale fast. The big bang approach must be avoided as it may lead to failure.

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**PERCEPTION OF STAKEHOLDERS TOWARDS PILGRIM
TOURISM IN JAMMU AND KASHMIR**

Nufazil Altaf

Student, Central University of Kashmir, Srinagar, India

Email: nahangar113@gmail.com

ABSTRACT

Tourism being the world's largest industry in terms of its growth and potential has become the subject of many researchers; pilgrim tourism being the part of tourism industry has been used as the subject of this study in order to access the perception of stake holders towards pilgrim tourism in Jammu and Kashmir. Jammu and Kashmir is a state that is considered a holy place by people of all religions not only one gets to explore the stunning landscapes of Jammu and Kashmir, one can also have the opportunity to worship the Lords and get their blessings. The state has many temples, shrines and mosques which in themselves are wonder creations. When it comes to religious tolerance, the state stands as an epitome. To aid the study, data has been collected from both primary and secondary sources for in depth investigation. The data collected from the respondents are tabulated and analyzed into logical statements using percentage and mean score analysis.

Keywords: Tourism; Pilgrim Tourism; Jammu and Kashmir

INTRODUCTION

Tourism is one of the world's fastest growing industries at present. In India although tourism has the distinction of being the third largest foreign exchange earning industry after "gems & jewelry" and "readymade garments", its share in the world's tourist traffic is a mere 0.51%. Traditionally, the hilly towns like Shimla Mussorie, Nainital, Srinagar, ooty etc attracted the rich people from the planes, tourists who used to come to these hill station to get rid of heat of the planes in the summer months or to see snow-fall during the winters. In case of Jammu and Kashmir, the tourism contributed significantly to the economy of the state. Tourism creates employment and brings attractive returns to the investors in tourism related industries at low investments. It is estimated that about 20 percent of the state's population is directly or indirectly connected with the activity which contributes about 16 percent to the state domestic product. Many regions the Jammu and Kashmir is full of sacred shrines of all religion. The state is home to the most worshiped sites like Amarnath caves, Vaishno Devi and Hazaratbal; also the most famous Buddhist monasteries and temples that are visited for their architecture and serenity. A single largest source of investment and employment, while it does not have the same 'smokestack' image as the manufacturing industry; it is by no means environmentally benign, generating significant levels of pollution and consuming considerable amounts of natural resources.

Amongst the long list of places of tourist interest in the state of Jammu and Kashmir, the most popular destinations are:

- Bahu Fort of Jammu
- Gulmarg
- Sonamarg

- Mughal Gardens of Srinagar
- Vaishno Devi
- Pangong Lake of Ladakh
- Betaab valley of Pahalgam

Pilgrim in J&K - One Land for All

Jammu and Kashmir is a state that is considered a holy place by people of all religions. The state brims with sacred sites, visited by pilgrims from all over the world. Most of these holy sites are situated amidst the picturesque surroundings of mighty Himalayas. And this attribute has now started attracting many tourists as well to these sites. That way, not only do they get to explore the stunning landscapes of Jammu and Kashmir, they also have the opportunity to worship the Lords and get their blessings. The state has many temples, shrines and mosques which in themselves are wonder creations. When it comes to religious tolerance, the state stands as an epitome. A pilgrim, who comes to J&K, should not leave without visiting the Hari Parbat pilgrim center where a mosque, a temple and a Gurudwara stand side by side. The sight itself gives you the undiluted feeling of brotherhood.

Famous Pilgrim Destinations

AMARNATH CAVE: The Cave of Amarnath is situated around 145 km away from Srinagar and is dedicated to Lord Shiva. Every year, the government of Jammu and Kashmir organizes a yatra to Amarnath in the month of July and August. It is during this time when the white Shivalingam build of ice starts to take form. On the full moon day, it attains complete form and it is this day that is believed to be the day when Lord Shiva told the secret of creation of life and immortality to Goddess Parvati that was overheard by two doves. Amarnath Yatra has the potential of generating Rs 2,400 cr annually for the Jammu and Kashmir government, provided the Pilgrim is kept open for devotees around the year. This estimated amount is higher than the annual revenue earned by the state. This has been stated by a study done by Professor S.K. Jain, head of the management department at IIT Delhi. The report says, "If the yatra is allowed throughout the year, Rs 2,400 cr can be generated which is more than the revenue earned by the state." The study points out that the stoppage points in the Kashmir Valley would include three nights on the Baltal route and six nights on the Chandanwari route. These halts cost approximately Rs 3,000 per head. "According to these figures, four lakh yatris who undertake the Pilgrim currently would be contributing Rs 120 cr to the economy of Jammu and Kashmir," says the study.

VAISHNO DEVI: Situated 62 km away from Jammu, Vaishno Devi shrine is located at an altitude of 1615 m above sea level. It is one of the most important pilgrim place for Hindus around the world. The shrine is located inside a cave on Trikuta Hills. To reach here, one has to start climbing from Katra, which is around 14 km from here. Many pilgrims cover this distance bare foot to please the Goddess and get her blessings. Inside the cave there are three rocks cut statues that represent the three Goddesses. Goddess Kali in right, Goddess Lakshmi in center and Goddess Saraswati in the left. Every Hindu believes that his life gets blessed as he visits the cave and gets a look of the three idols.

HAZRATBAL SHRINE: The shrine is located on the banks of Dal Lake in Srinagar and is one of the most important pilgrim places for Muslims in the state. This is the place where Prophet Mohammad's (S.A.W.) holy hair is kept inside a glass casket. The hair is kept for public display only on auspicious days. The Shrine was built sometime in the 17th century by Muslim Auqaf Trust. The main reason for its construction was to preserve the holy hair of Prophet Mohammad (S.A.W.). The shrine is also known by many other names like Madinat-us-Sani, Assar-e-Sharif, and Dargah Sharif. The mosque is also famous for the many fairs that are held in the premises which attract a lot of pilgrims as well as tourists here. Hazratbal Mosque is the most important Muslim Religious place, situated on the western shore of Dal Lake. Its pristine white marble elegance is reflected in waters of the lake. Friday prayers are offered at Hazratbal and attended by throngs of people. Hazratbal is remarkable for being the only domed mosque in Srinagar; the others having distinct pagoda like roofs. The shrine – mosque complex

is situated on the western shore of the Dal Lake opposite Nishat Bagh and commands a grand view of the lake and the mountain beyond. The Hazratbal shrine lies at a distance of 25 kilometers from the Badgam district in Srinagar, Kashmir. This Pilgrim destination is known by a number of names viz. the Assar-e-Sharif, Madinat-us-Sani and the Dargah Sharif. Mughal emperor Shahjahan's brother constructed the Ishrat Mahal at the site of the shrine sometime in the year 1623, later when the emperor himself visited the site he ordered the place to be converted into a prayer house. The shrine as such was built by the Muslim Auqaf trust. Before the Hazratbal shrine was constructed the sacred hair was placed in the shrine of Naqshband Sahib. The architecture of the shrine is a combination of Mughal and traditional Kashmiri.

MONASTERIES IN LADAKH: In Ladakh, Leh has maximum number of monasteries and the most important as well. The monasteries here are part of different sects of Tibetan Buddhism mainly Red Hat Sect (Kagyupa) like the famous Hemis Monastery and Chemrey Monastery and Yellow Hat Sect (Gelugpa) like Thikse Monastery and Spituk Monastery. There are few monasteries belonging to Nyingmapa and Sakyapa. The main monastery in Ladakh is Hemis Monastery, which is also the biggest in the region. Apart from the famous Hemis Festival, the monastery is also renowned for the biggest Thangka painting in the world, which stands two floors high in length. Many come here as tourist and adventurers, but leave as pilgrims who saw it all.

REVIEW OF LITERATURE

Tourism is an important activity all over the world. All countries endeavor to promote tourism and make all the efforts in this direction. Like most other industries tourism - viz. hotel industry, transport industry, aviation industry, restaurant industry and several others. Thus tourism generates more employment and income to the local people than what can be done by promotion of any other industry. Accordingly tourism is the most preferred and the fastest growing industry at present.

Following are some of the studies related to the subject under study:

Azizan Marzuki, tourism is always regarded as an important means to benefit local communities. Despite the massive amount of money spent on tourism development, no study had been conducted to relate tourism spending with the impact tourism on development of local economy and socio-culture.

In another study made by **Youngsun Shin**, it has been observed that a close connection has been observed in many parts of the world between various forms of peace through tourism and tourism through peace. "The relationship between tourism and peace" issue as was found in the literature concentrates mainly on with the socio-psychological attitudes towards tourism, although economic studies measuring the impact of peace on tourism are relatively few.

Mohinder Chand And Heera Lal hold a view that hotel and tourism, with its immense employment generation capability is very often called 'people intensive industry'. In this industry, human resources constitute a higher element of total operating cost.

In the opinion of **S.K.gupta**, shri Mata Vaishno devi shrine has become a very popular destination among pilgrims. Pilgrim tourism to vaishno devi shrine constitutes an important component on the total tourism in J&K. It has contributed effectively to the growth and development of the place. Every year around 7 million pilgrims visit the shrine which is influencing the socio-economic environment of the region.

OBJECTIVES OF THE STUDY

- To evaluate the perception of stakeholders about pilgrim tourism of the J & K State.
- To identify the areas of weakness required to be taken care of for the overall development of pilgrim tourism in the state.
- To suggest the ways and means to promote pilgrim tourism in the state in order to make it viable.

DESIGN

A survey was undertaken to evaluate the perception of stake holders on pilgrim tourism of the J&K state by administering questionnaires to the respondents. An exploratory research design was adopted to conduct the study in order to evaluate the perception of stake holders in the state. In order to get the relevant data, primary data was collected by administering questionnaires to the various respondents.

QUESTIONNAIRE

In order to evaluate the perception of stake holders in the state, a well designed questionnaire was framed. The questionnaire consisted of 12 statements. For seeking information from the respondents and for its presentation 5-point likert scale was used.

SAMPLE SIZE

A sample of 100 respondents was taken up for the purpose of the study. The sample consisted of hotel/restaurant owners, shopkeepers, and professionals and government officers as respondents in order to evaluate the perception held by the said respondents.

SOURCE OF DATA

Both primary and the secondary data was collected and used in this project. Primary data was collected by administering questionnaires to the various respondents. Information about perception of stake holders on the pilgrim tourism of the J&K state, were obtained from the respondents concerned and from other secondary sources such as magazines, journals, newspapers. Previous studies on the sample were also used.

SCORING AND DATA ANALYSIS

The entire data collected both from primary and secondary sources for the project was statistically analyzed to evaluate the perception of stake holders in the state about pilgrim tourism. Various statistical tools like percentage and mean score analysis is used for tabulation and analysis of data, logical statements drawn thereof.

Table 1. Data Analysis

S. NO	STATEMENTS	Percentage of respondents					Mean score
		Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)	
1	There is enough potential for pilgrim tourism in J&K.	59	41	0	0	0	4.59
2	Decades long political disturbance in J&K has an adverse effect on its pilgrim tourism.	51	34	6	6	3	4.24
3	Pilgrim tourism helps in the economic development of the J & K state.	41	42	11	6	0	4.30
4	Pilgrim tourism promotes unity between all Communities.	33	43	11	11	2	3.94
5	Pilgrim tourism is an effective means of livelihood for the poor and unemployed.	46	40	8	6	0	4.38

Table 1. Data Analysis (Contd....)

S. NO	STATEMENTS	Percentage of respondents					Mean score
		Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)	
6	Flow of pilgrims provides enough revenue to the state.	30	49	8	13	0	3.96
7	Government facilitates the flow of pilgrims to the state.	4	56	20	18	2	3.42
8	There are many places that are yet to be put on the Pilgrim map.	66	22	12	0	0	4.54
9	Flow of pilgrims increases state tax revenues.	22	20	48	8	2	3.52
10	Infrastructure for pilgrim tourism is satisfactory.	10	15	7	44	24	2.01
11	Pilgrim Tourists feel satisfied with the services provided by the hosts.	46	21	0	10	23	3.57
12	Pilgrim tourism helps in the Economic Development of the State.	22	32	14	32	0	3.44

Interpretations of statements in table 1.

Statement 1:- respondents have shown high level of satisfaction with the potential for pilgrim tourism in the J&K state, and they considered J&K state to have a rich potential for pilgrim tourism. This is evident from the above table as 59% of the respondents strongly agree and 41% of the respondents agree with the statement that there is enough potential for pilgrim tourism in J&K

Statement 2:- respondents strongly agree with the statement that Decades long political disturbance in J&K has an adverse effect on its pilgrim tourism. This implies that there could have been more development in pilgrim tourism if the state would have not been hit by a political disturbance.

Statement 3:- respondents strongly agree with the statement that Pilgrim tourism helps in the economic development of the J & K state. It implies that pilgrim tourism in j&k has an important role to play in economy of J&k.

Statement 4:- respondents agree with the statement that Pilgrim tourism promotes unity between all Communities. It implies that pilgrim tourism can help in restoring peace in j&k.

Statement 5:- respondents strongly agree with the statement that Pilgrim tourism is an effective means of livelihood for the poor and unemployed. Pilgrim tourism can promote the development of the poor and unemployed

Statement 6:- respondents agree with the statement that flow of pilgrims provides enough revenue to the state. This implies that there is still a room for improvement on this front

Statement 7:- respondents agree with the statement that Government facilitates the flow of pilgrims to the state. It implies that government is an active agent for the promotion of pilgrim tourism and should continue to do so.

Statement 8:- respondents strongly agree with the statement that. There are many places that are yet to be put on the Pilgrim map. It implies that there is a scope for places to be explored and put on the map

Statement 9:- respondents agree with the statement that flow of pilgrims increases state tax revenues. It implies that pilgrim tourism adds to the states treasury

Statement 10:- respondents are neutral with the statement that Infrastructure for pilgrim tourism is satisfactory.

Statement 11:- respondents agree with the statement that Pilgrim Tourists feel satisfied with the services provided by the hosts. It implies that j&k provides hospitable services

Statement 12:- respondents agree with the statement that Pilgrim tourism helps in the Economic Development of the State. It implies that pilgrim tourism is one of the key players that promotes the economic development within the state.

FINDINGS

The findings are tabulated using likert scale for measuring the awareness of consumers towards green marketing (Highest Rating is 5-Strongly Agree and lowest 1-Strongly Disagree)

Table 2. Computed mean scores of the respondents

S. NO	DESCRIPTION FILLED BY RESPONDENTS	MEAN SCORE (5) IS CONSIDERED AS HIGHEST VALUE.
1.	There is enough potential for pilgrim tourism in J&K.	4.59
2.	Decades long political disturbance in J&K has an adverse effect on its pilgrim tourism.	4.24
3.	Pilgrim tourism helps in the economic development of the J & K state.	4.30
4.	Pilgrim tourism promotes unity between all Communities.	3.94
5.	Pilgrim tourism is an effective means of livelihood for the poor and unemployed.	4.38
6.	Flow of pilgrims provides enough revenue to the state.	3.96
7.	Government facilitates the flow of pilgrims to the state.	3.42
8.	There are many places that are yet to be put on the Pilgrim map.	4.54
9.	Flow of pilgrims increases state tax revenues.	3.52
10.	Infrastructure for pilgrim tourism is satisfactory.	2.01
11.	Pilgrim Tourists feel satisfied with the services provided by the hosts.	3.57
12.	Pilgrim tourism helps in the Economic Development of the State.	3.44

CONCLUSIONS

The present study concludes that the J&K state owes its development of economy to its tourism industry. Pilgrim tourism being a part of the tourism industry of the valley has tremendously led to the development in the economy of J&K. After the remarkable decline in the political unrest and return of normalcy in the valley tremendous increase in the pilgrim tourism traffic has been witnessed this has accelerated the tempo of economic development in the state.

- There is tremendous potential for pilgrim tourism in the J&K state.
- Despite having tremendous potential for pilgrim tourism, the decades long political unrest in the state has adversely effected the promotion of pilgrim tourism in the state.

- The pilgrim tourism has helped in the economic development of J&K at a very fast pace and is expected to develop much faster in the times to come.
- The study shows that pilgrim tourism in the state provides a chance for the promotion of communal harmony and unity among the people having allegiance to different religions
- Undoubtedly pilgrim tourism is an effective means of livelihood for the poor and unemployed people in general and the concerned in particular.
- Despite the existence of innumerable spots of pilgrim tourism in the state, there are yet many more spots to be developed and brought on the pilgrim map of the state.

RECOMMENDATIONS

- Efforts must be made to restore peace in the state to promote the inflow of tourists from in and outside the state.
- Flexibility in conducting trade activities related to tourism
- Development and exploration of more tourism/pilgrim destinations.
- Formulation and implementation of policies on tourism front should be made quickly.
- Investments to be made in advertisements, so as to promote j&k as a tourism/ pilgrim destination.

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**RELATIONSHIP BETWEEN MENTAL HEALTH AND JOB
SATISFACTION AMONG PRIMARY SCHOOL TEACHERS: A
STUDY WITH SPECIAL REFERENCE TO BONGAIGAON
DISTRICT OF ASSAM**

Subhadra Das Baro¹

Assistant Professor, Birjhora Kanya Mahavidyalaya, Bongaigaon,
Assam, India
Email: subhadradasbaro@gmail.com

Dr. Bibhuti Bhusan Panda²

Principal, B.P.Chaliha College, Nagarbera, Kamrup, Assam, India
Email: bbpanda1962@yahoo.com

ABSTRACT

Education is the most powerful and influencing medium of development. Quality of education mostly depends on the teachers and quality of teachers depends on their personal as well the professional quality. Mental health and job satisfaction are two pre-requisites of the teachers. Both of these are most important for the teachers to perform their duties and responsibilities properly. Hence the researcher has attempted to conduct the present study. The objectives of the present study are-1.To study the degree of mental health of male and female primary school teachers.2. To study the level of job satisfaction of male and female primary school teachers.3. To find out the difference between male and female primary school teachers with regard to mental health and job satisfaction.4. To find out the relationship between mental health and job satisfaction of the primary school teachers. The hypotheses are-1. There is no significant difference between male and female primary school teachers with regard to mental health and job satisfaction. 2. There is no significant relationship between mental health and job satisfaction of the primary school teachers. The sample of the present study is 130 (65 male and 65 female) primary school teachers. Stratified random sampling technique has been applied to select the sample teacher. Statistical techniques used in the present study are- Q_1 , Q_3 , Simple Percentage, Mean, Standard Deviation, t-test and Product Moment Correlation. The present study has revealed that there is no significant difference between male and female teachers with regard to mental health and job satisfaction. So it has been found that male and female teachers are not different in their mental health and job satisfaction. It also has been found that the mental health and job satisfaction of teachers' both are related to various conditions. The study has concluded that there is significant relationship between mental health and job satisfaction of primary school teachers.

Keywords: Mental Health; Job Satisfaction; Primary School Teacher

INTRODUCTION

Education is the most powerful medium of development. It is considered as the backbone of a nation. Teachers are the pivot of the all educational institution. They are the builders of nation. The future of a nation and the quality of any educational institution mainly depends on the teachers. Primary education is the first formal stage of education. It is the foundation of the entire educational structure. This stage of education is the main key for improvement of literacy rate as well as quality of life among the people of our country. Quality of the upper stage of education mostly depends on primary education.

Teacher is considered as one of the most important aspect of formal education. Quality of formal education depends on the teachers. Without quality teachers this type of education cannot be successful. So it is necessary to provide attention to improve the quality and effectiveness of the teachers. Along with the various qualities of the teacher, another two most important pre-requisites of teachers are--- a sound mental health and satisfaction in their job. Without a sound mental health and job satisfaction, a teacher cannot be a good and an effective teacher. Therefore it is the responsibility of the school authority as well as the government to provide importance on these two aspects of the teachers.

Concept of Mental Health

Mental health which today is recognized as an important aspect of one's total health status is a basic factor that contributes to the importance of physical health as well as social effectiveness. It is a normal state of well-being, and in the words of Johns, Sutton and Webster, "is a positive but relative quality of life. It is a condition which is characteristic of the average person who meets the demands of life on the basis of his own capacities and limitations."

Mental health refers to the functioning of a well-integrated personality. It represents the degree of good or normal mental functioning of an individual. According to Hadfield (1952), "Mental health is the full and harmonious functioning of the whole personality." It is a positive active quality of the individuals' daily living. This quality of living, manifest in behavior of an individual whose body and mind are working together in the same direction. His thoughts, feelings and actions function harmoniously towards the common end. It means the ability to balance feeling, desires, ambitions and ideals in one's daily living as well as ability to face and accept the realities of life. It connotes such habits of work and attitudes towards people and things that bring maximum satisfaction and happiness to the individual.

Mental Health of Teachers

A mentally healthy teacher plays a vital role in promoting the mental health of school children. If the mental health of the teacher is inadequate, it is bound to affect adversely the mental health of the pupil.

In general meaning, teacher's mental health stands for his adjustment and motivation with which he functions in the teaching profession. It is an index of his/her identification with the job. In the words of Bernard (1961, P.14), "Mental health for teachers is a state in which they are effective in their work, take satisfaction and pride in the activities they pursue, manifest cheer in the performance of their duties and are human considerate of their co-workers" (S.P.Anand 2009, P. 47).

Concept of Job Satisfaction

The term job satisfaction has been used in different ways by different persons. In general, job satisfaction refers to the satisfaction of a worker in his/her work. According to Sinha (1974), "Job satisfaction is an integration of effects for produced by individual perception of fulfilment of his/her needs in relations to his/her work and situation surrounding it." Job satisfaction is the favourableness or unfavourableness with which employee's view their work (Brunerberg, 1976). It signifies the amount of agreement between one's expectations of the job and the rewards to the job provides. Job satisfaction is concerned with a person or a group in the organization.

Teachers' Job Satisfaction

Satisfaction related to the teaching job is regarded as teachers' job satisfaction. Satisfaction when applied to work context of teaching seems to refer to the extent to which a teacher can meet individual, personal and professional needs as an employee (Strauss, 1974). Teachers' job satisfaction is related to various conditions.

Sharma and Jeevan Jyoti (2006), observed that the aspects like—principal's behavior, society and colleagues behavior, work itself, pay and rewards, growth opportunities and recognition and students behavior play a role in job satisfaction of teachers. Ololube revealed that teacher related sources of job

satisfaction seem to have a greater impact on teaching performance as teacher. Mistry (2010) found positive relationship between job satisfaction and mental health awareness of teachers. Maharajan (2012), observed that there is a positive association between work motivation and job satisfaction of teachers.

BACK GROUND OF THE STUDY

Education and more particularly primary education is a major aspect that affects socio-economic development of a country at its grass-root level. Illiteracy and ignorance of the people are the root cause of all the socio-economic problems of the country. So the government of India had deeply realized the necessity of making primary education as free and compulsory to make it universal. In the year 1950, when the constitution of India came into force, the significant Article 45 was included. Article 45 of the Directive Principles of the State Policy lays down – “The State shall endeavour to provide within a period of ten years from the commencement of this constitution, for free and compulsory education for all children until they complete the age of fourteen years.” But unfortunately the goal of making primary education as free and compulsory is not achieved till now.

In the last two decades of the 20th century and at the beginning of the 21st century, certain concrete steps had been initiated to improve the quality and quantity of primary education in the country. They were Operation Black Board (OBB) Programme and District Institute of Education and Training (DIET) according to the decision of the National Education Policy of 1986. District Primary Education Programme (DPEP) was undertaken by the central government in 1994 and it was followed by Sarva Shiksha Abhiyan (SSA) in 2002. Major objective of all these attempts was to give satisfactory state of affair to the system of primary education as well as to make it universal. But all these attempts fail to achieve the goal.

Lastly, Right to Education Act 2009 was passed for making primary education as free and compulsory throughout the whole country. The Act has come into force from April 1, 2010. According to this act every child in the age group of 6-14 years will be provided 8 years of elementary education in an age appropriate classroom in the vicinity of his/her neighbourhood.

To make the above mentioned attempts successful in regard of primary education there are many factors which are very important. Among them one of the most important factors in education is the teacher. The keystone in the educational edifice is doubtlessly the teacher. On him depends much more than any other, the progress and prosperity of the children. Teacher may be considered as the 'heart and soul' of the institution. Nobody can take his place.

It is true that every teacher cannot be a successful and good teacher. The teachers should have some specific educational qualities to be a teacher in the real sense. Along with the other qualities he should have a sound mental health and job satisfaction. These are the most important pre-requisites for any successful teacher. A mentally healthy teacher may perform his duties and responsibilities properly. A sound mental health helps the teacher to adjust with the students as well as to the teaching-learning situation. As the teacher is the mother, father, God to a child in the institution he /she should nurse them with utmost care and patients. 'Schools are the nurseries of the Nation' and 'teachers are the Architects of the future'. Therefore to be a good architect the teachers should have a good mental health and they should be satisfied in their job.

SIGNIFICANCE OF THE STUDY

A good mental health and job satisfaction are important pre-requisites for the effective functioning of the teachers. Primary school teachers lay the foundation of education of the children. It is they who not only teach but also mould the character and personality of the children. Therefore they should have a sound mental health and should get satisfaction in their job. In recent time it is seen that school teachers are being engaged in different social and governmental activities like census, election etc. and various other activities. The Sarva Shiksha Abhiyan has entrusted many new responsibilities on them. In this context it is pertinent to examine the mental health and job satisfaction of the primary school

teachers. Because if they will not have good mental health and job satisfaction, it will have negative effect on their work, which will subsequently affect the students they teach.

A large number of studies have been conducted on mental health and job satisfaction in international and national level. Different investigators revealed various results on different aspects of job satisfaction.

The survey of related research has shown that only a very few studies have been conducted on job satisfaction of primary school teachers in Assam, although a good number of studies are reported in international and national level on the various dimensions. No significant study is reported in Assam on the mental health and job satisfaction of primary school teachers. Therefore the present study is designed to assess the mental health and job satisfaction of primary school teachers of Bongaigaon district of Assam. The result of the study is expected to throw valuable insight on the mental health and job satisfaction of primary school teachers. As the nation targets universal primary education for all children under Sarva Shiksha Abhiyan (2002), Right to Education ACT (2009), the present study is expected to provide empirical evidence regarding the mental health and job satisfaction of the teachers. Moreover, it will help in the attainment of the goal of making universal primary education through improving the quality of primary education. So the investigator has attempted to conduct the present study.

STATEMENT OF THE PROBLEM

An attempt has been made to study the mental health and job satisfaction of the primary school teachers and as such the study is entitled- "Relationship between Mental Health and Job Satisfaction among Primary School Teachers: A Study with Special Reference to Bongaigaon District of Assam."

OBJECTIVES OF THE STUDY

The objectives of the present study are as follows:

- To study the degree of mental health of male and female primary school teachers.
- To study the level of job satisfaction of male and female primary school teachers.
- To find out the difference between male and female primary school teachers with regard to mental health and job satisfaction.
- To find out the relationship between mental health and job satisfaction of the primary school teachers.

HYPOTHESES OF THE STUDY

The following hypotheses are formulated for the present study:

1. There is no significant difference between male and female primary school teachers with regard to mental health and job satisfaction.
2. There is no significant relationship between mental health and job satisfaction of the primary school teachers.

Definition of the Terms

Mental Health: - Mental health refers to the functioning of a well-integrated personality. It represents the degree of good or normal functioning of an individual's daily life. J. A. Hadfield has defined, "Mental health is the full and harmonious functioning of the whole personality."

Job Satisfaction: - Job Satisfaction refers to the satisfaction of a worker in his/her work. It is an employee's judgment of his/her own satisfaction of physical, psychological and social needs in his/her job. Job satisfaction is the favourableness or unfavourableness with which employee's view their work

(Brunerberg, 1976). It signifies the amount of agreement between one's expectations of the job and the rewards to the job provides. Job satisfaction is concerned with a person or a group in the organization.

Primary school Teachers: - Primary school teachers refer to the teachers who are engaged in educating the children of class I to class V in the present study.

DELIMITATION OF THE STUDY

The present study is delimited to the lower primary school teachers and it only covers two blocks out of four educational blocks of Bongaigaon District.

METHODOLOGY OF THE STUDY

In the present study the descriptive survey method is applied. The primary school teachers of Bongaigaon District are the population of the study.

Sample

The sample size of the study is 130 (65 male and 65 female) primary school teachers selected from various categories of school, such as government/private, rural/urban. The stratified random sampling technique has been followed in selecting the sample teachers from each primary school.

Tools

In the present study the following tools are used to collect the data:

1. RCE Mental Health Scale developed by S.P. Anand (Former Professor in Education, NCERT). Test-retest and split-half reliability are .88 and .79 respectively.
2. A Job Satisfaction Scale developed by the investigator. The reliability of the Job-Satisfaction Scale is .86 and validity is .93.

Statistical techniques

The statistical techniques used by the investigator in the present study are- Simple Percentage, Mean, Standard Deviation, Q_1 , Q_3 , t-test and Product Moment Correlation.

ANALYSIS AND INTERPRETATION

Objective-1 To study the degree of mental health of male and female primary school teachers

Table 1. Mean and Standard Deviation, Q_1 and Q_3 of Mental Health and Job Satisfaction

Variable	Sex	N	Mean	SD	Q_1	Q_3
Mental Health	Male	65	162.09	26.33	149.07	178.55
	Female	65	168.48	24.33	154.24	183.46
Job Satisfaction	Male	65	107.25	20.13	95.54	120.44
	Female	65	108.28	18.45	106.00	119.38

Observation

From the above table it has been found that the value of Mean of mental health of male teachers is 162.09, Standard Deviation is 26.33 and $Q_1=149.07$ and $Q_3=178.55$. On the other hand the value of Mean of mental health of female teachers is 168.48, Standard Deviation is 24.33, $Q_1=154.24$ and $Q_3=183.46$. From these values it has been found that the value of mean of female teachers is higher than the male teachers in the field of mental health.

The table also has shown that the Mean value of job satisfaction of male teachers is 107.25, Standard Deviation is 20.13, $Q_1=95.54$ and $Q_3=120.44$. On the other hand the Mean value of job satisfaction of female teachers is 108.28, Standard Deviation is 18.45, $Q_1=106.00$ and $Q_3=119.38$. It has been observed that the mean value of job satisfaction of the female teachers is higher than the male teachers.

Table 2. Percentage Distribution of Mental Health of Male and Female Teachers

Degree of Mental Health	Total No.		Percentage	
	Male	Female	Male	Female
Very Good	14	17	21.54%	26.15%
Good	32	29	49.23%	44.62%
Poor	19	12	29.23%	18.46%

Observation

Table-2 has shown that 21.54% male teachers have very good mental health, 49.23% male teachers have good mental health and 29.23% male teachers have poor mental health. Hence it may be observed that majority of male teachers have good mental health in the primary school in Bongaigaon district of Assam. On the other hand it has been observed that 26.15% female teachers have very good mental health, 44.62% female teachers have good (average) mental health and 18.46% female teachers have poor mental health. On the basis of this table it may be observed that majority of female teachers have good mental health in the primary school in Bongaigaon district of Assam. This percentage distribution is plotted by histogram in figure-1.

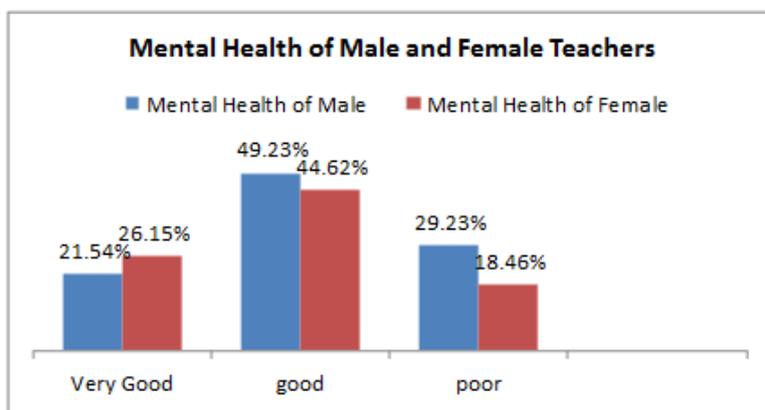


Figure 1.

From the figure -1, it is cleared that the number of female teachers who have very good mental health is higher than the male teachers. But the number of male teachers who have average good mental health is higher than the female teachers.

Objective-2 To study the level of job satisfaction of male and female primary school teachers

Table 3. Percentage Distribution of Job Satisfaction of Male and Female Teachers

Level of Job Satisfaction	Total No.		Percentage	
	Male	Female	Male	Female
Highly Satisfied	17	16	26.15%	24.62%
Satisfied	29	26	44.62%	40.00%
Dissatisfied	19	23	29.23%	35.38%

Observation

Table-3 has shown that 26.15% male teachers are highly satisfied, 44.62% male teachers are satisfied and 29.23% male teachers are dissatisfied. On the other hand 24.62% of female teachers are highly satisfied, 40.00% of female teachers are satisfied and 35.38% of female teachers are dissatisfied. This distribution of percentage is shown by histogram in figure-2.

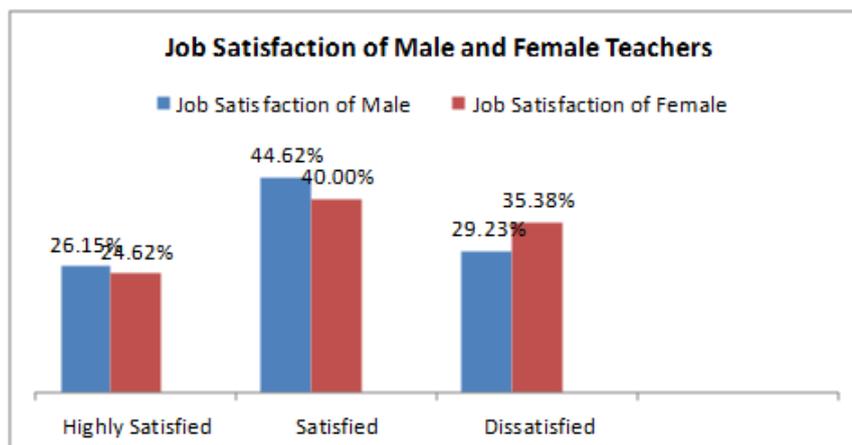


Figure 2

Figure- 2, has shown that the rate of percentage of very satisfied and average satisfied male teachers is higher than the female teachers. On the other hand the number of dis satisfied female teachers is higher than the male teachers.

Table 4. Mental Health of overall Male and Female Teachers

Degree of Mental Health	Total Number	Percentage
Very Good	31 (14+17)	23.85%
Good	61 (32+29)	46.92%
Poor	31 (19+12)	23.85%

Observation

From table-4, it has been found that among 130 primary school teachers 23.85% have very good, 46.92% have good (average) and 23.85% have poor mental health. So it may be said that 24% of primary school teachers have not good mental health in Bongaigaon district. The percentage wise distribution has been shown by pie diagram in Figure-3.

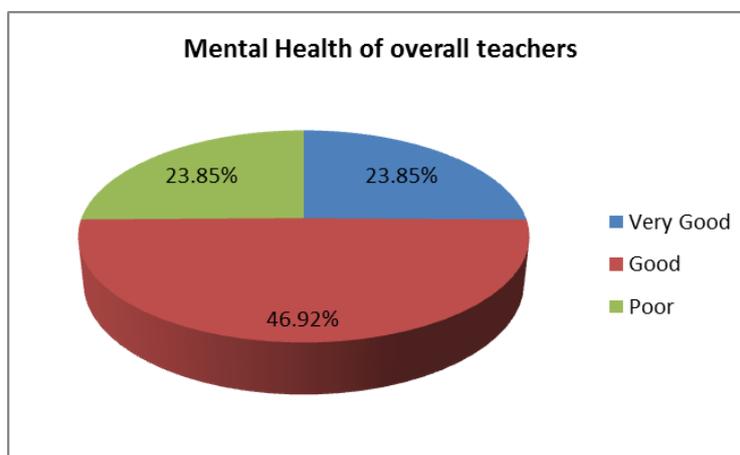


Figure 3.

Figure-3, has clearly shown that the number of teachers who have average good mental health is higher than the other two categories (very good and poor). The numbers of teachers who have very good and poor mental health both are equal.

Table 5. Job Satisfaction of overall Male and Female Teachers

Level of Job Satisfaction	Total Number	Percentage
Highly Satisfied	33 (17+16)	25.38%
Satisfied	55 (29+26)	42.31%
Dissatisfied	42 (19+23)	32.31%

Observation

From table-5, it has been observed that among 130 (male and female) primary school teachers 25.38% are highly satisfied, 42.31% are satisfied (average) and 32.31% are dissatisfied. Therefore it has been revealed that a large number of primary school teachers are not satisfied in Bongaigaon district. The distribution of percentage for the levels of job satisfaction has been shown in Figure-4.

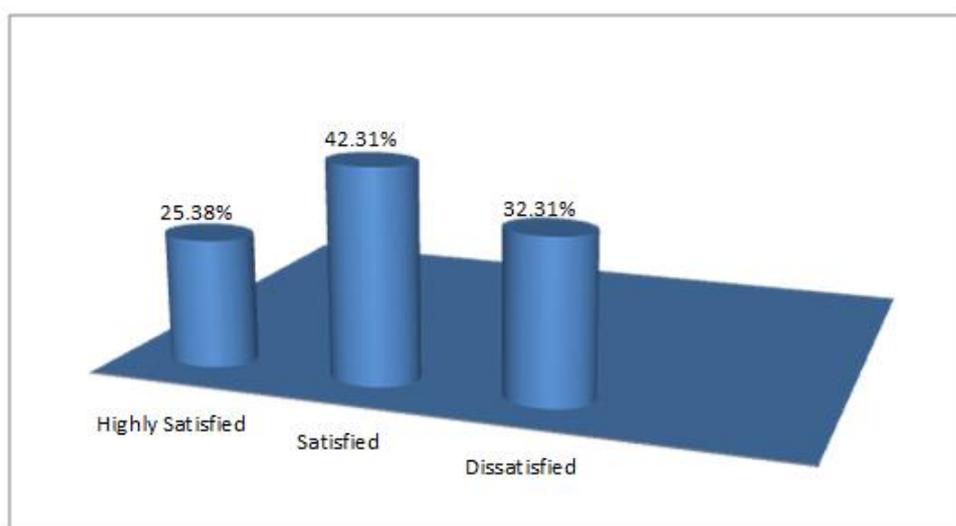


Figure 4. Graphical Representation of the Level of Job Satisfaction of overall Teachers

From figure-4, it has been found that the number of teachers who have average satisfaction is higher than the number of highly satisfied and dissatisfied teachers. The figure has also shown that the number of dissatisfied teacher is higher than the highly satisfied teachers.

Objective-3 To find out the difference between male and female primary school teachers with regard to mental health and job satisfaction

H₀: There is no significant difference between male and female primary school teachers with regard to mental health and job satisfaction.

Table 6. ‘t’ value of Mental Health and Job Satisfaction of Male and Female Teachers

Variable	Sex	t value
Mental Health	Male	-1.44
	Female	
Job Satisfaction	Male	-.30
	Female	

Interpretation

Table-6 has shown that the t value of mental health of male and female teachers is -1.44. On the other hand the t value of job satisfaction of male and female teachers is -.30. Both these values are smaller than the table values at 5% and 1% level of significance (table value-1.96 at 5% level of significance and 2.58 at 1% level of significance). On the basis of the obtained t values the null hypothesis can be

accepted and it can be said that there is no significant difference between male and female teachers with regard to mental health and job satisfaction.

Objective-4 To find out the relationship between mental health and job satisfaction of the primary school teachers

H₀: There is no any significant relationship between mental health and job satisfaction of the primary school teachers.

Table 7. Correlation between Mental Health and Job Satisfaction

Variable	Product moment coefficient of correlation
Mental health	.39**
Job satisfaction	

Note: ** Correlation is significant at the 0.01 level.

Interpretation

Table-7 has shown that the correlation between mental health and job satisfaction is .39 which is significant at the 0.01 level. So it is safe to interpret that there is positive relationship between mental health and job satisfaction. Therefore the null hypothesis can be rejected and it can be concluded that there is significant relationship between mental health and job satisfaction of teachers.

MAJOR FINDINGS

Findings related to objective-1.

On the basis of objective-1, it has been found that 21.54% male teachers have very good mental health, 49.23% male teachers have good (average) mental health and 29.23% male teachers have poor mental health. It has also been found that 26.15% female teachers have very good mental health. 44.62% female teachers have good (average) mental health and 18.46% female teachers have poor mental health. Hence it is observed that majority of teachers (both male and female) have good mental health in the primary school in Bongaigaon district of Assam. But in the present study it has been found that 29.23% of male teachers and 18.46% of female teachers have poor mental health.

Findings related to objective-2.

On the basis of objective-2, it has been found that 26.15% of male teachers are highly satisfied, 44.62% of male teachers are satisfied and 29.23% of male teachers are dissatisfied. On the other hand 24.62% of female teachers are highly satisfied, 40.00% of female teachers are satisfied and 35.38% of female teachers are dissatisfied. So it may be said that majority of teachers are satisfied in their job. But 29.23% of male teachers and 35.38% of female teachers are not satisfied in their job. It has been also found that the number of male teacher is higher than female teacher in case of their job satisfaction. From the above table it has been also observed that the number of dissatisfied female teacher is higher than the male teacher.

Findings related to objective-3.

For objective-3, it has been found that there is no significant difference between male and female teachers with regard to mental health and job satisfaction. So it is revealed that male and female teachers are not different in their mental health and job satisfaction.

Findings related to objective-4

According to objective-4, it has been found that there is positive correlation between mental health and job satisfaction. Hence it can be concluded that there is significant relationship between mental health and job satisfaction of primary school teachers.

OVERALL FINDINGS

In the present study it has been found that the values of Mean of mental health of male and female teachers are 162.09 and 168.48 respectively. From the obtained values it has been found that the mean value of mental health of female teachers is higher than the male teachers. Moreover the mean values of job satisfaction of male and female teachers are 107.25 and 108.28. It has been observed that the mean value of job satisfaction of the female teachers is higher than the male teachers. It has been also found that overall 23.85% primary school teachers do not have good mental health in Bongaigaon district. Moreover 32.31% primary school teachers do not have satisfaction in their job. The teachers' dissatisfaction is related with the conditions- poor material condition of school, poor relationship with the head of the school, difficulties of transportation, difficulties in midday meal, defects of management (especially in private school), improper ratio of teacher and pupil, illiteracy of parents/guardians of the pupil, insufficient number of teacher in rural areas, irregular attendance of teacher/pupil. Moreover the study also revealed that there is a positive relationship between mental health and job satisfaction of the teachers.

CONCLUSION

Mental health and job satisfaction are the two important aspects of the teachers. Both these aspects are interrelated. A teacher who has a sound mental health may be satisfied in his/her job and a teacher who is satisfied in the job may have a sound mental health. When these two aspects are found among the teachers, then they will be able to perform their duties and responsibilities properly. Moreover the quality of education also will be improved. So all the teachers should be mentally healthy and they should be satisfied in their job.

In the present study, a positive relationship has been found between mental health and job satisfaction. But some teachers are not mentally healthy and not satisfied in their job. Therefore the quality of primary education is also not satisfactory in Bongaigaon district. Unless all the teachers are mentally healthy and satisfied in their job, the quality of education may not be expected. So importance should be given on the mental health and job satisfaction of the teachers and necessary provisions should be made for creating a sound environment for sound mental health and job satisfaction of teachers. For the improvement of the mental health and job satisfaction of the teachers, the school authority and government should take some necessary measures, such as- improvement of the material condition and means of communication, appointment of teachers according to the number of pupil, removal of adult illiteracy, alternative measures for midday meal, appointment of sufficient number of teacher and providing some special facilities in the rural areas, provision for regular attendance of teacher/pupil. Moreover the head of the school should try to create a sound environment by keeping a good relationship with the other teachers.

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MSMEs IN INDIA: IT'S GROWTH AND PROSPECTS

Dr. Sanjeeb Kumar Dey

Assistant Professor, Ravenshaw University, Odisha, India

Email: kumarsanjeedey@yahoo.co.in

ABSTRACT

The importance of MSME has been recognized in recent years in both developed and developing countries for its significant contribution in gratifying various socio-economic objectives such as higher growth of employment, output, promotion of exports and fostering entrepreneurship. They play a crucial role in the industrial development of any country. The MSME sector is an important pillar of Indian economy as it contributes greatly to growth of Indian economy. This sector even assumes greater importance now as the country moves towards a faster and inclusive growth agenda. Moreover, it is the MSME sector which can help realize the target of proposed National Manufacturing Policy of raising the share of manufacturing sector in GDP from 16% at present to 25% by the end of 2022. The present paper is an attempt to focus the present status of performance of MSMEs in India & future prospects. It is concluded that this sector contributes significantly to manufacturing output, employment, exports of the country.

Keywords: MSMEs Employments; Finances; Growth; Opportunity

INTRODUCTION

Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. They also play a key role in the development of the economy with their effective, efficient, flexible and innovative entrepreneurial spirit. The MSME sector contributes significantly to the country's manufacturing output, employment and exports and is credited with generating the highest employment growth as well as accounting for a major share of industrial production and exports. They have unique advantages due to their size; they have comparatively high labor-capital ratio; they need a shorter gestation period; they focus on relatively smaller markets; they need lower investments; they ensure a more equitable distribution of national income; they facilitate an effective mobilization of resources of capital and skills which might otherwise remain unutilized; and they stimulate the growth of industrial entrepreneurship. The MSME sector in India is highly heterogeneous in terms of the size of the enterprises, variety of products and services, and levels of technology. It complements large industries as ancillary units and contributes enormously to the socioeconomic development of the country.

The MSME sector is an important pillar of Indian economy as it contributes greatly to growth of Indian economy with a vast network of around 30 million units, creating employment of about 70 million, manufacturing more than 6000 products, contributing about 45% to manufacturing output and about 40% of exports, directly and indirectly. This sector even assumes greater importance now as the country moves towards a faster and inclusive growth agenda. Moreover, it is the MSME sector which can help realize the target of proposed National Manufacturing Policy of raising the share of manufacturing sector in GDP from 16% at present to 25% by the end of 2022. The present paper is an attempt to focus the present status of performance of MSMEs in India & highlights the major challenges for growth of MSMEs and initiatives taken to solve the constraints by both government level and institutional level.

LITERATURE REVIEW

Mali (1998) observed that small and medium enterprises (SMEs) and micro enterprises have to face increasing competition in the present scenario of globalization, they have to specifically improve themselves in the fields of management, marketing, product diversification, infrastructural development, technological up gradation. Moreover, new small and medium enterprises may have to move from slow growth area to the high growth area and they have to form strategic alliance with entrepreneurs of neighbouring countries. Data bank on industries to guide the prospective entrepreneurs including investors from abroad is also needed.

Bala Subrahmanya (2004) highlighted the impact of globalization and domestic reforms on small-scale industries sector. The study stated that small industry had suffered in terms of growth of units, employment, output and exports. The Researcher highlighted that the policy changes had also thrown open new opportunities and markets for the small-scale industries sector. He suggested that the focus must be turned to technology development and strengthening of financial infrastructure in order to make Indian small industry internationally competitive and contribute to national income and employment.

Bargal et al. (2009) examined the causal relationship among the three variables GDP, SSI output and SSI exports and also have compared the performance parameters of SSIs in the pre and post liberalization era. The study found that the annual average growth rate of different parameters of SSIs have declined in the period of nineties vis-à-vis the pre-reform years. There is an absence of any lead-lag causal relationship between exports and production in small-scale sector and GDP of Indian economy.

Dixit and Pandey (2011) applied co-integration analysis to examine the causal relationship between SMEs output, exports, employment, number of SMEs and their fixed investment and India's GDP, total exports and employment (public and private) for the period 1973-74 to 2006-07. Their study revealed the positive causality between SMEs output and India's GDP.

Singh et al. (2012) analyzed the performance of Small scale industry in India and focused on policy changes which have opened new opportunities for this sector. Their study concluded that SSI sector has made good progress in terms of number of SSI units, production & employment levels. The study recommended the emergence of technology development and strengthening of financial infrastructure to boost SSI and to achieve growth target.

Venkatesh and Muthiah (2012) found that the role of small & medium enterprises (SMEs) in the industrial sector is growing rapidly and they have become a thrust area for future growth. They emphasized that nurturing SME sector is essential for the economic well-being of the nation. The above literature highlights the various aspects viz. performance, growth & problems of MSMEs in Indian economy and induces for continuous research in this field.

OBJECTIVES OF THE STUDY

The broad objective of the paper is to assess the overall growth and developments in the MSMEs sector in India. However, this paper highlights on the following areas also:

1. Growth of employment, output, promotion of exports of MSMEs in India
2. Key challenges faced by the MSMEs sector
3. Performance of MSMEs in India & future prospects.
4. Major recommendation of working group on MSMEs, GoI
5. Govt. initiatives to revitalise the MSMEs sector

RESEARCH METHODOLOGY

The present research study is “Exploratory” in nature. It reflects the belief that this is a valid approach to theory development in a field where there is presently insufficient accepted theory to guide the research. Therefore, major emphasis in such (Exploratory) study is on the discovery of ideas and insight (Kothari, 1996). The study is primarily based on secondary data covering 12 years i.e. 2001 to 2012. All financial data are compiled from Annual report of MSMEs, Government of India and Odisha, different books and periodicals. Further, articles and information available in different journals and magazines are also referred to for compilation of this paper.

CONCEPTUAL HIGHLIGHT

Definition

Small Scale Industrial Unit: An industrial undertaking in which the investment in fixed assets in plant & machinery, whether held on ownership terms, or on lease, or by hire purchase, does not exceed Rs. 100 lakhs as on 31-03-2001 is to be treated as a Small Scale Industrial Unit.

Micro Small Medium Enterprises (MSME): MSME Sector consists of any enterprises, whether proprietorship, Hindu undivided family, association of persons, co-operative society, partnership or undertaking or any other legal entity, by whatever name called, engaged in production of goods pertaining to any industry specified in the first schedule of Industries Development and Regulation Act, 1951 & other enterprises engaged in production and rendering services. Under the Micro, Small and Medium Enterprises Development Act, 2006, MSMEs are classified as under:

Enterprises	Investment in Plant & Machinery (Manufacturing)	Investment in Equipment (Services)
Micro	Upto Rs.25 lakh	Upto Rs.10 lakh
Small	Above Rs. 25 lakh upto Rs.5 Crore	Above Rs. 10 lakh upto Rs.2 Crore
Medium	Above Rs. 5 Crore upto Rs.10 Crore	Above Rs. 2 Crore upto Rs.5 Crore

Major Players

In spite of their limitations, the SMEs have made a significant contribution towards technological development and exports. They are established in almost all-major sectors in the Indian industry such as: Food Processing, Textiles and Garments, Agricultural Inputs, Leather and leather goods, Chemicals & Pharmaceuticals, Bio-engineering, Engineering, Electricals, Sports goods, Electronics, Plastics products, Electro-medical equipment, Computer Software, etc.

Evaluation of Performance of MSME

As per the provisions of the Act, all MSMEs are required to file Entrepreneurs Memorandum (Part-I) at District Industries Centres (DICs). After commencement of the project, the entrepreneur concerned is required to file Entrepreneurs Memorandum (Part-II) [EM (Part-II)]. Prior to enactment of the MSMED Act, 2006 there was a system of registration to small scale industrial units by the DICs. Table No. 1 shows category wise entrepreneurs under Micro, Small and Medium for the last five years ending 2011-12 those who filed their memorandum to DICs.

Table 1. Status of filing of Entrepreneurs Memorandum Part-II

Year	Micro	Small	Medium	Total
2007-08	156051	17777	491	174319
2008-09	171031	18757	690	193077
2009-10	186126	23999	1412	213894
2010-11	204064	29101	1260	237263
2011-12	242606	34192	2939	282496
Average	191976	24765	1358	220210

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Table 1. Status of filing of Entrepreneurs Memorandum Part-II (Contd....)

Year	Micro	Small	Medium	Total
CAGR	9.23%	13.98%	43.03%	10.14%

Source: EM Part-II data on MSME sector, Development Commissioner, MSME, GoI, 2011-12

The average growths of Micro, Small and Medium enterprises are 191976, 24765 and 1358 respectively with overall average growth rate of 10.14%. The maximum growth was witnessed by medium scale enterprises i.e. 43.03%. At the year ending 2011-12, there was 242606 micro enterprises with annual growth rate of 9.23%.

Table 2. Status of MSME Units, Employment, Investments and Gross Output in India

Sl. No	Year	No. of Working Enterprise(in Lakh)	Employment in Lakh	Market Value of FAs (in Crore)	Gross Output (in Crore)
01	2001-02	105.21	249.33	154349.00	282270.00
02	2002-03	109.49	260.21	162317.00	314850.00
03	2003-04	113.95	271.42	170219.00	364547.00
04	2004-05	118.59	282.57	178699.00	429796.00
05	2005-06	123.42	294.91	188113.00	497842.00
06	2006-07	361.76	805.23	868543.79	1351383.45
07	2007-08	377.37	842.23	917437.46	1435179.26
08	2008-09	393.70	881.14	971407.49	1524234.83
09	2009-10	410.82	922.19	1029331.46	1619355.53
10	2010-11	428.77	965.69	1094893.42	1721553.42
11	2011-12	447.73	1012.59	1176939.36	1834332.05
	Avg.	271.89	617.05	628386.36	1034122.14
	CAGR	14.07%	13.59%	20.28%	18.55%

Source: MSME Annual Report-2012-13, Government of India.

Performance of Micro, Small & Medium Enterprises (MSME) sector is assessed by conduct of periodic All India Census of the Sector. The latest census conducted was Fourth All India Census of MSME. The Census was conducted with reference year 2006- 07, wherein the data was collected till 2009 and results published in 2011-12. The scope and coverage of the MSME sector was broadened significantly under the MSMED Act, 2006, which recognized the concept of “enterprise” and to include both manufacturing and services sector, besides defining the medium enterprises under MSME sector. It is clear from the table No. 2 that number of enterprises, employment, investment in fixed assets and gross output of MSME units in India show an increasing trend over the eleven years. From FY 2006-07, figures includes activities of wholesale/retail trade, legal, education & social services, hotel & restaurants, transports and storage & warehousing (except cold storage) for which data were extracted Economic Census 2005, Central Statistics Office, M/o SPI. Number of enterprises and employment registered an annual growth of 14% approx. where as the value of fixed assets and output witnessed a growth of 20% approx.

Table 3. Comparative growth rate of MSME sector to Industrial sector

Year	Growth % of MSME	Growth % of Over Industry
2001-02	NA	NA
2002-03	8.68	5.70
2003-04	9.64	7.00
2004-05	10.88	8.40
2005-06	12.32	8.00
2006-07	12.60	11.90

Table 3. Comparative growth rate of MSME sector to Industrial sector (Contd....)

Year	Growth % of MSME	Growth % of Over Industry
2007-08	13.00	8.70
2008-09	Due to revised definition of MSMEs Sector, methodological revisions are under progress.	3.20
2009-10		10.50
2010-11		7.80

Source: Annual Report of Ministry of MSME for the year 2011-12

From Table No. 3, it is clear that the growth rate of MSMEs sector has witnessed a higher growth as compared to overall industrial growth of the country. During financial year 2007-08, this sector contribute maximum growth of 13% and growth of overall Indian industries was least in the year 2008-09 i.e. 3.20% because of sub-prime crises in the world economy.

Table 4. Contribution of MSME sector (other than services) to the (GDP)

Year	Contribution to Total Industrial Production %	Contribution to Gross Domestic Product (GDP) %
2001-02	39.12	5.77
2002-03	38.89	5.91
2003-04	38.74	5.79
2004-05	38.62	5.84
2005-06	38.56	5.83
2006-07	45.62	7.20
2007-08	45.24	8.00
2008-09	44.86	8.72

Source: Annual Report of Ministry of MSME for the year 2010-11

Table No.4 discloses the contribution of MSME sector to total industrial production and GDP over eight years. It shows an increasing trend over the period of study. During the financial year ending 2008-09, this sector contributes 45% approx. of the total industrial production and 9% approx. of the overall GDP of the country.

Financing to MSE sector has always been the priority area for the policy makers in the country, which is evident from the recent announcements in the stimulus package during global economic slowdown and also recent Union Budgets, Monetary and Credit policies. The Government of India has shown strong commitment to double the credit flow to this sector in the next five years. Accordingly Prime Minister's Task Force has recommended and RBI has mandated scheduled commercial banks to achieve, among others, 20% year- on- year credit growth to MSE sector.

The MSME sector has been accorded high priority in the industrial policy owing to its vital role in the economy. During FY12, the total outstanding credit by banks to MSMEs in India stood at Rs. 5,20,900 crores, growing at a CAGR of 26% during FY04-FY12 (Table No. 5). The average credit to MSME sector stood Rs. 205792 Cr, Rs. 47899 Cr and Rs. 15 362 Cr respectively in respect to PSBs, Prvt. SBs and FBs representing 76%, 18% and 6% of total credit. Among bank categories, public and private sector banks have registered impressive growth of 25% and 37% in MSE lending in FY12. However, Public Sectors Banks (PSBs) account for a major share compared to private and foreign banks. During FY11, total priority sector advances by PSBs grew by 19.1% y-o-y to Rs.10,28615 Cr, as against Rs. 8,63777 Cr in FY10. Advances to MSE formed around 37% of the total priority sector advances of PSBs, versus the 32% share during FY10. Moreover, the share of MSE credit to net bank credit stood at 9.9% in 2011 against 13.4% in 2010.

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Table 5. Status of Outstanding Bank Credit to MSME in India (in crores)

Sl. No	Year	Public Sector Banks	Private Sector Banks	Foreign Banks	All Scheduled Commercial Banks
01	2004-05	67800	8592	6907	83498
02	2005-06	82438	10421	8430	101285
03	2006-07	102550	13136	11637	127323
04	2007-08	151137	46912	15489	213538
05	2008-09	191408	46656	18063	256127
06	2009-10	278398	64534	21069	364001
07	2010-11	376625	87857	21461	485943
08	2011-12	395976	105085	19839	520900
	Avg.	205792	47899	15362	269077
	CAGR	25	37	14	26

Source: Annual Report of Ministry of MSME for the year 2012-13

Key Challenges Faced By the MSME Sector

- Lack of availability of adequate and timely credit
- High cost of credit
- Collateral requirements
- Limited access to equity capital
- Procurement of raw material at a competitive cost
- Problems of storage, designing, packaging and product display
- Lack of access to global markets
- Inadequate infrastructure facilities, including power, water, roads, etc
- Low technology levels and lack of access to modern technology
- Lack of skilled manpower for manufacturing, services, marketing, etc
- Multiplicity of labour laws and complicated procedures associated with compliance of such laws.

Despite the various challenges it has been facing, the MSME sector has shown admirable innovativeness, adaptability and resilience to survive the recent economic downturn and recession.

Major Recommendation Of Working Group On Msmes, Goi

1. In order to upscale the factoring services for augmenting the flow of credit to MSME sector, it is suggested to enable setting up of a number of factoring companies which requires support by way of equity capital contribution to the new and existing factoring companies to enhance their net worth and enable them to leverage higher credit from the institutional channels.
2. In order to reduce the MSME credit gap, Scheduled Commercial Banks (SCBs) may be directed to maintain minimum 22% in their outstanding credit growth to MSME sector during the first two years of the 12th Five Year Plan (i.e. FY 2012-13 and FY 2013-14) and further minimum 25% during the remaining three years of the 12th Five Year Plan (i.e. FY 2014-15, FY 2015-16 and FY 2016-17).
3. Banks should achieve 10% increase in new micro enterprises borrowers on year-on-year basis during the 12th Five Year Plan. As a Subset, banks should add at least 12 new MSMEs in their semi-urban and urban branches.

4. RBI may announce a revised OTS scheme for SMEs under which MSMEs classified in NPA category as on 31st March 2008 would also be eligible for obtaining finance after settlement of dues under OTS
5. To enable the MSMEs to have access to Venture Capital (VC) Funds, the following needs to be implemented: exposure by banks to dedicated MSME VC Funds be treated as priority sector lending; enhance existing exposure by banks to Capital Market cap by 20% for MSME VC Funds (from 40% to 48% for dedicated MSME VC Funds); permit investment upto 10% of corpus by Pension/Provident Funds in dedicated MSME VC funds.
6. Intensive support is required for the emerging and innovative sectors of bio-tech, nano-tech, defence, civil aviation, aero-space, homeland and internal security, items etc.
7. Availability of Land for MSEs has to be ensured. State governments may earmark at least one industrial estate in each block. Government may identify barren lands and allot it to MSEs at affordable price or set up industrial estates

Govt. Initiatives in Fy12 to Revitalise the MSME Sector

1. The BSE and NSE got the approval for SME platforms from the SEBI and have been operationalized. This will serve as an opportunity for Indian SMEs to raise funds from capital markets
2. To achieve the overall target set by the Prime Minister's National Council on Skill Development, Ministry of MSME and the agencies conducted the skill development programmes for 478,000 people during FY12. During FY13, the Ministry aims to provide training to 572,000 people through its various programmes for development of self employment opportunities as well as wage employment opportunities in the country.
3. To improve the productivity, competitiveness and capacity building of MSMEs, the Government of India has adopted a cluster based approach. During Apr-Jan 2012, the government has taken 8 new clusters for diagnostic study, 5 for soft interventions, and 4 for setting up of common facility centres. Till Jan 2012, the government has taken a total of 477 clusters for diagnostic study, soft interventions and hard interventions and 134 infrastructure development projects.

CONCLUSION

Small and Medium Enterprises (SMEs) contribute to economic development in various ways such as creating employment opportunities for rural and urban population, providing goods & services at affordable costs by offering innovative solutions and sustainable development to the economy as a whole. SMEs in India face a number of problems - absence of adequate and timely banking finance, non-availability of suitable technology, ineffective marketing due to limited resources and non availability of skilled manpower. The Micro, Small and Medium Enterprises (MSME) sector contributes significantly to manufacturing output, employment and exports of the country. It is estimated that in terms of value, the sector accounts for about 45 % of the manufacturing output and 40% of total exports of the country. To make this sector to become more vibrant and significant player in development of the Indian economy the Government of India has taken various initiatives. The definition and coverage of the MSME sector was broadened MSME Development Act 2006 which recognized concept of 'enterprise' to include both manufacturing and service sector besides defining medium enterprises setting up a Board for developing policy frameworks and indicating procurement policy.

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