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IMPACT OF MICROFINANCE SERVICES ON POOR WOMEN'S HOUSEHOLDS IN AHMEDABAD: AN EMPIRICAL STUDY

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ABSTRACT

Microfinance services refer to those financial services that include small loans, insurance and pension facilities to poor and needy people. The objective of micro-finance services is to help poor and marginalized people to come out of poverty by providing them small loans for productive purposes. The present paper analyses the economic impact of micro-finance services on poor women's households in Ahmedabad city. The major variables of the study include annual household income, expenditure and asset positions. The changes in borrowers' annual income, expenditures and household assets have been analyzed using before and after joining micro-finance organizations. Statistical tests like Paired T-test, Wilcoxon Sign test and Logistic Regression have been used to analyze the impact of micro-loans. It is found that micro-finance services have helped to increase monthly income of women borrowers and thereby leading to increase in annual household income and expenditure. However, the impact of micro-loans on various assets like number of owned houses, area of house and cultivable land is not found to be significant.

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KEYWORDS

Impact Assessment, Micro-finance, Self-help Groups.

INTRODUCTION

Microfinance services refer to those financial services that include small loans, insurance and pension facilities to poor and needy people. Small loans constitute the major part of microfinance compared to other products like insurance and pension schemes. The journey of microfinance (in its actual form – 'micro-credit') started in 1974 by Prof. Muhammad Yunus in Bangladesh and for this movement he was awarded Nobel Prize in 2006. Conceptualizing micro-finance in Indian context again is a difficult task. As argued by Sriram M. S. and Upadhyayula S. R. (2002), micro-finance in India, is generally understood but not clearly defined. Micro-finance is conceptualized as the activity which is provided by the alternate sector (NGOs) with a laudable intention and non-exploitative connotations. The Task force of National Bank for Agricultural and Rural Development defines as "the provision of thrift, credit card and other financial services and products of very small amounts to the poor in rural, semi-urban or urban areas enabling them to raise their income levels and improve living standards." Further as mentioned by Dasgupta R. (2005), micro-credit is not a new concept in India. Priority sector credit in general and weaker section credit in particular was actually a kind of microcredit. What is new in microfinance is perceived as a paradigm shift in the quality of micro-finance delivery.

REVIEW OF LITERATURE

Mosley P. (2001) conducted small surveys on four microfinance institutions, to analyze the impact of microfinance on poverty; he found that all the institutions examined have a positive influence in terms of increasing income and in reducing poverty levels, whatever measure of poverty is used. Further, he found that between 10 to 20 percent of the borrowers crossed the poverty line between 1993 and 1999 as a consequence of microfinance that is they would not have crossed the poverty line in any case. **Puhazhendi V. and Badatya K. C. (2002)** analyzed the impact of SHG Bank Linkage Programme on SHG members. They surveyed 115 SHGs from Orissa, Chhattisgarh and Jharkhand and found that while there was no change in asset structure in 52 per cent of the sample households, about 45 per cent of them registered increase in assets between pre and post SHG situations. **Panda D. (2009)** found that the highest impact of self-help group based intervention was found for household savings, followed by literacy position, migration reduction, employment days, expenditure on household consumables, expenditure on education, assets position, income and expenditure on food.

OBJECTIVES

The present research work is carried out to measure the economic impact of micro-finance services (especially micro-loans) on poor households in Ahmedabad city. Therefore, the objectives of the research work are as mentioned below:

- To analyze the impact of microfinance interventions on participants' annual household income.
- To analyze the impact of microfinance interventions on participants' annual household expenditure.
- To evaluate the impact of microfinance interventions on households' asset position.

HYPOTHESES

H0: There is no significant difference between mean annual household incomes of women respondents from various sources before and after availing microfinance services.

H0: There is no impact of microfinance related loan variable on increase in annual income of household.

H0: There is no significant difference between mean household expenditure of women respondents from various sources before and after availing microfinance services.

H0: There is no significant difference between mean household assets of women respondents before and after availing microfinance services.

RESEARCH METHODOLOGY

The present research work being descriptive and exploratory in nature, a structured questionnaire was developed and used for getting insight into feelings and perceptions of loan recipients availing microfinance services. The target population comprises of all women (aged 18 or above) who have availed microfinance services and residing in Ahmedabad (Gujarat). The convenience sampling method was used and 100 women participants were identified. As Self-help Groups organized meetings weekly or fortnightly, interviewer personally visited the places and after meetings all women respondents were interviewed in local language for impact assessment. To analyze the significant differences in mean income, expenditures and assets, paired T-test and Wilcoxon Sign test were used. The normality of data was analyzed using Kolmogorov – Smirnov test. Further, to analyze the impact of microfinance loans on annual income of borrowers' household; logistic regression was used.

DATA ANALYSIS**DESCRIPTIVE STATISTICS**

The sample includes all women aged 18 or above for analysis purpose. The average age of women respondents is 34 years and thus found to be in middle age group (See Table 1.1).

TABLE 1.1: DESCRIPTIVE STATISTICS

Variables	Frequency	Percent	Valid Percent	Cumulative Percent
Age (Mean Years)	34.19	100.00	100.00	100.00
Religion				
Hindu	75	75.00	75.00	75.0
Muslim	24	24.00	24.00	99.0
Christian	1	1.00	1.00	100.0
Marital Status				
Married	97	97.00	97.00	97.00
Separated	2	2.00	2.00	99.00
Divorce	1	1.00	1.00	100.0
Type of Family				
Nuclear	28	28.00	28.00	28.00
Joint	72	72.00	72.00	100.0
Family Size (Mean Number)	4.87	100.0	100.0	100.0
Number of Income Earners in Family (Mean)	2.28	100.0	100.0	100.0
Education				
No Education	44	44.00	44.00	44.00
Primary	44	44.00	44.00	88.00
Secondary	10	10.00	10.00	98.00
Higher Secondary	1	1.00	1.00	99.00
Graduation and More	1	1.00	1.00	100.0
Employment Status				
Self-employed	74	74.00	74.00	74.00
Wage-employed	11	11.00	11.00	85.00
Unemployed	3	3.00	3.00	88.00
Employed in Family Business	12	12.00	12.00	100.0
Annual Household Income (Mean Amount in Rupees)	74,270.00	100.0	100.0	100.0

Source: Survey Data

The sample is dominated by Hindu women (75%) and most of them are married (97%). Out of total sample (n=100) almost two third (72%) of women respondents are residing in joint family and average family size is found to be five while an average of two members in a family are found to be employed. Most of poor women respondents are found to be illiterate (44%) while other forty four percent of women respondents completed primary schooling. Therefore, the sample is dominated by illiterate women and women having primary schooling. Further, almost two third of women respondents (74%) are self-employed while only three percent are found to be unemployed. The average annual income of household is Rs. 74,270 that suggesting still there is a need to increase the income level.

Further, Table 1.2 shows monthly income level of women respondents surveyed. It shows that before availing microfinance services there were 68 percent of women having monthly salary of less than rupees 2,500. While after availing micro-loans, this percentage has come down to only thirty. Similarly, the percentage of women earning monthly salary in the range of Rupees 2,501 to 5,000 has increased from seventeen percent to fifty one percent. It shows that microfinance has been effective in increasing the monthly income of loan recipients.

TABLE 1.2: RESPONDENT'S PROFILE: MONTHLY INCOME

Monthly Income	Before	After
Less than Rs. 2,500	68	30
Rs. 2,501 to Rs. 5,000	17	51
Rs. 5,001 to Rs.7,500	00	04
More than Rs. 7,500	00	00
Effectively Employed (Total)	85	85
Missing (Unemployed & Employed in Family Business)	15	15
Total	100	100

Source: Survey Data.

CHANGES IN ANNUAL HOUSEHOLD INCOME

To measure the changes in annual household income, women respondents were asked about the sources of household income before and after availing microfinance services. These changes in income level are presented in Table 1.3.

Analysis of changes in annual household income from various sources shows positive trend in before and after availing microloans. The percentage increase in annual household income ranges between 24 percent (in case of poultry) to as high as 51 percent (in case of services). In absolute sense, the highest change in mean income is observed from livestock (Rs. 13,833.33/year) followed by crops (Rs. 12,045.45/year).

To analyze the significant differences in mean incomes from various sources, paired T-test is used that requires data to be normal. The normality of data was analyzed using Kolmogorov – Smirnov test and results are displayed in parenthesis (Column no. 2 & 3) of Table 1.3. Most of the data are found to be non-normal. Therefore, Wilcoxon Sign (non-parametric) test is used where data are non-normal. The output of, both paired T-test and Wilcoxon Sign tests shows all p values less than 0.05 (Column no. 7). Therefore, null hypothesis is rejected and it is found that there is significant difference between mean annual household incomes of women respondents before and after availing microfinance services.

TABLE 1.3: CHANGES IN ANNUAL HOUSEHOLD INCOME

Sources of Income	Before (Mean in Rs.)	After (Mean in Rs.)	Change of Income (in Rs.)	Percentage	t-value/ Wilcoxon test z-value	Sig. (t)/Sig. (w)
Crops	31409.09 (0.200)	43454.55 (0.200)	12045.455	38.35	9.499	0.000
Fruit Selling	25000.00 (0.185)	31687.50 (0.200)	6687.500	26.75	2.945	0.010
Vegetables	26791.67 (0.002)	33458.33 (0.039)	6666.667	24.88	-3.175	0.001
Livestock	28666.67 (0.000)	42500.00 (0.003)	13833.333	48.26	-2.201	0.028
Poultry	28142.86 (0.016)	35000.00 (0.200)	6857.143	24.37	-2.226	0.026
Small Business	31684.78 (0.009)	39815.22 (0.002)	8130.435	25.66	-3.882	0.000
Labor Selling	28426.83 (0.017)	38207.32 (0.006)	9780.488	34.41	-4.962	0.000
Service	23285.71 (0.010)	35214.29 (0.200)	11928.571	51.23	9.371	0.000
Others	16339.29 (0.000)	23696.43 (0.114)	7357.143	45.03	-4.289	0.000

Source: Survey Data

CHANGES IN ANNUAL HOUSEHOLD EXPENDITURE

Women respondents were also asked about changes in annual household expenses before and after availing microfinance loans. The results of the same are displayed in table 1.4. The output shows that all heads of expenditures have increased after the usage of small loans. The highest change was observed in house repair and maintenance which has increased by Rs. 4,156. The output shows that food expenses have increased by thirty percent.

The test results of Kolmogorov – Smirnov shows non-normality of data as p values are found to be less than 5% level of significance (Column no. 2 & 3). Therefore, Wilcoxon Sign test was used in all cases. The output of Wilcoxon Sign test shows that p values are less than 5% level of significance rejecting the null hypothesis. So, it can be said that there is significant difference between mean household expenditure of women respondents from various sources before and after availing microfinance services.

TABLE 1.4: CHANGES IN ANNUAL HOUSEHOLD EXPENDITURES

Expenses	Before (Mean in Rs.)	After (Mean in Rs.)	Change of Income (in Rs.)	Percentage	Wilcoxon test z-value	Sig.
Food	12893.00 (0.000)	16839.00 (0.001)	3946.000	30.61	-8.518	0.000
Medication	1748.00 (0.000)	2629.00 (0.000)	881.000	50.40	-6.266	0.000
Education	1252.75 (0.000)	1710.44 (0.000)	457.692	36.53	-6.088	0.000
Clothing	1921.00 (0.000)	2527.00 (0.000)	606.000	31.55	-8.106	0.000
Furniture Purchase	283.78 (0.000)	1575.68 (0.000)	1291.892	455.24	-4.791	0.000
Repair & Maintenance	434.21 (0.000)	4590.79 (0.000)	4156.579	957.27	-4.880	0.000
Festival/Recreation	2350.51 (0.000)	3096.97 (0.000)	746.465	31.76	-8.012	0.000
Others	15315.62 (0.007)	20734.38 (0.008)	5418.750	35.38	-4.258	0.000

Source: Survey Data

CHANGES IN ANNUAL HOUSEHOLD ASSET POSITION

The changes in household asset position are presented in Table 1.5. Micro-loans are expected to have positive impact on household assets like livestock, vehicles, jewellery etc. It is observed that poor households have been benefited in terms of vehicles and agricultural equipment that have increased by 91 percent.

The test results of Kolmogorov – Smirnov shows non-normality of data as p values are found to be less than 5% level of significance (Column no. 2 & 3). Therefore, Wilcoxon Sign test was used in all cases. The changes in number of owned houses and area of house do not indicate significant impact of micro-finance services as p values are more than 5% level of significance. Further, changes in number of livestock, cultivable land and amount in jewellery shows statistical significant differences but do not indicate significant impact in absolute terms. Therefore, we failed to reject the null hypothesis.

TABLE 1.5: CHANGES IN ANNUAL HOUSEHOLD ASSET POSITION

Assets	Before	After	Change	Percentage	Wilcoxon test z-value	Sig.
Owned House (in Number)	0.94 (0.000)	0.99 (0.000)	0.045	4.78	-1.732	0.083
Livestock (in Number)	1.19 (0.000)	1.74 (0.000)	0.556	46.72	-3.638	0.000
Vehicles (in Number)	0.97 (0.000)	1.79 (0.000)	0.885	91.24	-7.901	0.000
Electronic Goods (in Number)	2.64 (0.000)	4.68 (0.004)	2.040	77.27	-4.141	0.000
Agriculture Equipment (in Number)	1.40 (0.000)	2.68 (0.000)	1.280	91.42	-8.243	0.000
Jewellery (in Rs.)	10710.20 (0.000)	13613.27 (0.000)	2903.061	27.11	-5.382	0.000
Are of House (in sq. ft.)	393.57 (0.001)	406.44 (0.000)	12.87	3.25	-1.342	0.180
Cultivable Land (in acre)	0.9130 (0.000)	1.13 (0.000)	0.21739	23.81	-2.060	0.039

Source: Survey Data

IMPACT OF MICROFINANCE SERVICES

To measure the impact of microfinance services on household annual income, the following logistic regression model originally developed by Rahman M & Ahmad F (2010) is modified and used for present research work.

TABLE 1.6: LIST OF INDEPENDENT VARIABLES

Variables	Type of Variable
X1 = Distance of Branch From Borrowers house (DIST)	Binary
X2 = Amount of Loan (LOAN)	Categorical
LOAN 0 (< Rs.10,000)	
LOAN 1 (Rs. 10,000 to Rs. 20,000)	
LOAN 2 (>Rs. 20,000)	
X3 = Years of Membership (YMEM)	Continue
X4 = Number of Income earners in the household (EARNER)	Continue
X=5 Education of Women Borrower (EDU)	Categorical
Education 1	
Education 2	
Education 3	
Education 4	
Education 5	
X=6 Monthly Income of Woman borrower after joining MFI (MINC)	Categorical
Less than Rs. 2,500	
Rs. 2,501 to Rs. 5,000	
Rs. 5,001 to Rs. 7,500	
More than Rs. 7,500	

Source: Rahman M & Ahmad F (2010)

$$\ln \left[\frac{P_i}{1 - P_i} \right] = \alpha_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + u_i$$

Where,

- Pi = Probability that borrowers' annual household income has increased.
- 1 - Pi = Probability that borrowers' annual household income has not increased.
- Xi = Independent Variables discussed in table 1.6.
- Bi = Coefficient to be estimated and μ = error term.

The results of logistic regression model have been discussed below:

OVERALL MODEL EVALUATION

A logistic model is said to provide a better fit to the data if it demonstrates an improvement over the intercept-only model (also called the null model). An intercept only model serves as a good baseline because it contains no predictors.

Omnibus Test of Model Coefficients is a test of null hypothesis that there is no difference between the model with only a constant and the model with independent variables (See Table 1.7). As the test gives a Chi-square of 37.687 on 11 degree of freedom, significant value of 0.000 (p < 0.05); the alternate hypothesis is supported. Therefore, it can be said that predictors have a significant effect and create essentially a different model.

TABLE 1.7: MODEL SUMMARY & GOODNESS OF FIT

Omnibus Test of Model Coefficients (Model)			Goodness of Fit Statistics (Hosmer – Lemeshow Test)			Cox & Snell R Square	Nagelkerke Square
Chi-Square	Degree of Freedom (df)	Sig.	Chi-Square	Degree of Freedom (df)	Sig.		
37.687	11	0.000	6.808	8	0.557	0.421	0.648

Source: SPSS Output

GOODNESS OF FIT STATISTICS & MODEL SUMMARY

Goodness of fit statistics (Hosmer-Lemeshow Test) assesses the fit of a logistic model against actual outcomes. It is a test of null hypothesis that there is no difference between observed and model-predicted values. Therefore, well-fitting models show non-significance on the Hosmer-Lemeshow (H-L) Goodness-of-fit test. The inferential goodness of fit test (H-L test) yielded a $\chi^2(8)$ of 6.808 and is insignificant (p>0.05), suggesting that the model is fit to the data well (Table 1.7). In other words the null hypothesis of a good model fit to data is tenable.

Two additional descriptive measures of goodness-of-fit presented in Table 1.7 are R² indices, defined by Cox and Snell (1989) and Nagelkerke (1991), respectively. These indices are variations of the R² concept defined for the Ordinary Least Square (OLS) regression model. In linear regression, R² has clear definition: It is the proportion of the variation in the dependent variable that can be explained by predictors in the model. Attempts have been made to yield an

equivalent of this concept for logistic model. None, however, renders the meaning of variance explained (Long, 1997, Menard, 2000). Further, as cited by Gujarati D (2003), conventionally computed R² is of limited value in dichotomous response models; the use of the coefficient of determination as a summary statistic should be avoided in models with qualitative dependent variable (Aldrich J. and Nelson F, 1984).

TABLE 1.8: CO-EFFICIENT ESTIMATES OF INDEPENDENT VARIABLES IN LOGIT MODEL

Variables	B	Wald	Df	Sig.	Exp(β) (e ^β)
Distance of Branch (DIST)	1.082	1.432	1	0.231	2.952
Amount of Loan (LOAN)					
LOAN 0 (< Rs.10,000) ^b	-	-	-	-	-
LOAN 1 (Rs. 10,000 to Rs. 20,000)	2.181	3.055	1	0.080**	8.855
LOAN 2 (>Rs. 20,000)	0.223	0.021	1	0.885	1.250
Years of Membership (YMEM)	1.323	5.061	1	0.024*	3.754
Number of Income earners in the household (EARNER)	2.044	2.024	1	0.155	7.720
Education of Women Borrower (EDU)					
Education 1 ^b	-	-	-	-	-
Education 2	-1.722	1.829	1	0.176	0.179
Education 3	-3.093	2.192	1	0.139	0.045
Education 4	21.323	0.000	1	1.000	1.821
Education 5	14.368	0.000	1	1.000	1.738
Monthly Income of Woman borrower after joining MFI (MINC)					
Less than Rs. 2,500 ^b	-	-	-	-	-
Rs. 2,501 to Rs. 5,000	3.707	6.616	1	0.010*	40.715
Rs. 5,001 to Rs. 7,500	23.110	0.000	1	0.999	1.088
More than Rs. 7,500***	-	-	-	-	-

Note: ^b reference category, *p<0.005, **p<0.10, ***Note: No Woman borrower in the category.

Source: SPSS Output

VARIABLES IN EQUATION

The statistical significance of individual regression coefficients (i.e. βs) is tested using the Wald chi-square statistic. It is a test of null hypothesis that the β coefficient is equal to zero. The variable in the Equation output also provides Exp (β); it is known as the odds ratio predicted by the model. This odds ratio can be computed by raising the base of the natural log to the βth power, where β is the slope from the logistic regression equation.

From Table 1.8, the probability of the Wald statistic for the variable – LOAN 1 is 0.080 which is less than level of significance of 0.10 and therefore the null hypothesis that the β coefficient is equal to zero is **rejected** (Column 4). For the variable – LOAN 1, β is e^{2.181} = 8.855. It suggests that those women respondents that borrowed amount between Rs. 10,000 to Rs. 20,000 from micro-finance institutions are 8.85 times more likely to have increased the odds of increase in annual household income compared to those borrowing amount less than Rs. 10,000.

Similarly, a unit increase in years of membership of woman borrower increases the odds of increase in annual household income by 275 percent. Further, those women borrowers whose monthly income falls in the income category of Rs. 2,501 to Rs. 5,000 are 40.71 times more likely to have increased the odds of increase in annual household income compared to those women borrowers earning less than Rs. 2,500.

CROSS-VALIDATION USING CLASSIFICATION ACCURACY

If the probability of the event is greater than or equal to 0.5, we shall predict that the event will take place. Accordingly SPSS will classify a subject into the ‘Yes’ category (increase in annual household income) if the estimated probability is 0.5 or more; similarly if the estimated probability is less than 0.5; SPSS will classify a subject into the ‘No’ category (Not increase in annual household income).

TABLE 1.9: CLASSIFICATION TABLE & CROSS VALIDATION OF MODEL

Sample	Classification Table		Sensitivity P(Correct/Event did occur)	Specificity P(Correct/Event did not occur)	Overall Percentage
	Predicted	Total			
Training Sample					
	Predicted	Total			
Observed	No	Yes			
No	9	6	15		
Yes	5	49	54	90.74%	60.00%
Total			69*		84.10%
Holdout Sample					
	Predicted	Total			
Observed	No	Yes			
No	2	0	2		
Yes	1	13	14	92.9%	100.00%
Total			16*		93.8%

*Note: 15 unemployed women respondents have not been considered in SPSS software for regression analysis.

Source: SPSS Output

In analysis of Training Sample, the classification table shows that this decision rule allows us to correctly classify 49/54 = 90.7% of the subjects where the predicted event (increase in annual household income) is observed (See Table 1.9); that is known as Sensitivity or Hit ratio of prediction.

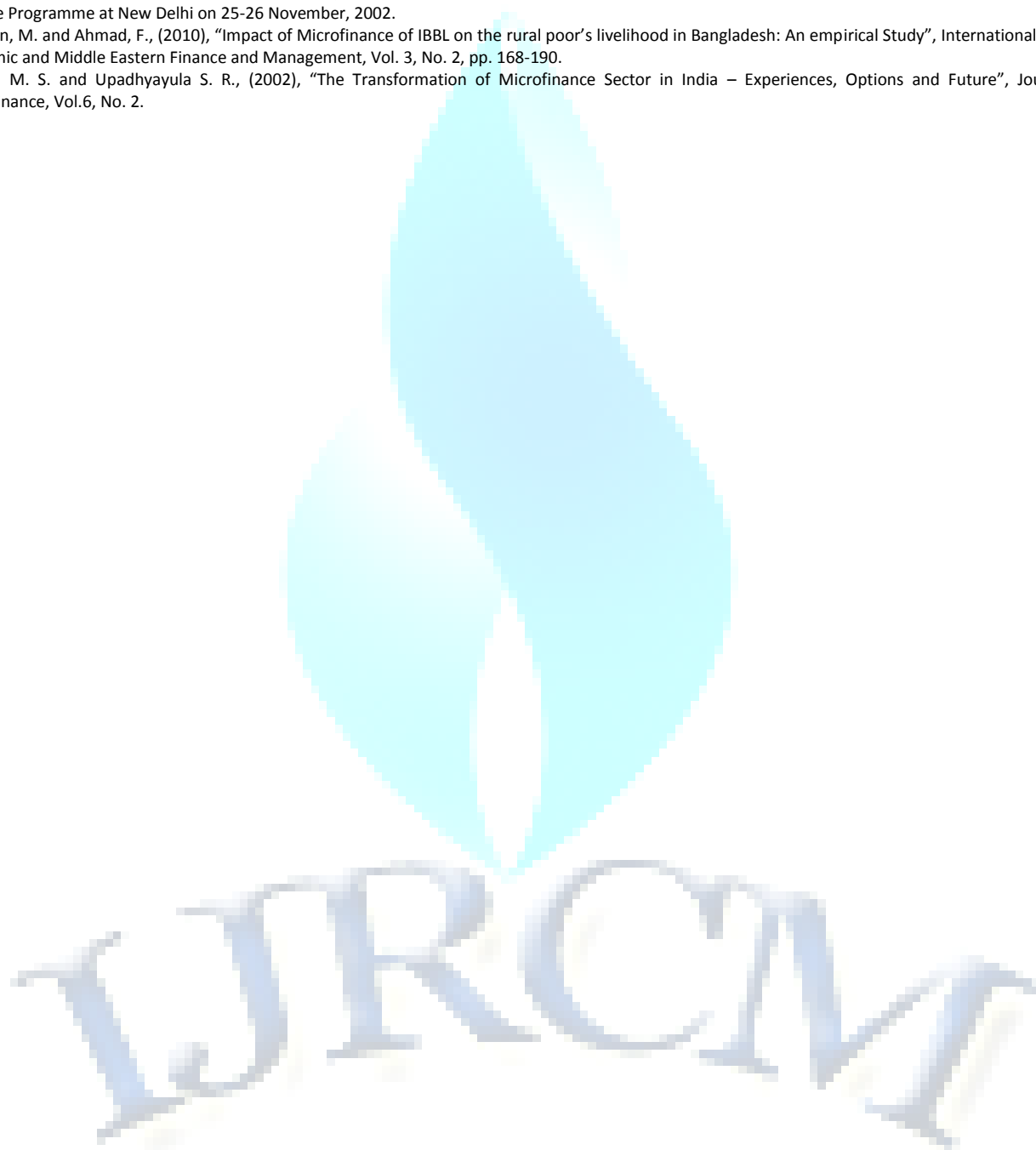
It is also found that the rule allows us to correctly classify 9/15 = 60% of the subjects where the predicted event is not observed which is known as Specificity of prediction. Similarly, cross validating both of these measurements with holdout sample, it is found that Sensitivity and Specificity have increased to 92.9% and 100.00% respectively. Overall, percentage correct for analysis sample is 84.10% that has increased to 93.8% for holdout sample. With these improvements as both the overall and group-specific levels, the logistic regression model is deemed acceptable in terms of classification accuracy.

CONCLUSION

Micro-finance services help poor people to come out of poverty by providing an opportunity for self-employment. It is observed that those women borrowers who have availed micro-finance services have been benefited economically. The monthly income of women beneficiaries, those residing in Ahmadabad city, has increased and it has also resulted in increase in annual household income. The major factors that have increased household income of poor family include microfinance loans, monthly income of women borrowers, distance of branch from borrower’s house and years of membership in micro-finance organizations. The impact of micro-loans on asset positions especially number of owned houses, area of house and cultivable land is not significant. Microfinance services require further support from development organizations to help poor women to come out of poverty.

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IMPACT OF PRIVATIZATION ON EDUCATION IN INDIA: AN ANALYSIS**JACOB DAS****RESEARCH SCHOLAR, DEPARTMENT OF PUBLIC ADMINISTRATION, RTM NAGPUR UNIVERSITY, NAGPUR; &
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YAVATMAL****DR. NIRMAL K SINGH****ASSOCIATE PROFESSOR
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NAGPUR****ABSTRACT**

If the fruits of education have to reach the common man, then the education system must be adequately and properly administered. With around 15 Bills, including one that will allow foreign universities to operate in India and another that will curb the menace of fake degrees, are awaiting to be cleared in the parliament of India. Today, there is an ardent need to study the impact of Privatization on Education sector. We understand that we are living in a Global world which is supported by two strong pillars- Privatization and Liberalization; But the question is: Are we able to enhance the quality of both the product and the service of education? Are the changes in the policy of education really reaping and sowing quality education for growth and development. Though Globalization has become the thumb rule in every field of Human activity but nothing noteworthy can be witnessed in the field of Education in India. So far there has been no concrete exchange of Educational expertise, knowledge and transfer of educational techniques and skills in a large scale except for misappropriation and misuse of government funds, resources, books, uniforms, various educational schemes, land, infrastructures etc. in high proportion. Narayanan Ramaswamy, executive director (education practice) consulting firm KPMG, said that the number of Bills indicates the seriousness with which India is taking education. "It's a good thing that education is getting its due. Some of the Bills are real game-changers for the education sector." he said. Today, nor the planning commission neither the education department or the Ministry of Human Resource and Development of India (MHRD) has taken any cognance or has provided any guidelines for the privatization of Education till date. Senior academician Ramesh Panse, who was part of the Prof Ram Joshi committee that had drafted the Maharashtra Pre-School Centres (Regulation of Admission) Act of 1996. "The pre-primary education needs to be regulated and controlled to some extent by the government to ensure that there are no arbitrary moves by the schools against students," he said. The present education system neither equips a child with the necessary knowledge and skills to face the world of work nor does it empower to deal with the challenges of a globalizing economy. UNESCO's Global Monitoring Report of 2002 has made detailed projections and concluded that India is unlikely to achieve UEE(Universal Elementary education) even by 2015!."Unaided schools are open to adopting neighborhoods schools on Public-Private-partnership (PPP) basis with the state to improve the quality of education in them. We can share our teachers' expertise and our teaching materials and other resources too." All Goa Unaided Schools' Association president Deepak Khaitan said. The problem that needs fixing is the pathetic quality of education in Government schools at the primary level. It is this issue that does not find serious mention in the RTE-Act-2010 which has now been even validated by the Supreme Court. The Government should have paid attention to ways that would enhance the quality of education in schools either run or funded by the Union or the State Governments. Globalization, Liberalization and privatization has actually spreading its roots in almost every sphere not only in India but worldwide; But its impact in India particularly in Education has posed greater challenges and threats before the educational planners while translocating the Indian economy from a centrally-planned model to a market oriented model. The Financial crunch in education and its privatization of education has only widen the scope for the private players and educational institutes to indulge in fraudulent activities. In the name of Corporate Social Responsibility (CSR), many corporators have shouldered this responsibility but from the point of business, while the Government in the name of liberalization, Globalization and Privatization have started off loading their own moral responsibility. This paper proposes to highlight the ongoing crisis and issues specially in regards privatization of education in India. * www.jagranjosh.com*

KEYWORDS

Corporate Social Responsibility Educational Development, Educational funds Privatization of Education, Private Institutions, Public Private Partnership, Sustainable development.

INTRODUCTION

Education has always been and will continue to be one of the most important needs of mankind. Of late, there has been an increasing trend towards privatization of higher education in India. The Government of India cannot absolve itself from the responsibility of providing higher education to its citizens. The Government is thus obliged to not only strive towards providing access to higher education to all its citizens but must also try and improve the quality of higher education in India. In order to cater to these needs, a large investment is required. But in India lack of adequate funds continues to be a major hurdle. In the given context, there is a pressing need for the Private Sector to pitch in and that at the risk of privatization and monopolization of higher education by the Private Sector.¹ Will the disadvantages of Privatization outweigh its advantages? Or will Privatization in India lead to monopolization of Higher Education by the Private Sector? These are some of the compelling questions that this paper attempts to focus.

Pranab Mukherjee the finance minister of India, in his budget speech said: "In the 12th.plan,6000 schools have been proposed to be set-up at block level as model schools to benchmark excellence. Of these, 2500 will be set up under public private partnership(PPP)"². This is a clear indication of privatization of education being promoted by the government. There is no doubt that the government is spending a lot on the establishment and maintenance of the colleges and the universities where higher education is being imparted.³ Even the current budget of 12th.plan allocated Rs.25,555 crore for Right to Education(RTE) and Sarva Siksha Abhiyan (SSA) shows an increase of 21.7%.⁴ Question arises whether the funds are sufficient and utilized properly? Did it give the desired results? The basic question is whether the government in collaboration with different funding agencies like UGC can meet the ever increasing financial liability on imparting quality higher education? We, in India have a welfare government. However, since the last decade India has taken the road to Liberalisation.⁵ The Educational needs of the Indian mass has never been taken into consideration, nor the private players or the organizations, institutes or the corporate sector has given a serious thought for implementation of quality and sustainable development of education in rural India. In the name of corporate social responsibility (CSR) schools, colleges and places of learning have been developed rather mushroomed only in urban areas or for the benevolence of their own employees. For e.g the Tata Schools, The Birla's, Wipro, The Ambani's, The Railway schools etc. The various Educational Policies have never been formulated to grow from the Primary level and sustain the same till higher education.

The private sector has played an important role in the growth of the higher education sector, especially in professional disciplines such as engineering and management. High potential demand for higher education and insufficient government spend on capacity creation are expected to result in a substantial infrastructure and investment deficit. In this backdrop, the role of the private sector has assumed increased significance with immense opportunity for the

private sector players.⁶ To enable greater private sector participation in higher education, the Government should consider simplifying the regulatory framework by rationalizing the number of regulators and providing more operational autonomy to private institutions, while keeping a check on quality and transparency. Over the last decade, the number of universities in the country has grown from 4.7% to 7.5% from 1951-2001. More than 5,000 colleges have been added in the last one year alone.⁷ State Private universities (SPU) are relatively recent phenomenon with 88 SPU's being set up in the last 5 years.⁸ There are 130 Deemed Universities in the country of which 73 are in the private sector.⁹ There are various big technical, medical, management and engineering educational institutes which run on high capitation fee under different names; But the question is – How many of such institutes are really providing quality education? With Privatization fast spreading, though it is expected to improve the conditions of facility but Quality with knowledge, research and its application for the development of society. This still remains a question to be solved and answered. Privatization will mean better facility but higher fees to be paid by the students in the name of services. Thus, Privatization of education will be beneficial only to the elite of the society and not to the economically weaker section of the society where India lives.¹⁰

MEANING OF PRIVATIZATION

Privatization is the incidence or process of transferring ownership of a business, enterprise, agency, public service or property from the public sector (the state or government) to the private sector (businesses that operate for a private profit) or to private non-profit organizations. The term is also used in a quite different sense, to mean government out-sourcing of services to private firms, e.g. functions like revenue collection, law enforcement, and prison management.¹¹

A long history of privatization dates from Ancient Greece, when governments contracted out almost everything to the private sector. Privatization, will help 1) Development faster (due to competition with the other private parties) 2) Innovative solutions due to competition. 3) Effective & time bound results 4) Cost cuttings 5) Improves quality in work 6) In turn more services to public are possible 7) Increase the productivity 8) Significant Growth in the business in turn good services possible. Today the government has been handing over education resources (including whole schools, school buildings and/or other infrastructure) to corporate and other private bodies. There are two strong arguments in favor of PPPs. One holds that the government does not have the resources to finance education, and that it is high time the private sector shares this responsibility.¹²

INDIAN SCENARIO OF EDUCATION

India is being considered a happening nation on the economic front with an average annual growth in the range of 7-8%. The twin policies of liberalization and privatization being pursued by Government of India since early 90s have opened a plethora of opportunities for the vast pool of young educated Indians, leading to mushrooming of the management, engineering and medical institutes in addition to other professional colleges. However only a handful of them have got some credibility.¹³

Despite India having one of the largest higher education systems in the world, only few institutions of learning have been able to make a mark on the global stage viz. The Indian Institutes of Technology (IITs), The Indian Institute of Science (IIS), The Indian Institute of Management (IIMs)¹⁴. In India Higher Education is yet not a fundamental right. Education as per RTE 2010 has been made free and compulsory from the age of 1 to 14. Private educational institutions in India are run by educational trusts or by societies. Educational trusts are entitled to benefits from the state such as land at concessionary rates, and also tax exemptions, as they are considered to be not-for-profit institutions. But the reality of a large number of private institutions in the southern states and Maharashtra belies their non-profit status. They run primarily based on the high fees they charge from students rather than on funds with the trust. In addition, they collect large sums in cash for favors. The only investment they have made is in physical infrastructure like land and buildings.¹⁵

Kannan Kasturi reports, from Times of India, 20 Oct 2008, that: Too many new self-financing private institutions present a dismal face, offering poor quality at high cost to millions of students, but going scot-free as the bureaucracy looks away and politicians cash in. It appears Maharashtra, Andhra Pradesh, Tamilnadu and Karnataka provide, a more conducive environment to establish private institutions, than the rest of the country. Sixty per cent of the private medical colleges in the country are located here. A similar situation holds for engineering and nursing. A majority of the private 'Deemed Universities' are also in these states. The rapid growth of private institutions in few states has resulted in a strong regional imbalance in the spread of professional education in the country. These states, with 25 per cent of the population of India account for over half of engineering and medical colleges in the country. Just Karnataka & Maharashtra have half of all the hotel management institutes while Andhra Pradesh and Karnataka account for nearly half of all nursing colleges.

Prof. Anandkrishnan, Chairman of IIT Kanpur, was recently reported voicing his concerns: "In one year that the number of engineering colleges has gone up to 2250 from 1600. There is a mad rush for starting up engineering colleges. Also, the state of Tamilnadu alone has 340 engineering colleges. This is a scandal in technical education, and nothing much has been done to prevent this" (*Times of India*, 20 Oct 2008). "Indian school becomes Saudi's biggest educational institute"¹⁶. Many foreign institutions are looking at partnering with Indian institutions.¹⁷ The Foreign Educational Institutions Bill 2010, has the objective of regulating the entry and operation of foreign institutes in India. The bill is a key legislation to encourage private sector participation in India¹⁸. Such a mechanism will ensure the operation of globally acclaimed institutes, and will reduce the outward mobility of the students who can receive significantly quality education at their door steps due to cut throat competition amongst partners and collaborations. Fact remains that such a bill was originally tabled in 2007 and is yet to get a nod from the parliament. At present there are a significant number of business schools, International MBA partnership in India, which will continue to see increasing interest from foreign universities wishing to establish and have collaborative agreements. For e.g. IIM collaborates with Copenhagen Business School-Denmark. Today one can witness that Globalization of higher education has enabled the students, teachers, and researchers to move freely and choose the courses, organizations, networks, and communities of their liking across the countries.

BACKGROUND: PRIVATIZATION IN THEORY AND PRACTICE

A great wave of privatization has swept the world in the past two decades, embracing the industrial economies, and large parts of the less developed country. Although ideological considerations - exemplified by such statements as, "governments have no business to be in business" - have often been paramount in driving privatization in various parts of the world, it is also true that government sought to justify privatization in relation to certain objectives. Due to various historical reasons, a multi-source finance system has been evolved in India and education is being financed by Central /State/ Local Government, and through fees and other sources including endowments, donations and other voluntary contribution from the public. The Kothari Commission therefore recommended for organizing a nationwide program so that local resources can be fully harnessed. This would stimulate local interest in education.¹⁹ The basic objectives of privatization include (1) Control of budgetary deficit (2) Resource mobilization (3) Reduction of extra tax burden (4) Flow of funds to public (5) Retrieval of civil servants from public enterprises for better utilization in governance and administration. (6) Increase in competition, both in domestic as well as international markets and to reduce government interference in the economy and promote greater private initiative. There is a sense that public ownership somehow leads to lower levels of efficiency than are possible under private ownership; and inefficient enterprises, in turn, are seen as creating other problems.²⁰ Mumbai university exam process to be outsourced²¹. Majority of children in rural areas prefer private schools: says the Annual status of Education Report (ASER) for rural areas 2011 released by Minister Kapil Sibal. 30 -50 % of children in rural areas are enrolled in private schools in states like UP, Punjab, Maharashtra, Meghalaya etc.²² There is also a growing trend in the private sector to open public schools which charge very high fees as compared with Government and Government aided schools. In a way there is a profit-motive²³. What are the Important Reasons for Privatization in India? Releasing the large amount of public resources locked up in non-strategic PSEs, for redeployment in areas that are much higher on the social priority, such as, basic health, family welfare, primary education and social and essential infrastructure.

SIGNIFICANCE AND OBJECTIVE OF THE STUDY

The need for the private sector to share the cost of education certainly cannot be denied, but the current arrangements seem to be willfully neglectful about the private sector's motivations. In today's neoliberal context, what motive other than profit could be involved in any company private group agreeing to take on such responsibilities? Further, how can profit-making bodies cost-effectively fulfill the goals to universalize education, if governments have not been able to do

so? And, most worrisome, is it really appropriate for corporate entities to be entrusted with promoting an agenda of social justice, equality and equity? When we look at various industries in India, the gains from privatization are quite heterogeneous. Prof N S Ramaswamy, founder-director of Indian Institute of Management, Bangalore, feels that just as liberalization has brought in better performance and productivity in the corporate world, it will bring about greater competitiveness in the Indian educational sector.²⁴

One of the interesting findings of Frydman et al (1997), is that the privatization effect is best manifested when there is one dominant owner after privatization, whether it is a foreign owner, a privatization fund, an individual owner or the state itself. Where ownership is diffuse, as when ownership is distributed among workers, the privatization impact is much weaker. This aspect needs to be addressed in planning for future privatization.²⁵ The increasing demand for better quality higher education in India can be met only by Private Institutions complementing the Universities established by the State. The proportion of students opting for higher education in India is increasing at a rapid rate and the only feasible way out is the privatization of the educational system.

The Government, with the Constitutional obligation to provide free and compulsory education, has increased the investment in Primary Education, as a result of which, the investment in higher education has proportionately decreased. In order to meet the growing needs of the student population for higher education in the country, it is imperative for the Government to privatize higher education.²⁶ Here a question arises. If the Private Institutions are given too much of independence and autonomy, it would lead to monopolization of higher education. This will lead to a plethora of problems. Such as high fee structure, Capitation fee, exploitation of Staff, apart from mal practices of forged degrees paid seats etc. These Foreign Universities may or may not be recognized in their parent countries leading to limited control and check on quality education being provided.

The proposed research is intended to survey the process of privatization in India and assess its impact on the Indian Education System. Is performance bought at the expense of high fees infrastructure through extensive opening of various schools and colleges by private players.²⁷ Or are we confusing the impact of privatization with the more generalised impact of deregulation in Education sector. The research output will comprise the following:

1. A survey of the literature on privatization, particularly with respect Education in India.
2. Impact of privatization on educational.
3. Explanation for the impact of privatization.
4. Assessment of mechanisms of corporate social responsibility in India

The casualty of the reckless growth in private institutions is not just equity, a well-known fact, but also the quality of higher education. Few private colleges offer quality higher education and many have been started with the sole goal of making quick profits. Philanthropy, charity, and education, which were considerations of the private sector in education in the past, no longer seem to figure as motives. Government's inability to regulate private institutions is becoming increasingly obvious.²⁸ The universities perform a critical role in an economy and society. They create, assimilate and disseminate knowledge. Therefore, they must be flexible, innovative and creative. They have to be accountable to the society. The number of universities and colleges has to be increased several times to meet the demands. It is essential to revise the curriculum regularly at least once in three to five years. There should be continuous internal assessment and reforms in annual examination. There is no doubt that more choices of courses should be given to students. But, the funding agencies have been resisting in granting more funds that are required for these purposes virtually halting the reform process.²⁹

METHOD OF DATA COLLECTION

The data collected is from primary and secondary sources ie: Government resolution, Reports submitted by UNESCO, ASER, Government. Of India and by its various committee, NGO's. In addition to this books written by various scholars, Research papers and journals as well as contents from the web and different print media has been used for the analysis.

PROBLEMS

Although India's national literacy rate currently exceeds 75%, a study by Pratham, a voluntary organization, finds that only 53.4% children in Standard V can read a Standard II level text, and that nationally there has been a decline in the children's ability to do basic math!³⁰ Another study by NASSCOM finds that 75% of technical graduates and more than 85% of general graduates are unemployable! The problem with the present Indian education system is that it is delivering a huge quantity of output, in the name of educated populace, with poor quality.³¹

According to current estimates, 80% of all schools are government schools making the government the major provider of education. However, because of poor quality of public education, 27% of Indian children are privately educated. According to some research, private schools often provide superior results at a fraction of the unit cost of government schools.³² However, India continues to face stern challenges. Despite growing investment in education, 25% of its population is still illiterate; only 15% of Indian students reach high school, and just 7%, of the 15% who make it to high school, graduate. However, the number of private schools in India is still low - the share of private institutions is 7% (with upper primary being 21% and secondary 32% .³³ Even the poorest often go to private schools despite the fact that government schools are free. A study found that 65% of schoolchildren in Hyderabad's slums attend private schools. One study found out that 25% of public sector teachers and 40% of public sector medical workers were absent during the survey. Among teachers who were paid to teach, absence rates ranged from 15% in Maharashtra to 30% in Bihar. In January 2010, the Government of India decided to withdraw Deemed university status from as many as 44 institutions were not being kept in mind by the management of these institutions and that "they were being run as family fiefdoms". The University Grant Commission found 39 fake institutions operating in India.

According to the United Nations Educational, Scientific and Cultural Organization (UNESCO), India has the lowest public expenditure on higher education per student in the world.³⁴ As and when the Governments started liberalizing the various policies related to education and welcomed the privately owned institutions, corruption started gathering momentum in one or the other way. Prof Ramaswamy said that healthcare and education are two sectors where India can become a world destination. By providing high quality healthcare and highly professionalised education, India can become a world leader in these sectors and earn up to \$20 billion annually, he said.³⁵

RECENT REPORTED IRREGULARITIES AND SCAMS

The first tremor in the education sector came in the form of according the deemed university status to colleges and institutes on a wholesale basis. The Chairman of the UGC, Sukhdeo Thorat has been accused of allegedly conferring deemed university status to several colleges in return for kickbacks and is also accused of the misuse of funds for personal benefit. Moreover, it is a known fact that many of these deemed universities are run by politicians having vested interests. These institutions are not able to provide the quality of education which a deemed university is supposed to offer. The Tandon Committee constituted by the HRD (Human Resource Development) Ministry to investigate the deemed university scam has found that of the 130 deemed universities, 44 had abysmal academic and physical infrastructure and are mainly family fiefdoms. The Tandon Committee has reported that many deemed universities have been charging fee much higher than that approved by the official fee structure committees. On the recommendations of the Tandon Committee, the HRD Ministry derecognized 44 deemed universities.³⁶

In the case of the All India Council for Technical Education (AICTE) scam, the arrest of K Narayan Rao, Member Secretary, while accepting a bribe from the owner of an engineering college in Andhra Pradesh has brought the unsavory happenings in the apex body governing the technical education in the country under the scanner. 42 institutes were granted illegal approval by the AICTE. In a glaring case the CBI detected that one building was inspected by the experts appointed by the AICTE thrice and recommended approval for three different colleges for the same building.³⁷ The Medical Council of India has also a dubious record for granting approval to medical colleges. The MCI President, Ketan Desai, was arrested last year on 28th April, 2010, for accepting a bribe of Rs 2 crore. . MCI has come to be known as the "Most Corrupt Institution" in the country. According to reports, the CBI in its recent raids found from the former President of the MCI and his family possessed disproportionate assets to the tune of Rs 24 crore. Millions of pounds of aid for education and the "Sarva Shiksha Abhiyan", has disappeared into the depths of corruption without any benefit to the poor children. It quoted a report by the Institute of Public Auditors of India that in Bihar children were reportedly being taught in open fields, because money had not been passed on for renovating classroom. "In Muzzaffarpur they found that only

4,00,000 pounds out of an allocated 1.1 million had gone to schools," One audit of money earmarked for the Sarva Shiksha Abhiyan project found that 70 million pounds had reportedly vanished. A report in the 'The News of the World' quoted India's Auditor General as saying that almost 14 million pounds had been spent on items and luxuries that had nothing to do with schools.³⁸

The TOI report on MBBS seats sold for between Rs 12 lakh and Rs 40 lakh by two private colleges in Chennai barely exposes the tip of the iceberg. "Large-scale corruption is prevalent in the education system. Coaching classes are hell, as they are killing the creativity of students," said Prof Pal. While expressing his opinion on higher education, he said, "Due respect has not been given to the universities in the country. We should be creating good universities but have not done so. IITs should be given total autonomy and given university status and raised to the level of the Massachusetts Institute of Technology (MIT). I think regulatory agencies like UGC and AICTE should be abolished."³⁹ Acknowledging that medical and engineering education had become a "money making racket" today, Prof Ramaswamy said that this corruption was a result of government control. "If you have control you will have corruption. There is no way to bring in improvement without freedom. Let the rich people pay high fees for private engineering colleges. But also, let 50 per cent seats be open to poor, meritorious students," Prof Ramaswamy. Higher education in India today is ridden with problems which are many and various. Some of the most crucial ones that confront us are somewhat controversial and, at any rate, in need of a thorough scrutiny in the overall interest of the country. The issues are, however, inter-dependent and include: (i) broadening of access in higher education; (ii) ensuring equity in higher education; (iii) the financial crunch, and (iv) the move to privatize higher education as a remedial measure⁴⁰.

CRY's status report on the implementation of RTE in Delhi, which exposed several irregularities The Delhi High Court recently lashed out at the Delhi government for failing to print and provide in time, approximately 1.2 crore free textbooks to over 18 lakh students studying in Classes I - VIII in MCD and Delhi government schools.⁴¹ Parents applying under the EWS (Economically weaker Section) category are being forced to pay Rs 2,000 for admissions on the sly even in government schools when the law states that education should be free for them," said Ashok Agarwal, an advocate and RTE campaigner.

CONCLUSION AND SUGGESTIONS

A clear cut policy of the Government of India regarding privatization of higher education is unfortunately not available at the present moment. In the context of the current changing social and economic fabric of the country, it appears almost certain to go in for private funding of education. The recent paradigm shift in Indian economic and political philosophy has led to the demand of private universities so as to meet the challenge of contemplated open economy and the demand for qualitative human resources and high level of R & D⁴²

Despite many efforts from the government to revitalize the public education system, the quality of public education is dwindling. Consequently, enrollment in private schools, colleges, and universities, is on the rise. For instance, a recent study finds that in the city of Hyderabad, 73% of families in slum areas send their children to private school⁴³. While India can boast of having the third largest higher education system in the world, reality is that India is facing a severe shortage of skilled human resources.⁴⁴ The reason for such a contrasting situation is the extremely low quality of primary, secondary, and college-level education in India.⁴⁵ A possible way-out from this situation is privatization of the education system, which is predominantly public at present. Privatization of education has the potential to improve the quality of education as well as to reduce the cost. However, to ensure access to education for all, the government must design an effective transfer-payment system. A balanced approach toward PPP and CSR must be re-enforced and encouraged. Since the quality of the private schools also varies significantly. While some of them may provide a good quality education at a reasonable cost, others may end up becoming money-making machines without caring for the quality of education. So the government should come up with an effective mechanism to determine, monitor, and control the quality of education in the private system.⁴⁶

It is suggested to prepare Long Term Educational Plans and short term goals, which will lay the foundation for change. Quality Human resource and lack of time and money should be intelligently and economically used. A National System of Education is to be developed to provide quality education to all children irrespective of their caste, creed, language, economic or cultural background, geographic location or gender. Disparities among various categories of schools and education systems/ institutions must be reduced. The government should consider some potential measures for enabling greater private sector participation in setting up high quality institutions. First. Simplify regulations and introduce out-put based regulations by measuring outcomes such as job placement, research work and utility and environment friendly outcomes. Second. Introduce student side financing instead of financing institutes. This will empower the students to use and choose the funds in the best possible manner. Third. The Government should pass and implement the innovation University bill, which will encourage and promote the private players to invest and set up innovative private university beyond any geographical limit. Fourth. The Indian Government consider such corporators to run Education on profit. This will definitely pump in greater capital for setting up new capacities and help the government in achieving greater Gross Enrollment Ratio (GER) targets. It will initiate transparency, improved quality and entry of quality players and bring death and exit to the unscrupulous, illegitimate profiteering and providing sub standard education. However, the government must enforce all the private, public, corporate, State etc. to provide the minimal standard of quality education. It must be ensured that the entry of private enterprises into the scene does not lead to commercialisation. The entry of Private enterprises would ease the burden of the State in providing higher education to its citizens. Regulatory arrangement must be put in place before the private sector is allowed to enter the educational sector. Mr. Montek Singh Ahluwalia, While addressing a gathering at an Education Summit organised by FICCI, has pointed out the need to increase the public expenditure on higher education and has opined that an improvement in the standards of higher education could be achieved only through a balanced relationship between the Public and the Private Sectors. Here we look into what needs to be done, and leave aside for the moment the question whether it will be done. Privatization and liberalization⁴⁷ in Education must be given a new look, in co-operation and co-ordination with the government, the PPP and Business houses/Corporators. It should be the moral and social duty to shoulder the responsibility of the same society- uneducated by large, without whom the very existence of such Government, business houses and corporators could ever exist. The system is in chains. It needs to be broken with courage. To actually deliver a quality product most efficiently, the only option is vigorously competitive private sector participation in the provision of not just primary education, but all levels of education. The education system is in chains. It needs to be liberated. Let us take this challenge to see the change and relieve the government by shouldering our own responsibility- This is the need of the hour.

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EXAMINING VOLATILITY IN MID CAP SECTORS: A STUDY OF BSE

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ABSTRACT

The study investigated the stock market volatility in the S&P CNX BSE Mid Cap of Bombay Stock Exchange of India using daily closing price from January 1, 2010 to July 4, 2014. The finding indicate that the stock market exhibits the persistence of volatility, mean reverting behavior and volatility clustering. The results reveal that the GARCH(1,1) model successfully captures volatility clustering.

JEL CLASSIFICATION

G14, C32

KEYWORDS

Volatility clustering, GARCH.

1. INTRODUCTION

Volatility in equity market has become a matter of mutual concern in recent years for investors, regulators and brokers. Stock return volatility hinders economic performance through consumer spending¹. Stock Return Volatility may also affect business investment spending². Further the extreme volatility could disrupt the smooth functioning of the financial system and lead to structural or regulatory changes.

Volatility of stock returns in the developed countries has been studied extensively. After the seminal work of Engle(1982) on Autoregressive Conditional Heteroscedasticity (ARCH) model on UK inflation data and its Generalized form GARCH(Generalized ARCH) by Bollerslev (1986), much of the empirical work used these models and their extensions (See French, Schwert and Stambaugh 1987, Akgiray 1989, Schwert, 1990, Chorhay and Tourani,1994, Andersen and Bollerslev, 1998) to model characteristics of financial time series.

Starting with the pioneering work of Mandelbrot (1963) and Fama (1965), various features of stock returns have been extensively documented in the literature which are important in modeling stock market volatility. It has been found that stock market volatility is time varying and it also exhibits positive serial correlation (volatility clustering). This implies that changes in volatility are non-random. Moreover, the volatility of returns can be characterized as a long-memory process as it tends to persist (Bollerslev, Chou and Kroner, 1992). Schwert (1989) agreed with this argument. Fama (1965) also found the similar evidence. Baillie and Bollerslev (1991) observed that the volatility is predictable in the sense that it is typically higher at the beginning and at the close of trading period. Akgiray (1989) found that GARCH (1, 1) had better explanatory power to predict future volatility in US stock market. Poshakwale and Murinde (2001) modeled volatility in stock markets of Hungary and Poland using daily indexes. They found that GARCH(1,1) accounted for nonlinearity and volatility clustering. Poon and Granger (2003) provided comprehensive review on volatility forecasting. They examined the methodologies and empirical findings of 93 research papers and provided synoptic view of the volatility literature on forecasting. They found that ARCH and GARCH classes of time series models are very useful in measuring and forecasting volatility.

There is relatively less empirical research on stock return volatility in emerging markets. In the Indian Context, Roy and Karmakar (1995) focused on the measurement of average level of volatility as the standard deviation in the Indian Stock Market and examined that volatility was highest in the year 1992. Goyal (1995) examined the nature and trend of the stock return volatility in the Indian Stock Market and assessed the impact of 'carry forward facility' on the level of volatility. Reddy (1997) analyzed the establishment of NSE and introduction of BSE online trading (BOLT) on the stock market volatility as sample standard deviation. Kaur (2002) analyzed the extent and pattern of stock market volatility, modeled the volatility during 1990-2000 and examined the effect of company size, FI, day of the week effect on volatility. Ajay Pandey (2002) modeled the volatility of S & P CNX Nifty using different class of estimators and ARCH /GARCH class of models.

Foregoing discussion suggests that the modeling of the stock markets volatility is of great importance to academics, policy makers, and financial markets participants. High levels of volatility in a stock market can lead to a general erosion of investors' confidence and an outflow of capital from stock markets, volatility has become a matter of mutual concern for government, management, brokers and investors. BSE introduced S&P BSE MID Cap index to track the performance of companies with relatively smaller market capitalization. It represents more percentage of companies in listed universe. Therefore, it is representative of investors. High volatility retards investment and discourages growth. It is therefore necessary for us to explore a model of stock market volatility that can measure and estimate volatility in mid cap

The rest of the paper is organized as follows. Section 2 provides research design used in the study. Empirical results are discussed in Section 3. Section 4 summarizes.

2. RESEARCH DESIGN

PERIOD OF STUDY

We collected data on daily closing price of S&P CNX Mid Cap of Bombay Stock Exchange from January 1, 2010 to July 4, 2014. It consists of 1127 observations. The data are collected from www.bseindia.com

METHODOLOGY

Daily returns are identified as the difference in the natural logarithm of the closing index value for the two consecutive trading days.

Volatility is defined as;

$$\sigma = \sqrt{1/n - 1 \sum_{t=1}^n (R_t - \bar{R})^2}$$

Equation 1

where \bar{R} = Average return(logarithmic difference) in the sample.

In comparing the performance of linear model with its nonlinear counterparts, we first used ARIMA³ models. Nelson (1990b) explains that the specification of mean equation bears a little impact on ARCH models when estimated in continuous time. Several studies recommend that the results can be extended to discrete time. We follow a classical approach of assuming the first order autoregressive structure for conditional mean as follows:

¹ Garner A.C., 1988, Has Stock Market Crash Reduced Customer Spending? Economic Review, Federal Reserve Bank of Kansas City, April, 3-16.

² Gertler, M. and Hubbard, R.G.,1989, Factors in Business Fluctuations, Financial Market Volatility, Federal Reserve Bank of Kansas City, 33-72.

³ A process that combines Autoregressive process (AR) and Moving Average terms (MA) terms. AR process where the present observations depend on the previous observations and MA is a weighted average of the present and the recent past observations of a process.

$$R_t = a_0 + a_1 R_{t-1} + \varepsilon_t$$

Equation 2

where R_t is a stock return, $a_0 + a_1 R_{t-1}$ is a conditional mean and ε_t is the error term in period t. The error term is further defined as:

$$\varepsilon_t = v_t \sigma_t$$

Equation 3

where v_t is white noise process that is independent of past realizations of ε_{t-i} . It has zero mean and standard deviation of one. In the context of Box and Jenkins (1976), the series should be stationary. Therefore, Augmented Dickey Fuller test (ADF) is used to test for stationarity of the return series. It is a test for detecting the presence of stationarity in the series. The early and pioneering work on testing for a unit root in time series was done by Dickey and Fuller (1979 and 1981). If the variables in the regression model are not stationary, then it can be shown that the standard assumptions for asymptotic analysis will not be valid. ADF tests for a unit root in the univariate representation of time series. For a return series R_t , the ADF test consists of a regression of the first difference of the series against the series lagged k times as follows:

$$\Delta r_t = \alpha + \delta r_{t-1} + \sum_{i=1}^p \beta_i \Delta r_{t-i} + \varepsilon_t$$

Equation 4

$$\Delta r_t = r_t - r_{t-1}; r_t = \ln(R_t)$$

The null hypothesis is $H_0: \delta = 0$ and $H_1: \delta < 1$. The acceptance of null hypothesis implies nonstationarity. We can transform the nonstationary time series to stationary time series either by differencing or by detrending. The transformation depends upon whether the series is difference stationary or trend stationary.

One needs to specify the form of the second moment, variance, σ_t^2 for estimation. ARCH and GARCH models assume conditional heteroscedasticity with homoscedastic unconditional error variance. That is, the changes in variance are a function of the realizations of preceding errors and these changes represent temporary and random departure from a constant unconditional variance. The advantage of GARCH model is that it captures the tendency in financial data for volatility clustering. It, therefore, enables us to make the connection between information and volatility explicit since any change in the rate of information arrival to the market will change the volatility in the market. In empirical applications, it is often difficult to estimate models with large number of parameters, say ARCH (q). To circumvent this problem, Bollerslev (1986) proposed GARCH (p, q) models. The conditional variance of the GARCH (p, q) process is specified as

$$h_t = \alpha_0 + \sum_{j=1}^q \alpha_j \varepsilon_{t-j}^2 + \sum_{i=1}^p \beta_i h_{t-i}$$

Equation 5

with $\alpha_0 > 0, \alpha_1, \alpha_2, \dots, \alpha_q \geq 0$ and $\beta_1, \beta_2, \beta_3, \dots, \beta_p \geq 0$ to ensure that conditional variance is positive. In GARCH process, unexpected returns of the same magnitude (irrespective of their sign) produce same amount of volatility. The large GARCH lag coefficients β_i indicate that shocks to conditional variance takes a long time to die out, so volatility is 'persistent.' Large GARCH error coefficient α_j means that volatility reacts quite intensely to market movements and so if α_j is relatively high and β_i is relatively low, then volatilities tend to be 'spiky'. If $(\alpha + \beta)$ is close to unity, then a shock at time t will persist for many future periods. A high value of it implies a 'long memory.' The model is then tested for ARCH effect using ARCH-LM test to judge model adequacy. If ARCH-LM test results are statistically insignificant, the model will be adequate.

3. EMPIRICAL RESULTS

The descriptive statistics for the return series include mean, standard deviation, skewness, kurtosis, Jarque-Bera and Ljung Box. ARCH-LM statistics are also exhibited in the Table 1.

TABLE 1: DESCRIPTIVE STATISTICS OF DAILY RETURNS

Statistic	BSE Mid Cap
Mean	0.000299
Standard deviation	0.010354
Skewness	-0.432474
Kurtosis	4.044739
Jarque-Bera Statistics	86.31(0.000)
Q ² (12)	140.90(0.00)
ARCH LM statistics (at Lag =1)	25.52(0.000)
ARCH LM statistics (at Lag =5)	65.42(0.000)

Notes: ARCH LM statistic is the Lagrange multiplier test statistic for the presence of ARCH effect. Under null hypothesis of no heteroscedasticity, it is distributed as $\chi^2(k)$. Q²(K) is the Ljung Box statistic identifying the presence of autocorrelation in the squared returns. Under the null hypothesis of no autocorrelation, it is distributed as $\chi^2(k)$.

The mean returns for all the stock indices are very close to zero indicating that the series are mean reverting. The return distribution is negatively skewed, indicating that the distribution is non-symmetric. Large value of Kurtosis suggests that the underlying data are leptokurtic or thick tailed and sharply peaked about the mean when compared with the normal distribution. Since GARCH model can feature this property of leptokurtosis evidence in the data.

The Jarque-Bera⁴ statistics calculated and reported in the Table-1 to test the assumption of normality. The results show that the null hypothesis of normality in case of both the stock markets is rejected.

The Ljung-Box LB² (12) statistical values of all the series respectively rejects significantly the zero correlation null hypothesis. It suggests that there is a clustering of variance. Thus, the distribution of square returns depends on current square returns as well as several periods' square returns, which will result in volatility clustering.

Stationarity condition of the Bankex daily return series were tested by Augmented Dickey-Fuller Test (ADF). The results of this test are reported in the Table 2.

⁴ The B-J teat statistic is $T[\text{skewness}^2/6+(\text{kurtosis}-3)^2/24]$.

TABLE 2: UNIT ROOT TESTING OF DAILY RETURNS OF BANKEX: AUGMENTED DICKEY-FULLER TEST

Stock markets	Log Level	First Difference of Logarithmic series
LBSEIT	-0.552 (0.878)	-27.10 (0.000)

ADF statistics in level series shows presence of unit root in the stock markets as their Mackinnon's value do not exceed the critical value at 1% level. It suggests that the price series is nonstationary. It is, therefore, necessary to transform the series to make it stationary by taking its first difference. ADF statistics reported in the Table 2 show that the null hypothesis of a unit root is rejected. The absolute computed values for the index is higher than the MacKinnon critical value at 1% level. Thus, the results of the indices show that the first difference series is stationary.

To test for heteroscedasticity, the ARCH-LM test is applied to the series. The results are reported in Table 1. The ARCH-LM test at lag length 1 and 5 indicate presence of ARCH effect in the residuals in both the stock markets. It implies clustering of volatility where large changes tend to be followed by large changes, of either sign and small changes tend to be followed by small changes (Engle, 1982 and Bollerslev, 1986). To explore the nature of volatility, GARCH (1,1) model is applied in the stock markets. The results of the estimated model are reported in Table 3. The GARCH model is tested for their fitness and adequacy using ARCH-LM test. The results are also presented in the Table 3. The findings indicate that there is no ARCH effect left after estimating the models because the results of ARCH-LM test statistics at lag length 5 reported in the Table 3 are statistically insignificant as its probability value is higher than 0.05. It, therefore, suggests that the estimated models are better fit and successfully account for time varying volatility.

TABLE 3: COEFFICIENTS OF GARCH MODEL

	BSE Mid Cap
Coefficients	GARCH(1,1)
α_0	0.000(0.000)
α_1	0.106(0.000)
β_1	0.836(0.000)
$\alpha_1 + \beta_1$	0.942
ARCH-LM test	2.17(0.83)

Note: Figures in the parenthesis indicate probability Value.

The parameters estimates of the GARCH (1, 1) models in Tables 3 are all statistically significant. The estimates of β_1 are always markedly greater than those of α_1 and the sum $\alpha_1 + \beta_1$ is very close to but smaller than unity. It is observed that $\alpha_1 + \beta_1$ is equal to 0.942. This is less than unity indicating stationarity condition is not violated. It indicates a long persistence of shocks in volatility in Mid Cap. As the lag coefficient of conditional variance β_1 is higher than the error coefficient α_1 implying that volatility is not spiky in all the stock markets. It also indicates that the volatility does not decay speedily and tends to die out slowly.

4. SUMMARY

The volatility in the BSE Mid Cap exhibits the persistence of volatility, mean reverting behavior and volatility clustering. The study used more than five years of recent daily data on Mid Cap to illustrate these stylized facts, and the ability of GARCH(1,1) to capture these characteristics. Daily returns in the stock markets exhibit volatility clustering which are satisfactorily captured by the GARCH models. In the stock market, volatility tends to die out slowly. Results suggest that the volatility is persistent.

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IMPACT OF ORGANISED RETAIL ON UNORGANISED RETAIL IN INDIA: A FOOTFALL STUDY

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ABSTRACT

Highly potential and dynamic business environment of India influenced the Global Retail Giants and Industry Experts, rate Indian markets as the 'destination next' for retail sector only next to China. The dust seems to have settled down and these giants and experts are now reanalyzing their judgments. Secondly, the entry of organised retail in India faced resistance from a certain class in the business, political as well as social arena. Despite the resistance, the organised retail sector is flourishing leap and bound in the country. This proliferation is self driven and not at the cost of the traditional unorganised retail business in India. Impact of organised retail on unorganised retail in India, can be studied under various perspectives like, the employment opportunities, infrastructure development, social advancement, economic growth, business opportunities and threats for the unorganised retailers, consumer dynamics and behavior, etc. The current paper puts forth the footfall aspect of the retail business. 'Footfalls' are the customer walk-ins in the store. The paper tries to reveal that, despite stiff competition from the Mall culture, the unorganised retail stores have been able to maintain their magnitude at all the levels of the society. These retail stores are successfully attracting customers thereby consolidating their market position in terms of sales as well as the footfalls. Here we will consider the 'footfall' criteria to analyze the impact of organised retail on the unorganised retail in India. The Retail Progression Cycle explains how there is an upgradation in the lifestyle of the Indian consumers.

JEL CODE

M310

KEYWORDS

Consumer, Footfall, Market, Retailing, Stores.

INTRODUCTION

In the Global Retail Stage, little has remained the same over the last decade. One of the few similarities with today is that Wal-Mart was ranked the top retailer in the world then and it still holds that distinction. Other than Wal-Mart's dominance, there's little about today's environment that looks like the mid-1990s. The global economy has changed, consumer demand has shifted, and retailers, operating systems today are infused with far more advanced technology than was the case ten years ago. While the world's largest developing markets – particularly the BRIC nations of Brazil, Russia, India, and China – still tempt the largest global retailers, and show no signs of slowing down as a source of growth, many smaller, untapped markets are providing new growth opportunities (*Global Retail Expansion: Keeps on moving, 2012*).

India's strong growth fundamentals, a high-potential market with accelerated retail market growth of 15 to 20 percent expected over the next five years, supported by GDP growth of 6 to 7 percent, rising disposable income, rapid urbanization, fast labor force growth; and increased consumer spending—make for a very favorable retail environment and the 5th spot in the Global Retail Development Index. As has been the case for several years, Indian consumers continue to urbanize, have more money to spend on non-food purchases, and have more exposure to brands. The result is a powerful, more discerning consumer class. India's population of nearly 1.2 billion—forecast eventually to overtake China's—also is an attractive target (*Global Retail Expansion: Keeps on moving, 2012*). For India, there has been considerable growth in organised retailing business in recent years and it is poised for much faster growth in the future. Major domestic industrial houses have entered this area and have announced very ambitious future expansion plans. Transnational corporations are also seeking to come to India and set up retail chains in collaboration with big Indian companies. However, opinions are divided on the impact of the growth of organised retail in the country. Concerns have been raised that the growth of organised retailing may have an adverse impact on retailers in the unorganised sector. (*Joseph, Soundararajan, Gupta & Sahu, Sept 2008*). It has also been argued that growth of organised retailing will yield efficiencies in the supply chain, enabling better access to markets to producers (including farmers and small producers) and enabling higher prices, on the one hand and, lower prices to consumers, on the other. Impact of organised retail on the economy can be studied from various perspectives like, the employment opportunities, infrastructure development, social advancement, economic growth and consumer dynamics and behavior. In the context of differing views on the impact of organised retail, it is essential that an in-depth analytical study on the possible effects of organised retailing in India is conducted on each of the above perspective.

However, in order to assess the impact of growing organised retail on different aspects of the unorganised retail sector following issues can put under observation:

- Effect on small retailers and vendors in the unorganised sector keeping in mind the likely growth in the overall market.
- Effect on employment.
- Impact on consumers.
- Impact on farmers and manufacturers.
- Impact on prices.
- Overall impact on business growth.

ORGANISED RETAIL VS UNORGANISED RETAIL

“Organised retail or modern retail is usually chain stores, all owned or franchised by a central entity, or a single store that is larger than some cut-off point. The relative uniformity and standardization of retailing is the key attribute of modern retail. The size of each unit can be small so that a chain of convenience stores is modern retail. A single large department store is also modern retail”.

-ICRIER (Indian Council for Research and International Economic Relations.)

Indian unorganised retail or the traditional retail is dominated by a large number of small retailers consisting of the local kirana shops, owner manned general stores, chemists, footwear shops, apparel shops, paan and beedi shops, hand-cart hawkers, pavement vendors, etc. The last few years have witnessed the entry of a number of organised retailers who opened the stores in various modern formats in metros and other commercial and trade areas. International Retail Companies like Walmart, Cantabil Retail India Ltd, Carrefour Group, Adidas India Marketing Pvt. Ltd., Benetton India Pvt Ltd, Barista Coffee Company Ltd, Pepe

Jeans India Pvt Ltd, Levi Strauss India Pvt Ltd and Metro Cash And Carry India Pvt Ltd., are few to name who have established their business in India in various business formats. On the other hand Future Value Retail Ltd(Future Group), Shoppers Stop Ltd (Raheja Group), Aditya Birla Retail Ltd, Reliance Retail Ltd., Mahindra Pvt. Ltd., etc. are some of the leading Indian Retail companies which have been changing the face of retail sector in India. But still the overall share of organised retail in total retail business has remained low. On the global level, India is still far behind in terms of share of organised retail in the whole retail business. (See Exhibit 1.1)

SHARE OF ORGANISED RETAIL & UNORGANISED RETAIL-WORLDWIDE

EXHIBIT 1.1: SHARE OF ORGANISED RETAIL & UNORGANISED RETAIL-WORLDWIDE

Country	Total Retail Sales (USD)	Share of Organised Retail (%)	Share of Unorganised Retail (%)
USA	\$2,983,000,000,000	85%	15%
France	\$436,000,000,000	80%	20%
Germany	\$421,000,000,000	80%	20%
United Kingdom	\$475,000,000,000	80%	20%
Japan	\$1,182,000,000,000	66%	34%
Malaysia	\$34,000,000,000	55%	45%
Argentina	\$53,000,000,000	40%	60%
Thailand	\$68,000,000,000	40%	60%
India	\$322,000,000,000	4%	96%
Brazi	\$284,000,000,000	36%	64%
Philippines	\$51,000,000,000	35%	65%

Source: Impact of Organised Retailing on the Unorganised Sector, by David Fitzpatrick, August 22, 2012

A study conducted by ICRIER in 2008, estimates that the total retail business in India will grow at 13 per cent annually from US\$ 322 billion in 2006-07 to US\$ 590 billion in 2011-12. The unorganised retail sector is expected to grow at approximately 10 per cent per annum with sales rising from US\$ 309 billion in 2006-07 to US\$ 496 billion. Organised retail, which constituted a low four per cent of total retail in 2006-07, is estimated to grow at 45-50 per cent per annum and attain a 16 per cent share of total retail by 2011-12. In short, both unorganised and organised retail are bound not only to coexist but also achieve rapid and sustained growth in the coming years. This is clearly not a case of a zero sum game as both organised and unorganised retail will see a massive scaling up of their activities. In fact, the retail sector, left entirely in the unorganised and informal segment of the economy, could well emerge as a major bottleneck to raising productivity in both agriculture and industry.

FOOTFALLS IN RETAIL

The unorganised retailers are undoubtedly going through a tough time, trying to keep up the pace with the proliferating organised retail. With the competition hotting up from the fellow retailers and the organised retailers, the customers are also getting comfortable with the mall culture and the online shopping. People are still spending at the unorganised retail stores but the proportion is reducing slowly and gradually. In such climate, it is more important than ever that the unorganised retailers retain loyalty of their existing customers, while at the same time, winning the new ones. One way in which retailers can do this is by analyzing the number of customers coming into their stores, these are called the footfalls that they are getting into their stores. Footfall is also known as Foot Traffic. The total number of footfalls and their conversion is one of the traditional techniques of analyzing the performance of any retail store. Apart from footfall there are other techniques to analyze the performance of a retail store such as, the total sales, sales per square feet, billing size, customer conversion rate, sales against target, profit margin, etc.

In comparing the performance of the retail stores traditionally, retailers have propensity to concentrate on sales. But by bringing footfall into equation, a retailer can accurately ascertain the performance of the stores. For example, if there are two stores A & B whose performance is to be analyzed; Store A's sales are 50% more than Store B. Therefore prima facie, it is observed that Store A is doing better than Store B and Store B requires some attention. But then it was further noted that Store A has twice the footfall of Store B, then in fact, store A is actually performing poorly in terms of conversion, and is itself in need of attention.

The similar concept can be employed to compare the performance of the organised and unorganised retail stores and then analyze the impact of organised retail stores on the unorganised retail stores. The present study has been conducted in Nasik city of Maharashtra state.

Nasik is the Asia's largest producer of Onion and Grape yields. It is in forefront of the industrial and educational sector growth in the country. The economic development of the Nasik district is based on agriculture product as well as various other industries like, IT, Retail, Automobile, Pharmaceutical, Manufacturing, Construction, etc. Nasik District is one of the revenue headquarter district of Maharashtra state and one of the rapidly growing industrialized district with many government and private ventures(<http://en.wikipedia.org/wiki/Nasik...>). Nasik is also called as a 'Wine Capital' of India.

Recently, it has been the destination next for the major retailing giants in India. Nasik is a perfect mix of India's modern and traditional culture and it actually shows the "Unity in Diversity" with people from various walks of life. In short it can be called as a 'Mini India'. Apparently the consumer of Nasik well represents the consumer class of the country as a whole. Out of the total Nasik population for 2011 census, 42.53 percent lives in urban regions of district. The district's GDP is 54212 crore and has the literacy rate of 89.69% (Source: <http://www.census2011.co.in/census/district/354-Nasik.html>). In total 2,598,167 people lives in urban areas. All this stands for a substantial potential for a retail business to sustain and flourish. In order to satisfy their shopping needs, the shoppers of Nasik district have a varied spectrum of options like convenience store, departmental stores, super markets and hypermarkets both from domestic as well international arena.

OBJECTIVES

1. To measure and categorise location wise footfalls at the unorganised store during festive season.
2. To study and analysis the change in footfall trends.
3. To study the impact of organised retail on unorganised retail sector from footfall perspective.

METHODOLOGY ADOPTED FOR THE STUDY

The area selected for the collection of data is Main Road-Shalimar area of the city. This area is the center of happenings, perennially and especially during the festive season. This is one of the oldest and the most crowded trade area of Nasik district and one of the favorite shopping destinations for thousands of citizens in and around the Nasik city. This trade area comprises of numerous small and big retail shops, selling literally everything ranging from garments, cosmetics, home furnishing and house hold items, grocery, footwear, electronics and electrical items, luggage, food items, restaurants, lifestyle items, stationary, crockery, jewellery, etc. This area represents the unorganised retail sector of Indian market at its best.

The source of information are the consumers coming into the retail stores in the form of footfalls, during the festive days. These customers are differentiated in various categories depending on the location from where they belong to. The locations are divided into Rural, Urban, Semi-urban, Metro and Others category. For this purpose 15 retail stores are selected on the basis of their popularity and the variety of goods that they deal into. Same 15 stores were referred in both the phases of data collection. The sample size comprises of randomly selected 1000 respondents who visited these 15 stores.

As the objective of the study is to measure the footfalls at the unorganised store and determine the change in the pattern, if any, the data is been collected in two phases –

Ist Phase – During Diwali Festival (Oct-Nov 2012)

IIInd Phase – During Diwali Festival (Oct-Nov 2013)

The data collected during these two phases has been compared and the conclusion has been drawn solely on the base of this data.

The collected data so collected is converted into tabular form and is analyzed with simple percentage method and interpreted in the form of graphical representation.

DATA ANALYSIS AND REPRESENTATION

The data is analyzed and represented in the form of percent of footfalls coming from a certain location category as specified.

1) AREA/LOCATION WISE DISTRIBUTION OF FOOTFALLS (2012)

TABLE 1.1: AREA/LOCATION WISE DISTRIBUTIONS OF FOOTFALLS (2012)

Sr No.	Area/Location	No. of Footfalls	Percent
1	Rural	192	16%
2	Urban	564	47%
3	Semi-Urban	372	31%
4	Metros	36	3%
5	Others	60	5%

2) AREA/LOCATION WISE DISTRIBUTION OF FOOTFALLS (2013)

TABLE 1.2: AREA/LOCATION WISE DISTRIBUTIONS OF FOOTFALLS (2013)

Sr No.	Area/Location	No. of Footfalls	Percent
1	Rural	228	19%
2	Urban	420	35%
3	Semi-Urban	468	39%
4	Metros	36	3%
5	Others	48	4%

3) COMPARISON OF FOOTFALLS DISTRIBUTION BETWEEN 2012 & 2013

TABLE 1.3 COMPARISON OF FOOTFALLS DISTRIBUTION

Sr No.	Area/Location	Percent (2012)	Percent (2013)	Variance
1	Rural	15 %	19%	18%
2	Urban	47 %	35%	-25.53%
3	Semi-Urban	30 %	39%	25.80%
4	Metros	3 %	3%	-
5	Others	5 %	4%	-20%

The above table (Table 1.3) gives the clear picture about the change in the distribution pattern in the footfalls of the unorganised retail stores. It can be observed that a footfall from Urban area has decreased over the year but at the same time the footfalls from Rural and Semi-urban area has increased. The urban footfall has decreased by 25.53%, on the other hand the footfall from Rural and Semi-urban area has increased by 18% and 25.80% respectively with a nominal change in the other location.

OBSERVATION & CONCLUSION

At macro level it was and is still said that the intensification of organised in India may affect the traditional retail in the country. It may affect small retailers' business, thereby compelling to shut down their shops. This may lead to unemployment and socio-economic imbalance in the society. The modernization or organised retail may shift the paradigm and the power into the hands of some national and international retail companies, thereby exploiting the Indian consumer class.

But to major extent these hypotheses seems to be just fallacies, up till now. The present study shows that no doubt the organised retail is growing but not at the cost of unorganised retail sector of India. The footfall trend in the country is showing a up gradation in their shopping pattern. From the above data analysis, it can be observed that;

1. The urban consumers are fast getting attracted towards the organised retail stores. Their footfalls into the unorganised retail stores have decrease over the period. They have upgraded their lifestyle and shopping habits, which is but natural in a society, where progression is obvious.
2. Similarly the rule is applicable to semi urban consumers also. These consumers who used to satisfy their shopping needs by purchasing from the local stores in their respective localities have also upgraded themselves, and now they are shopping at the main shopping hub of the city i.e. the Main Road – Shalimar markets. For example the customer from the suburb towns like Satpur, Ojhar, Aadgaon, Sinnar, Igatpuri, Niphad, etc which is in the periphery of 15-20 kilometers from the Nasik city and who used to shop at their respective local markets are now coming to Nasik city.

This clearly indicates that the urban consumers who are now shopping at the organised retail stores have been replaced by the suburban customers. Therefore the percentage of suburban footfalls has increased by over 25%, which is more than the decrease in the urban footfalls.

3. On the other hand, the rural consumers who used to make their Diwali shopping at the local bazaar and weekly bazaar have upgraded their shopping habits. Many of them have shifted to the suburban shopping destinations and some have even added to the footfalls of the unorganised retail stores at the Main Road- Shalimar markets. The rural footfalls at the unorganised retail stores in the Nasik city have increased by 18%, which is also appreciable number. Here, the suburban consumers who have shifted to the Nasik city have been replaced by the rural consumers. The rural consumers who have shifted to the suburban markets will be replaced by the consumers from the micro villages and this cycle will go on and on.

This is a progression in the consumer buying habits. This cycle can also be called as the "Retail Progression Cycle", in context to Indian consumerism. This cycle shows that there is going to be an upward movement in the lifestyle of the Indian consumers inducing a change in their buying habits and thereby showing a paradigm shift in the consumer dynamics. This footfall study proves that the flow of customers at the small traditional retail stores is going to continue as long as the customers upgrade themselves in their lifestyle. The proliferating organised retail industry in India is no doubt going to have a major impact on the unorganised retail stores, but the stratified organization of the socio-economic structure of the country will protect the unorganised retail stores in the country from any such economic crises. The traditional retail is here to stay till the last customer in the society doesn't upgrade himself/herself enough to shop in the ultra modern, larger than life organised retail outlets. This may take hundred more years to happen. Well, this is hypothetical statement with neither any theoretical base nor analytical.

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PRICE DISCOVERY, LONG TERM AND CAUSAL BEHAVIOR IN THE CURRENCY FUTURES MARKET IN INDIA

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ABSTRACT

This paper is aimed at examining the price discovery behavior and long run relationship between the exchange rate and currency futures Prices in India. The research is based on the daily data taken from NSE's currency derivative section and the exchange rate from RBI which is collected on daily basis from Aug.28 2008 to Dec 31, 2013. The study consider USDINR exchange rate for analyzing link between spot dollar exchange rate and the future market. The methodology used for data analysis are Unit root test for time series properties and Johansson co-integration, VECM test for investigating the long and short run relationship and interdependencies on each other. Granger causality test is employed to test the causality effect between the spot and futures prices. The result shows that there is Long run relationship and disequilibrium is adjusted soon by the arbitrage process.

KEYWORDS

Currency futures, exchange rate, Price Discovery; co-integration, Vector error correction mechanism (VECM) and Granger causality.

INTRODUCTION

India introduced new economic policies with the objective of globalization and liberalization of financial system in the country in early 1990 and embarked a range of structural changes in the Foreign Exchange Market. India moved from a pegged exchanged rate regime to partially floated exchanged rate in 1992 and finally entered into fully floated exchange rate in 1993 which opened the door for new market behavior with various opportunities and risks associated with them in forex and currency market which necessitated currency risk management mechanism and lead to introduction of currency futures on USDINR was introduced on August, 2008. Till January 2010, exchange rate futures were only available for US \$ vs. Indian Rupee later currency futures in GBPINR, JPYINR and EURINR got entry Indian currency derivative market in 2010. With introduction of currency futures in India, it was perceived that the currency futures market in India would make a notable stride towards improving the menu of options available for currency risk management. International experience of the emerging markets with the introduction of currency futures is a mixed one. In several cases, the volatility is found to have reduced following the introduction of currency futures market, though empirical evidence to the contrary also exists. However it is noteworthy to say that the transaction volumes in currency futures in these countries have remained too small to put any significant upward pressure on exchange rate volatility. Also, there is no clear evidence found to prove that futures contracts traded on exchanges result in increased volatility in the prices for the underlying asset. The volume and the open interest position in the currency derivative market have been low since its introduction in India and it has become important to understand the relationship between spot and futures market. Futures contracts were originally developed as new financial instruments for price discovery and risk transfer. The essence of the price discovery function depends on whether new information is reflected first in futures markets or cash markets. Both markets contribute to the discovery of a unique and common unobservable price that is the efficient price. Price discovery and information flow across cash and futures markets are the areas which have received good deal of attention from academicians, regulators and practitioners as well. This is due to the fact that the issue is inextricably bound up to the central facet of financial theory, notably market efficiency and arbitrage. In efficient markets, profitable arbitrage opportunities should not exist as price adjusts simultaneously and fully to incoming information. Therefore, new information disseminating into the market is expected to be immediately reflected into the cash and futures prices by triggering trading activity in one or all the markets simultaneously.

In the light of the above, it will be interesting to observe and analyze the price discovery and long run causal relationship between currency futures and spot market for exchange rate. An attempt has been made in this paper to look into this aspect and to find out whether the long run relationship exist between the spot and future prices or not. Paper also has tried to find out if there is any causality between spot exchange rate and futures prices. The paper is divided into three sections. Section I - Introduction, Section II-review of relevant literature. Section III- methodology and analysis and conclusion.

REVIEW OF LITERATURE

There are number of studies that have explored and ascertained whether the price information reflected in the spot market or its futures market under various interval of time since the introduction of derivative trading. **Rajput et al. (2012)** examined the relationship between the futures market and spot market of S&P CNX Nifty during January 2003 to March 2011 and enquired the price discovery function of futures prices in relation to spot prices by using the Co integration tests and Vector Error Correction Models (VECM), Variance De-composition Analysis (VDA) and Granger causality technique was employed to ascertain the long and short-term dynamics of the spot market and the futures market and it was found that the futures price series had a greater speed of adjustment to the previous deviations and hence the price discovery was achieved first in the spot market. **Rosenberg V., Joshua and Traub G., Leah (2006)** examined the lead lag relationship between futures and spot prices of the currencies based on Deutsche Mark, Japanese Yen, Swiss Franc and the Pound by using the Co integration and Vector error correction model and the result shows that in spite of having the huge amount of spot trading, futures market play a significant role in adjusting the information flow into its prices and it leads the spot prices. **Kavussanos G., Manolis and Nomicos K., Nikos (2003)** investigated the causal relationship between the futures and spot prices in the freight futures market. Causality tests, generalized impulse response analysis and forecasting performance evaluation indicate that futures prices tend to discover new information more rapidly than spot prices. The information incorporated in futures prices, when formulated as a VECM, produced more accurate forecasts of spot prices than the VAR, ARIMA and random-walk models. **Chris, B. et al. (2001)** examined the lead-lag relationship between the FTSE 100 index and index futures price employing a number of time series models such as co integration, VECM, ARIMA and VAR model and researcher found that lagged changes in the futures price can help to predict changes in the spot price. **Sharma, Somnath. (2011)**, studied the relationship between the currency futures and exchange rate volatility based on the data taken from NSE by employing the Co integration, Granger Causality test and GARCH (1, 1) and it was found that there is a two-way causality between the volatility in the spot exchange rate and the trading activity in the currency futures market and EGARCH model was found best suited model for measuring the volatility. **Raju, M. T. and Karande Kiran (2003)** investigated price discovery and volatility in the context of introduction of Nifty futures (NSE) by employing Co-integration and Generalized Auto Regressive Conditional Heteroscedasticity

(GARCH) techniques. And the researcher found that the futures market (and not the spot market) responds to deviations from equilibrium; price discovery occurs in both the futures and the spot market. The results also show that volatility in the spot market had come down after the introduction of stock index futures. **Sriram, M. and Senthil M. (2013)** studied and analyzed the long run relationship between spot and futures prices of currency futures and employed the co integration and error correction and VAR model for analysis and found that the spot and future prices of the currency have long term relationship which is evidenced by the existence of an error correction mechanism called arbitrage. The error correction mechanism restores the equilibrium relationship whenever disequilibrium takes place between the two markets. **Andersen et al. (2002)** analysed the real time exchange rate quotations, macroeconomic expectation and microeconomic realizations, and it was found that market reaction to news is in asymmetric fashion: bad news have greater impact than good news. The analysis was based on the ARMA and GARCH model. **Quentin C. et al. (1999)** investigated the price discovery function in three S & P 500 index market: spot index, index futures, and S&P Depository Receipts markets. Johansen’s maximum likelihood estimator was employed to explore the co-integration relationships among the three markets. Results indicated that the three price series were a co-integrated with one long-run stochastic trend. Estimated coefficients of the vector error correction model suggested that price adjustment takes place in the spot index market and for SPDRs. **Wan, J.Y. and Chung, W. K., (2009)** investigated the dynamics of price adjustments and the price discovery roles of two markets on Taiwan’s foreign exchange, TFI and CFE and was found by employing the multivariate threshold model that prices were integrated nonlinearly, price discovery was asymmetric depending on the size and sign of the price discrepancies between the two markets.

However, most of the above studies have been made in the stock market and futures market and only very few are related to currency market. But the few studies that are in currency market are concerned with the foreign country market like Japan, Taiwan, and France etc. Only one study was found in India but had different objective. From the above literature review, it is clear that no study have been conducted in the Indian currency market for price discovery and long run causal relationship between the currency futures market and exchange rate. This paper is an effort to fill the gap by investigating the price discovery and long run relationship between the currency futures and exchange rate in terms of underlying USDINR by employing the Johansen’s co- integration test, Vector error correction model (VECM) and Granger Causality test. The Johansen’s VECM estimates the leading market between cash and futures markets. It also reveals the possibility for long-run equilibrium between two markets which gives the chance for equilibrium price for investors and traders after adjusting the short-run price fluctuations.

OBJECTIVE OF THE STUDY

The objective of the study is to analyses the lead-lag behavior in terms of price discovery function between the level of spot and futures trading in the currency market. The study also analyses the long run causality effect between spot and futures market.

DATA AND METHODOLOGY

The study is completely based on the daily basis secondary data. The exchange rate and currency futures prices has been collected from the Reserve Bank of India (RBI) and National Stock Exchange respectively. The period of study is from Aug. 29, 2008 to Dec. 31, 2013. Methodology for data analysis includes the basic time series stationarity test such as ADF unit root test. The Johansen’s co- integration test, Vector error correction model (VECM) and Granger Causality test have been applied to explore the long run relationship and causality effect between exchange rate spot and futures prices.

Before applying series econometrics model of analysis to the time series data the stationarity test though Augmented Dickey-Fuller (ADF), 1979 test has been employed to find the stationarity of the data series. If the series are non-stationary in levels and stationary in differences, then there is a chance of co-integration between the variables which indicates the long run relationship between the series. Johansen’s co-integration test has been employed to investigate the long-run relationship between spot and futures prices. The causal relationship between spot and futures prices is investigated with the help of Vector Error Correction Model (VECM) (Johansen, 1988) impulse response ratio and variance decomposition.

ANALYSIS AND INTERPRETATION

DESCRIPTIVE STATISTICS

Before going for any econometric technique, it is necessary to understand the behavior of both the prices that is Exchange rate and futures prices which will help me to understand the basic data structure. Table-I present the descriptive statistics detail as follow:-

TABLE-I: DESCIPTIVE STATISTICS

	Mean	Median	Maximum	Minimum	Std. Dev.	Skewness	Kurtosis	Jarque-Bera	Probability	Observations
CF_USD	50.54325	48.96750	68.66000	43.91500	5.372468	0.931882	3.061407	186.4747	0.000000	1287
ER_USD	50.42496	48.88000	68.36110	43.79000	5.345146	0.927857	3.046372	184.7825	0.000000	1287

(CF_USD mean currency futures closing price; ER_USD mean exchange rate.)

The descriptive statistics of daily closing spot and future price of dollar in terms of rupees reveal that the closing price in case of spot price varies from 43.79 to 68.3611 thereby indicating that there is wide fluctuation in the daily closing spot price. Similarly, the closing price of futures moved from 43.9150 to 68.6600. Skewness for both spot price and futures price are positive (0.927857) and (0.931882) respectively indicating a relatively long right tail compared to the left one. Kurtosis with 3.046372 for spot and 3.061407 for futures indicates short tails and the distribution to be platykurtic. The findings with a high Jarque-Bera statistic confirmed that the returns series are not normally distributed.

It is a fact that many financial time series data are random or non-stationary time series and containing unit root. Presence of unit root in the spot and future currency prices of dollar may give invalid inferences in the analysis. ADF (Augmented Dickey-Fuller Test) is the popular test for unit root testing of time series.

Table II shows the results of ADF test and the results indicate that both (spot and future) series are non- stationary at level but become stationary at their first difference and is statistically significant.

TABLE-II: (ADF UNIT ROOT TEST FOR SPOT PRICE (ER_USD) AND FUTURE PRICE (CF_USD))

Particulars	t-value (ER_USD)	Probability(ER_USD)	t-value (CF_USD)	Probability(CF_USD)
At level	-0.485921	0.8914	-1.346151	0.8757
At first difference	-35.51944	0.0000	-26.24885	0.0000

In derivatives market the future prices is theoretically derived from the spot prices, due to which a relationship is supposed to exist between the spot and future prices of the currency. If the data series are related they are expected to be integrated. The existence of long term equilibrium relationship between the spot and future prices of the currency can be tested using co integration test.

The co integration test was introduced by Granger (1981, 1983) and Engle and Granger (1987) to explain stationary equilibrium relationship among the non-stationary variables. The co integration test is useful in analyzing the presence of a stationary linear combination among the non-stationary variables of the same order. If such combination is found, it can be inferred that an equilibrium relationship exists between the variables. The Johansen’s cointegration test is applied in the research study between the spot and future closing prices of the dollar .The result of the Johansen’s Co-Integration Test are shown in table III. The trace statistics for the calculated Eigen value is found more than the table value and hence the null hypothesis of no co integration is rejected.. Hence it is inferred that a long term equilibrium relationship also exists between the spot and future closing prices of the currency.

TABLE III: JOHANSEN'S CO-INTEGRATION TEST ON SPOT AND FUTURE PRICES OF DOLLAR

Co-integration Between	Lag length selected	Co integration test using	No. of Co integrating Equations (CEs)	Eigen Value	Trace Statistic	Critical value at 5%	Probability**
Daily Spot Closing price And Daily Future Closing price Dollar	1 to 5 (in first difference of both series	Trace test	H0:r=0 (None)	0.131715	181.2462	15.49471	0.0001
			H1: r ≤ 1 (At most1)	0.000252	0.323082	3.841466	0.5698
		Max-Eigen Value test	H0:r=0 (None)	0.131715	180.9231	14.26460	0.0001
			H1: r ≤ 1 (At most1)	0.000252	0.323082	3.841466	0.5698

Trace test indicates 1 Co integrating equation at 5% level of significance

Max-eigen test indicates 1 Co integrating equation at 5% level of significance

The equilibrium relationship between the non-stationary variables is further analysed by the application of Vector Error Correction Model (VECM). An error correction model is a statistical specification of economic dynamics through which interrelated forces restore the equilibrium relationship whenever a disequilibrium takes place. In currency market, the future prices can be estimated using deterministic models. According to these models the future prices of the currency should be equal to the spot prices plus cost of carry. Any difference between the theoretical and actual prices of the currency may lead to arbitrage opportunities in the market. These arbitrage opportunities help in correcting the disequilibrium between the spot and future prices of the currency in the market. The results of the Error Correction model are shown in table IV for both the prices (Futures and Spot).

TABLE IV: VECTOR ERROR CORRECTION MODEL (VECM)

Error Correction	D(CF_USD)(Future Price)				D(ER_USD)(Spot Price)			
	Coefficient	Stand. Error	t-Statistics	Prob.	Coefficient	Stand. Error	t-Statistics	Prob.
CointEq1	-0.247840	0.09930	-2.49576	0.0126	0.546956	0.08260	6.62141	0.0000
D(CF_USD(-1))	0.361014	0.09411	3.83599	0.0001	0.523468	0.07829	6.68668	0.0000
D(CF_USD(-2))	0.185458	0.08888	2.08660	0.0370	0.199147	0.07393	2.69361	0.0071
D(CF_USD(-3))	0.067853	0.08186	0.82891	0.4072	0.051296	0.06809	0.75333	0.4513
D(CF_USD(-4))	-0.033862	0.07256	-0.46665	0.6408	-0.116797	0.06036	-1.93496	0.0531
D(CF_USD(-5))	-0.004223	0.05701	-0.07408	0.9410	-0.035767	0.04742	-0.75425	0.4508
D(ER_USD(-1))	-0.329083	0.09400	-3.50104	0.0005	-0.369444	0.07819	-4.72504	0.0000
D(ER_USD(-2))	-0.206101	0.08846	-2.32990	0.0199	-0.152947	0.07358	-2.07857	0.0378
D(ER_USD(-3))	0.029373	0.08006	0.36687	0.7137	0.073849	0.06660	1.10886	0.2676
D(ER_USD(-4))	0.082327	0.06857	1.20057	0.2300	0.134262	0.05704	2.35379	0.0187
D(ER_USD(-5))	0.029400	0.04464	0.65866	0.5102	0.016636	0.03713	0.44806	0.6541
C	0.011116	0.00893	1.24448	0.2134	0.009367	0.00743	1.26072	0.2075

The VECM results have been presented in Table-III. In VECM, various lag selection tests have been performed based on the Final prediction error(FPE), Akaike information criterion(AIC), Schwarz information criterion(SIC), Hannan-Quinn information criterion(HQ) indicating that about five lags may be considered in the estimated model. This model is applied to find out the short run relationship if any, between currency spot and futures prices. From the test results of vector error correction model (VECM) presented in the Table III we can identify the short run dynamics between the variables as well as the long run relationship. From VECM result the variable having negative sign and significant coefficient will be treated of having a long run relationship also apart from short run relationship, the variable showing negative but not significant will be understood to have short run dynamic relationship only.

The result indicates that the correction of equilibrium error is higher in the case of spot price (exchange rate) and is statistically significant when compared to the future price. Also, the change in the future value of currency is determined by the lagged value of spot price and future price. However, the influence is positive in the case of lagged value of spot price.

TABLE V: GRANGER CAUSALITY TEST

Null Hypothesis	Obs	F-Statistic	Prob.
ER_USD does not Granger Cause CF_USD	1285	8.51687	0.0002
CF_USD does not Granger Cause ER_USD		412.937	4E-139

From the above table II it is clear that null hypothesis that USDINR exchange rate does not cause currency futures prices is rejected and can be explained that exchange rate have effect over futures prices. Further it can also be said that USDINR spot and futures prices have unidirectional relationship.

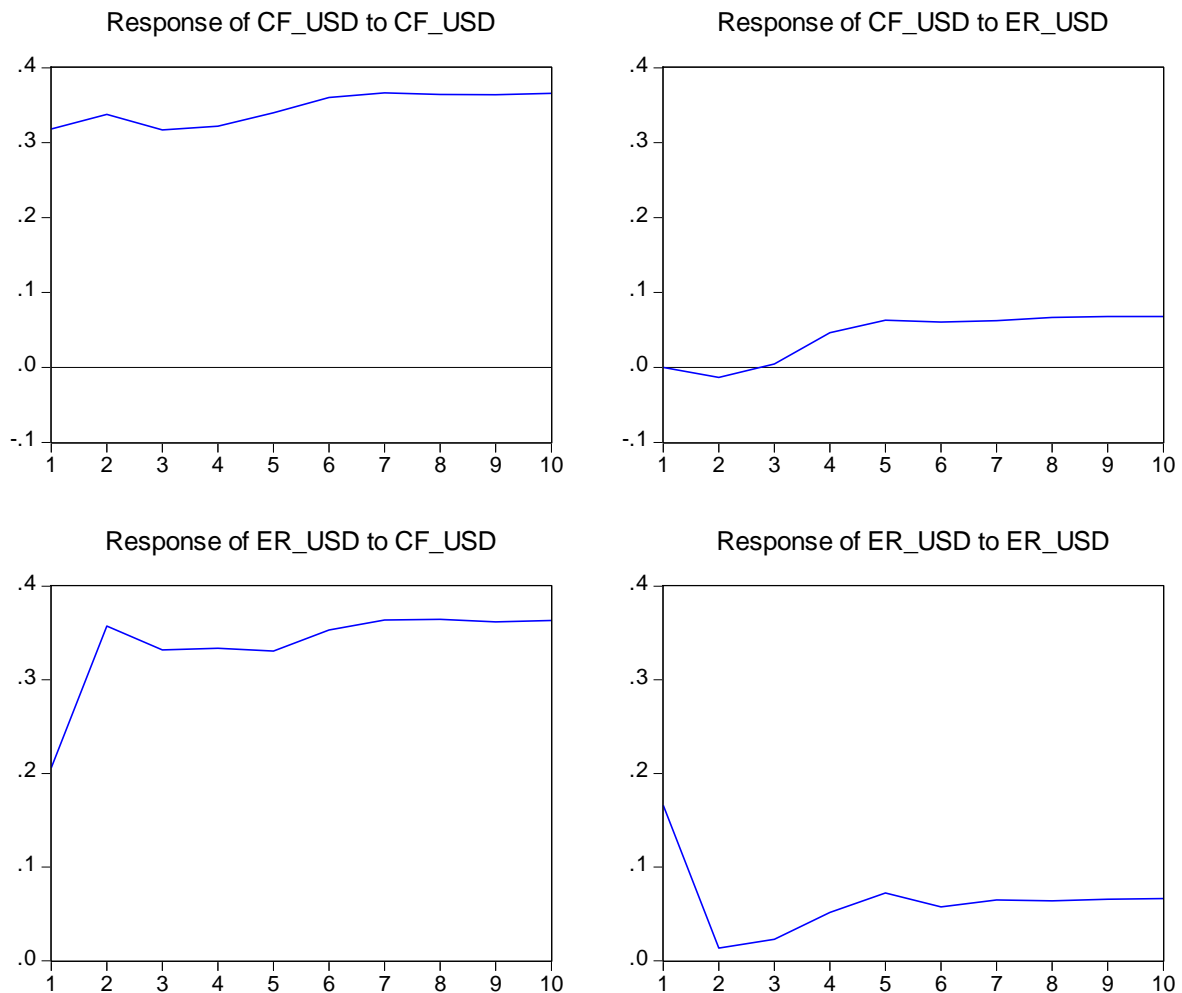
Impulse Response Function:

Granger-causality may not tell us the complete story about the interactions between the variables of a system. In applied work, it is often of interest to know the response of one variable to an impulse in another variable in a system when shocks given to the residuals that involves a number of further variables as well. Of course, if there is a reaction of one variable to an impulse in another variable we may call the latter causal for the former. Through this test we can identify exactly the positive and negative relationship in relation with future periods. This kind of impulse response analysis is called multiplier analysis or impulse response function. Figure VI shows the pair wise impulse response relations between the spot and future prices of dollar. The results indicate the significant and higher response of future price to the spot price shocks of dollar.

TABLE VI: IMPULSE RESPONSE FUNCTION TEST

Periods	Response of CF_USD		Response of ER_USD:	
	CF_USD	ER_USD	CF_USD	ER_USD
1	0.318223	0.000000	0.206100	0.166111
2	0.337767	-0.013275	0.357261	0.013401
3	0.316922	0.004580	0.331789	0.022833
4	0.322020	0.046367	0.333502	0.051625
5	0.339926	0.063006	0.330697	0.072292
6	0.360393	0.060674	0.353050	0.057417
7	0.366339	0.062242	0.363702	0.064843
8	0.364438	0.066621	0.364583	0.064002
9	0.364125	0.067888	0.361750	0.065625
10	0.366006	0.068039	0.363376	0.066388

Response to Cholesky One S.D. Innovations



VARIANCE DECOMPOSITION

Variance decomposition analysis indicates the amount of information each variable contributes to the other variables in the autoregression. This analysis also determines how much forecast error variance can be explained by the exogenous shocks to other variables. This can be explained by percentage changes in one variables and percentage of change in variance to the other variables.

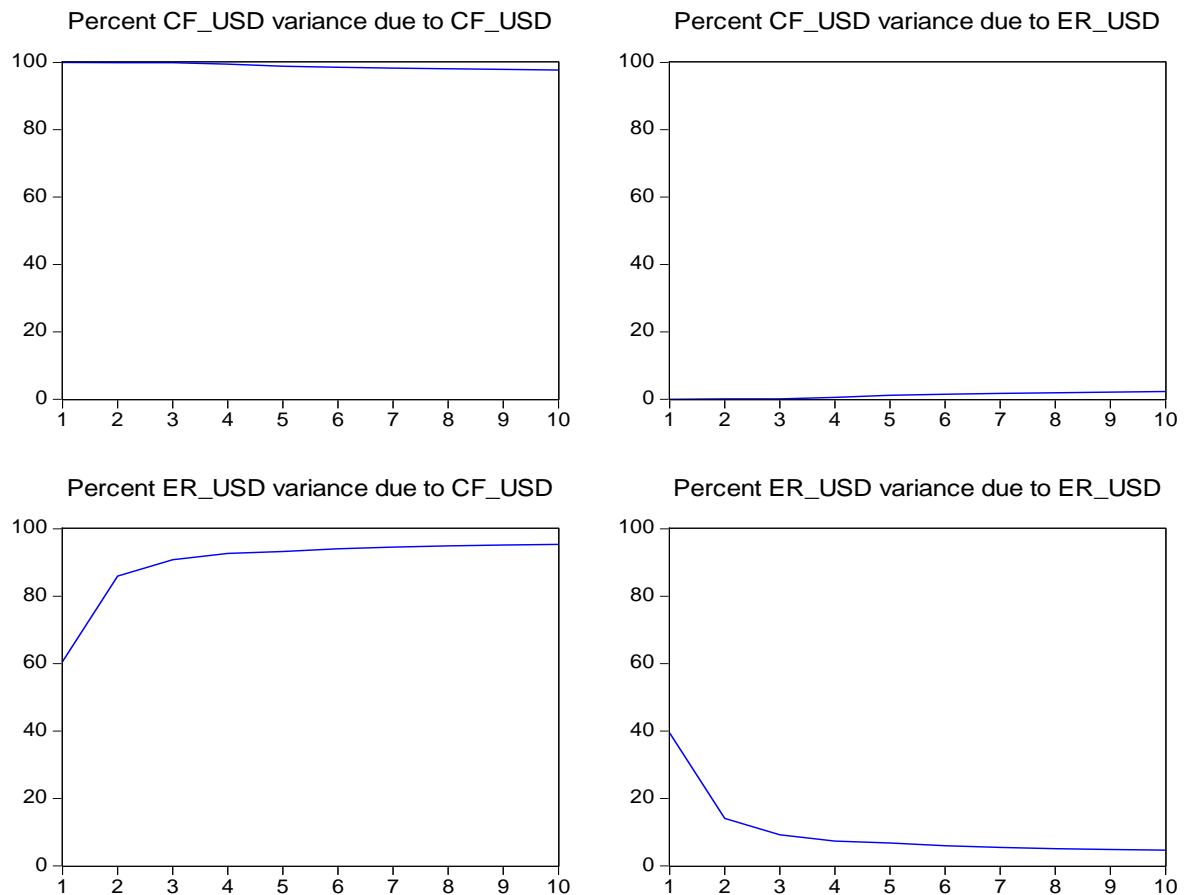
TABLE VII: VARIANCE DECOMPOSITION OF CF_USD

Period	S.E.	CF_USD	ER_USD
1	0.318223	100.0000	0.000000
2	0.464251	99.91823	0.081768
3	0.562129	99.93759	0.062410
4	0.649489	99.44360	0.556400
5	0.735769	98.83315	1.166850
6	0.821535	98.51862	1.481381
7	0.901665	98.29370	1.706299
8	0.974809	98.07308	1.926920
9	1.042808	97.89237	2.107632
10	1.107266	97.75303	2.246972

TABLE VIII: VARIANCE DECOMPOSITION OF ER_USD

Period	S.E.	CF_USD	ER_USD
1	0.264707	60.62117	39.37883
2	0.444843	85.96543	14.03457
3	0.555419	90.82835	9.171645
4	0.649907	92.67039	7.329607
5	0.732779	93.26122	6.738777
6	0.815418	94.06207	5.937925
7	0.895204	94.54869	5.451308
8	0.968714	94.90813	5.091872
9	1.036136	95.14808	4.851924
10	1.100012	95.33097	4.669030

Variance Decomposition



The results of variance decomposition of spot and future prices of the currency dollar for future ten periods are shown in table VII and VIII. The results indicate that the forecasting error in spot price is mainly explained by its own previous values of the spot series and has remain positive whereas the forecasting error of future price is explained by the ten future values of spot price series and also remain with positive change. The rate of variance decomposition is higher in the case of spot series when compared to the futures series. For a clear understanding the percentage changes in variance with performance inputs in future period is presented through graphical presentation

CONCLUSION

The study has investigated that the price discovery and causality between spot prices and currency futures for USDINR. ADF test found that the spot and futures prices on USDINR are non-stationary in levels, but stationary in first difference. The Johansen co-integration test indicated that each pair of series are co-integrated which lead to the conclusion of the existence of long-run equilibrium between spot and futures prices. The spot and future prices of the currency is found to have long term relationship which is supported by the existence of an error correction mechanism called arbitrage. The error correction mechanism restores the equilibrium relationship whenever disequilibrium takes place between the two markets.

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A PERCEPTION STUDY OF RETAIL FORMAT IN FORUM MALL BY TEENAGERS AND ITS PATRONAGE IN BANGALORE

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ABSTRACT

The Indian retail market has grown at a double-digit compound annual growth rate over the last five years and was worth an estimated \$554bn in 2011 and expected to grow. The Indian economy grew throughout the global downturn, with increasing consumer purchasing power bolstering the retail sector. Retailing is now the second highest contributor to India's gross domestic product. (PR Newswire, New York, 2012. "Facebook, Twitter and more have become de rigueur rather than optional for centre marketers,"(Henry, Alison) " centre owners and managers are also placing renewed emphasis on enhancing the 'experience' of in a bricks and-mortar environment, through targeted promotional events to engage consumers and offer them additional incentives to shop in- mall vs. online."The forum mall in Bangalore presents a unique retail pattern site in Bangalore that helps build the brand identity of the mall for teenagers as who like the format. This study explores the relationship between teenager's identity and their perception towards Forum Mall as a blend of lifestyle mall retailing and a patronage pattern. A store intercept survey approach was used to collect data from 120 teenagers mostly college and university students. Findings indicated that teenager's identity as a mall enthusiast and/or a habitual mall visitor had little impact on their perceptions about the importance of selected store atmospherics in the decision to shop at Forum mall, Bangalore but did influence some of their intended patronage behaviors towards the mall.

KEYWORDS

Mall Atmospherics, Store Patronage, Unique Retailing.

INTRODUCTION

The Rs 45,000-crore organized retail sector, growing at the rate of 12%, is all set to witness the maximum number of large format malls and branded retail stores in South India, which will be followed by North, West and the East in the next two years. According to Kumar Rajagopalan, chief executive officer, Retailers Association of India (RAI), retail space is cheaper in South India. Retail rentals in the NCR and Mumbai have gone up three times between financial year 2006-07 and 2008-09 compared to the figures in South and East. High rentals naturally come as a disincentive for setting up new retail properties (Financial Express, New-Delhi, 2009).

"Fuelled by outsourcing from western companies, India's educated class is getting richer and now has money to spare beyond the basics of food and housing. The people are looking for a little luxury in the form of consumer goods. (Financial Times, London, 2010)

Teens love spending time at the mall with all of its social and material attractions, and retailers certainly view teens as a lucrative market. The teen market is growing in size and spending power (NPD Group, 2010). Teens in the Bangalore spent 6 to 8 percent more in 2013 than they did in 2011. Sales at forum mall more than tripled between 2008 and 2012, (Kang, 2006; NPD Group, 2010). Retailers that focus specifically on the teen segment reported sales increases of 8 to 10 percent for the first quarter of 2013 when most retailers reported negative or flat sales (Chamberlin, 2013)

Despite their large disposable incomes(termed pocket money), teens often use the mall as a place to hang out and to socialize with their friends, and to browse, but not to seriously shop (Yarrow and O'Donnell, 2009). Because their behavior is often different from that of adult shoppers, teens pose some unique challenges for mall retailers. Unlike adult shoppers, teens primarily shop with friends (59 percent), and they shop as often as they can; they typically stay at the mall longer than adult shoppers and they tend to be more brand conscious (Tootelian and Gaedeke, 1992; Haytko and Baker, 2004). Teens' behavior also differs from adults in terms of their interpersonal interactions with retailers. Teens are less likely to seek assistance from salespeople and there is some evidence that teens may actually go out of their way to avoid interacting with salespeople because they feel pressured (Mallalieu and Palan, 2006). For many retailers whose sales strategies are based on increasing UPTs (units per transaction) and SPTs (sales per transaction), teens' avoidance behavior and fickleness may make them a more difficult group to sell to.

Forum mall executives think of teen shoppers not as potential teenagers, but rather as individuals who, because they are hanging out with their friends, make it difficult for "real" teenagers to shop (Chang, 2004). Many malls across Bangalore have tried to lure teens by different retail formats.

Given the importance of the teen market and the fact that teen shoppers spend so much time at the mall, retailers and teens must find ways to successfully cope with each other and co-exist at the mall. This research examines the perception and to some extent relationship between retailers and teen shoppers. It seems appropriate given that there appears to be perception gap on both sides of the relationship that the retailer-teen dyad be explored from both perspectives in terms of how each feels about the other and how this affects the retail format interaction. Specifically, we explore with retailers how they perceive about teens' behaviors, and how they interact with teen shoppers.

Mall Retailers in the study expressed slight apprehension with teen shoppers arising from instinctive behavior, and to accept assistance. Retailers attempt to deal with these issues at both the individual and the corporate level. Teens' negative views of retailers stem from being ignored, treated as incompetent, and treated with suspicion. Teens also indicated that retailers attempt to manipulate and persuade them and teens have developed various strategies to cope with this.

METHODOLOGY**SAMPLE**

In order to gain insights from retailers about teen shoppers, a convenience sample of retailers was obtained by asking sales associates and store managers working across a broad range of retailers to participate in the study. Care was taken to include informants from a wide variety of retailers with respect to type of merchandise (clothes, music and videos, books, sports, hobbies, household goods), type of retailer (discount, department, and specialty retailers; national chains and local stores; primarily in suburban mall settings with a few strip mall retailers included), typical target market (teen vs. adult), and from Bangalore only. This resulted in a sample of 120 informants (60 percent female) representing 26 different retailers. The interviews ranged from 20 to 40 minutes in length and all informants regularly worked the "shop floor" and regularly interacted with teenagers who frequented the establishment.

In terms of teen shoppers, our sample is comprised of college going students. This age group spends the most time at the mall. To collect the data, a convenience sample was obtained of 18 to 23 year olds, ten initial informants provided names of friends for the researchers to contact and those who participated then provided additional names. The total sample was comprised of 120 informants. Social status, based on each informant's area of residence, suggested that 20 percent of the sample lived in an area that was predominantly university students who stayed in and around the mall with the remaining local students who stayed in and around the mall within 3 km vicinity. Finally, we chose to focus on Forum mall as the context because it was the first mall in Bangalore and very popular setting with teens.

PROCEDURE

Data were collected via depth interviews. Given the broad scope of the areas of interest and the desire to capture the thoughts and perceptions of both teens and retailers, a qualitative depth interview data collection method seemed most appropriate. Subsequently, a grounded theory approach, which is useful for both theory generation and elaboration of existing relevant theories (Glaser and Strauss, 1967), was utilized to explore the data for themes. Specific topical areas provided a framework for the depth interviews with both retailers and teenagers. The interviews with teenagers focused on understanding their perceptions of retailers and how they interact with them. The teen interviews focused on examining how they perceive they are treated by retailers and how they cope with this.

FINDINGS**PERCEPTION OF TEENAGERS**

The teens in the sample say that they are almost always ignored by sales associates at forum mall including the occasions when they are actively seeking assistance.

The entire issue of asking for and offering/accepting assistance frustrated both the teens and the retailers in the sample. Teens claim they do not get help even when they want it and retailers indicate that assistance is not wanted and is refused when offered. What is also interesting in the preceding excerpts is the awareness on the part of retailers with regard to teens' sensitivity about shoplifting. Teens in the sample clearly felt that retailers were suspicious of them, did not trust them, and kept too close an eye on them, which they found frustrating.

The salespeople all just tend to follow you around the store because they always think you are going to steal or something.

Clearly teens seem to be sensitive to the fact that they are often watched closely and they feel this is unfair, however, retailers forum indicated that often it is corporate policy that dictates how teen shoppers or more specifically groups of shoppers are treated.

YOUNGER IS BETTER ACCORDING TO TEENS

Teens seem to agree that the age of the sales associate is something that makes them feel more welcome. If they're salespeople in their twenties or they're still a teenager, they act totally normal. They'll make jokes, they'll be funny, they just act like they're part of us.

The teen informants definitely seem to perceive younger salespeople to be more trusting of teens, more helpful, friendlier, and more likely to understand what teen shoppers want and how they feel. This was the only consistent issue relating to interacting with salespeople that the teen informants mentioned that made them feel more comfortable, and as evidenced by the retailer excerpts, retailers seem to be very much aware that teens are more comfortable with younger associates.

MALL CHARM

The next factor accounted for around 10% of the total variance explained. Two variables "layout attracts" and "finding product in no time" were found to be significantly loading on this factor and hence the factor was named as "store charisma". The studies conducted by Nor Khalidah (2004), Craik and McKechnie (1977) and Newman and Cullen (2001) also found layout of the store to be important variable in determining teenagers' behavior towards a particular retail format. Along with, Tillman (2007) in his study analyzed that finding right product in least time was important from teenagers' point of view as this further leads to teenagers' pursuit of fast and motivates them to buy from same retailer again. However, in the present study, where 77% respondents were of the opinion that the layout of forum mall does attract them to shop from there, 62% of the respondents opined that they were able to find the product in no time. Hence, it can be said that layout of the forum mall not only attracts teenagers but also helps them in locating the products in quick time. The implication of the factor is that the forum mall must also concentrate on the layout. Special sections should be allotted to similar types of products. Proper instructions indicating the direction towards a particular section must also be placed. This will help in promoting teenagers' confidence in forum mall and will also lead to positive word-of-mouth.

CREDIBILITY

Approximately, 92% of the respondents agreed to "buy from the malls in future too". The reasons for agreeing with this assertion seem to be another two variables clubbed in this factor, i.e., "reliability of forum mall as buying source" supported by the findings of Mohd (2006) and the "availability of the same product" as wanted in the mall. Hence, this factor was named as "credibility". Reliability in terms of product quality, payment security and personal information security were found to be most important for customers.

VISUAL/MERCHANDISE EXCELLENCE

Keeping aside the distinguishing features of the forum mall from other formats, i.e., small shops and online, the teenager never forgets to satisfy himself/herself regarding the basic purpose of his/her, i.e., the product. Therefore, besides the above factors, some of the inherent features of the products sold through the forum mall also lure the teenagers to shop from this format. These features are "variety" and "quality" of the products. Hence, this factor was named as "product excellence". Studies conducted by Kunz (2004), Minoo et al. (2000), Rajas and Virpi (2001), Shah and Mrudula (2005), Mohd. (2006) also found "variety" and "quality" to be important variables affecting teenagers' behavior to purchase from organized retailers. However, this factor explained for nearly 9.5% of the total variance explained. Where nearly all (99%) respondents agreed that they were able to find more variety in forum mall, an almost equal number (96%) of respondents also agreed that the products sold in forum mall are of superior quality than the other formats. Therefore, this factor implies that forum mall will have to consistently provide better quality along with variety in future too.

CONCLUSION

From the above analysis it can be interpreted that forum mall not only enjoy good reputation in the present times, but also emerge as a major source of teenagers' buyouts in future. The modern day teenagers lay more emphasis on the value for money. However, almost equal weightage is given to comfort and enjoyment while in forum mall. This clearly demands the provision for varying facilities for teenagers which can create a feeling of enjoyment while they are in the mall. Even though people wish to enjoy while but they also care for factors like personal information security and payment security. Hence, they wish to buy from that mall only which is more reliable from these perspectives. Moreover, layout of the mall is also given due weightage, more emphasis on branded products along with variety was also laid. Therefore, it can be concluded that the success of Forum as a mall experience will highly depend on the adaptability of all the above mentioned factors.

DISCUSSION

Past research examines what retailers and teenage shoppers think about each other presents only half the picture, relying on either retailer data or teenage data. This study includes data from both retail employees and teenage shoppers, and it goes beyond simply identifying what they think about each other, to examining how they interact with each other.

First, it is clear that retailers and teens often find various aspects of dealing with each other problematic. Retailers find that teen shoppers can be annoying both behaviorally and because they are often not serious shoppers. In fact some forum mall executives think of teens not as potential teenagers, but rather as individuals who make it difficult for "real" teenagers to shop (Chang, 2004).

Teens seem to experience a certain level of inconvenience as well, either because they feel ignored or the other extreme where they perceive they are being monitored too closely or pressured to buy. Retailers and teens clearly differ in terms of their perceptions with regard to the same issues. Retailers say they try to treat teens how they feel teens want to be treated, yet teens perceive that retailers treat them with less respect than adult shoppers.

The study demonstrates that at least some retail employees struggle with how to interact with teen shoppers. The retailers indicated that they do their best to try to work with teens by treating them within their comfort zone; however because of the nature of teen - in groups, sometimes just browsing and killing time - teens draw more negative attention to themselves and retailers feel driven to keep a closer eye on them. Retailers, for the most part, indicated that teens are viewed as an asset because although they may not spend money every time they are in the store, they do have money, and in the future they will be adult shoppers even if they are disruptive and annoying now.

MANAGERIAL RECOMMENDATIONS

The results of this study provide some significant insights for retailers. Most of the retail informants did not report any specific training with respect to interacting with teenage shoppers. The results of this study, however, suggest that providing retail employees with an understanding of teens' behaviors and perceptions might promote more positive interactions with teen shoppers. For example, teens are much more accomplished shoppers - particularly females - than perhaps salespeople give them credit for, which may result in the perceptions that retailers have about teens' competence. Retail employees would benefit from being presented the facts about adolescents' competence. Shop floor employees would also benefit from techniques that would communicate to teens that they are not being ignored but at the same time do not communicate sales pressure. Teens respond well to comments and opinions of salespeople of all ages if they perceive those comments to be honest and sincere and not just an effort to sell the product. Role playing these types of situations with actual teen shoppers would help retail employees identify appropriate and effective communication strategies to use with teens.

Dialogues with mall teen shoppers as part of a training process would also be advised as a way of helping retail employees understand how teens think and behave in diverse retail mall settings. Retailers should turn the tables on teens, and instead of giving their opinions to teens, ask the teens for their advice and their opinions about the merchandise.

The findings suggest that it is not a question of whether or not retailers should interact with teens but rather a question of how to interact with them so they do not feel ignored but also not pressured or treated with suspicion. Perhaps laying the ground work for what to expect on entering the store might help alleviate some of the tension. This age group is used to rules and structure but in an environment they seem to be making up their own rules, which are not always in keeping with adult conventions. Retailers could make all the store policies clear to teen shoppers so they know what to expect and what is expected of them. It could be done in a manner that acknowledges and incorporates the way teens like to shop but also lets them know how far they can go. Setting boundaries is something that works well with most teens in other contexts so perhaps a large "RULES" board at the entrance to the store might be effective.

The initial play on words that "rules, might grab teens' attention flowed by a tongue in cheek yet serious style of wording that teens will respect. This is something that requires little cost for management and lays the ground rules for teens. Although this could be perceived as treating teens differently from adult shoppers, it seems clear that their unique behaviors warrant some specific retail strategies. The argument can be made that teens are not fully adult shoppers in their own right in keeping with the broader sociological view of "the being versus the becoming" (Lee, 2001). Teens are not quite there yet in terms of certain norms and conventions, and they also choose to disregard certain rules, thus management should implement strategies that recognize and address the issues that are problematic that deviate from the norm of adult behavior.

In addition, retailers should review the current strategies they use when teenagers first enter the store. In many single-line teen clothing retailers, the policy is to greet each teenager and immediately tell them what's new, what's on sale, and ask them what they need help with. This immediately puts teens under pressure to interact and probably triggers the use of coping mechanisms. Perhaps a less aggressive strategy would make teens feel more comfortable. A "call button" akin to flight attendant call buttons on airlines is one possible approach. Teens push a button to turn on a green light which signals to a sales associate that the teen needs assistance. By allowing teens to initiate the interaction, they are likely to feel more in control and less pressured. In addition, when a sales associate wants to offer advice or an opinion they should first ask if it is OK to offer an opinion as opposed to providing an unsolicited opinion. Teens in the sample seemed to trust opinions when the teen solicited the opinion as opposed to when the sales associate offered it.

LIMITATIONS AND FUTURE RESEARCH

While this study provides a rich understanding of mall retailing ' and teen shoppers' perceptions of each other and how they interact with one another, there are some opportunities to build on this study.

The development of skills related to perception does not stem solely from experience with retail sales encounters. Rather, it stems from accumulated experience with a wide variety of social encounters and social perception episodes that range from advertising and sales to significant others' (e.g. parents, siblings, and friends) perception efforts (Friestad and Wright, 1994). Thus, a much more complex but illuminating direction for future research would be to identify how the breadth and depth of perception episodes converge in the development of teen shoppers' perception knowledge. Finally, it would seem logical that the development of competence coincides with the development of perception knowledge, thus it would be interesting to more thoroughly examine the relationship between, and the development of, both concepts in shoppers of all ages but especially in teens.

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CRM IMPLICATIONS IN TOURISM SECTOR

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ABSTRACT

India in recent years has gained good exponential growth in the Tourism Industry. Today India is the preferred destination for both overseas and domestic travelers. India provides the facility to Tourists of international origin to understand and experience cultural diversity of the country. According to Indian official estimates the tourism in India has out performed the global tourism industry in accordance with the growth, volume of foreign tourists & even the revenue. Tremendous growth in the Indian economy is the main reason for the growth in tourism in India. Though the infrastructure is still a constraint it sustains the current growth and that the government should invest in infrastructure like transport, accommodation, better roads, health and hygiene, etc. For the growth the industry has invested in new technology like CRM tools and state of the art security systems. India's tourism industry is experienced a strong period of growth which is derived by the burgeoning Indian middle class and high spending foreign tourists with coordinated government campaigns to promote 'Incredible India'.

KEYWORDS

CRM, tourism.

INTRODUCTION

Tourism is an information-intensive industry with a quite long value chain. Seeking information about booking, transport, accommodation and destination is a process where traditionally suppliers, intermediaries and consumers had their own role using their own specific information systems (Henriksson 2005). However, the entire tourism industry structure is changing (Werthner and Ricci 2004), and this may be easily understood if we focus on the distribution factor: e-commerce is incredibly appropriate to the tourism industry because the consumers are not usually close to the places where production essentially occurs. This also stands for all the intermediaries between suppliers and end users (Scavarda et al. 2001).

Tourism is the world's largest civilian industry whose growth, economic significance and potential are phenomenal across the globe. Online tourism is rapidly becoming a growing topic of research and its importance as future mode of acquiring information and purchase of tourism products and services is growing day by day. The present paper has been written with the extensive research on contemporaneous data, websites and conference proceedings on tourism related aspects. Web survey, focused interviews have been used to elicit specific information for such qualitative analysis. The domain of Internet is increasing day by day. Tourism products, in particular, have yet to realize its complete advantage. Still, Internet has significantly benefited the bottom line of tourism organizations in terms of cost of converting as well as losing customers with pluses and minuses respectively. Keeping this in view, online tourism is all set to reengineer most of the processes supporting travel and tours as a whole. Organizational information systems and the Internet have resulted in new ways and methods of conducting business. Airlines, Travel Intermediaries and Hotel Industry as functional stakeholders in the tourism process are expected to gain in the process. There are certain challenges, reservations and hiccups concerning the access, adoption, growth, and implementation of the online technology in tourism. However, it's very much in our hands to overcome the weaknesses by making optimum use of the technology.

Managers know that it is easier to get business from existing customers than to attract entirely new customers. Many firms therefore aim to form deeper and stronger relationships with their customers in order to increase loyalty and repeat purchases. A central concept in this regard is customer relationship management (CRM). However, while previous research shows there are benefits attached to forging closer ties with customers, there are also some costs involved. Yet, very little research has investigated the central question of whether CRM endeavours are an efficient use of a firm's resources. In this paper, the authors address this gap and investigate the effect of CRM implementation on the cost and technical efficiency of hotels. They find support for the hypothesis that while CRM increases technical efficiency, it decreases cost efficiency. The authors discuss the managerial implications of their findings and provide directions for future research.

BENEFITS OF CRM

Early researchers had hypothesized that CRM benefits varied by industry as the process and technologies associated with CRM were tailored to specific industry structures (Lemon and Zeithaml, 2001). However, findings in cross cultural, multi-industry study of CRM done by Thomas and Kumar (2004) supports the notion that desired CRM benefits do not vary across industries or cultures as stipulated by earlier thoughts. The latest findings were associated to three components including relationship, value and brand equity (Richard and Jones, 2008). The list of desired benefits will be used as the critical link between CRM initiatives and the development of customer equity. These core benefits of CRM will be linked theoretically to the three types of equity (relationship, value and brand) and ultimately to customer equity. Seven core benefits were identified to serve as value drivers in the model:

1. Improved ability to target profitable customers;
2. Integrated offerings across channels;
3. Improved sales force efficiency and effectiveness;
4. Individualized marketing messages;
5. Customized products and services;
6. Improved customer service efficiency and effectiveness and Improved pricing.

KEY FACTORS FOR SUCCESSFUL IMPLEMENTATION OF CRM

Setting goals that are measurable, achievable, and guided solely with company's business strategy, confirmation of strategic management in setting and achieving goals in which the executive managers are major providers and responsible persons in the project implementation of CRM, members who participate in the project implementation, and resulting from all company business processes in order to participate in the organization, creating and collecting all useful information on creating new business processes, clearly defined limits with clear partial and measurable indicators and targets, based on which we can clearly conclude the phase in the project implementation, provide training and professional development for all staff involved in implementing the new processes and programs. No single project or business process of CRM will not be successfully derived and Implemented if they do not define goals and strategies of CRM. The

success or failure of CRM systems depends on the objectives and strategies which must be clearly posted. In order to set realistic goals and strategies of CRM, it must consider the following questions on which a company must have clear answers:

- why we need the implementation of CRM system,
- what are the causes of poor functioning or not functioning of the current system or process,
- what are the most critical point (s) in the process or system,
- where is possible to save time, money and other resources,
- what are the specific tasks that we want to automate sectors within the firm will first feel the strength and success of the implemented system,
- which existing processes and sectors will be integrated into the CRM system and strategy, and
- which external processes and sectors will be involved in the development of CRM systems and strategies

CUSTOMER RELATIONSHIP MANAGEMENT FOR TOURISM DESTINATIONS

The need to attract, acquire, influence, and maintain customers is one of the primary concerns to most businesses. Customer acquisition and retention remains a major determinant for revenue growth and for winning the strong competition struggle. A number of studies show that the average company loses half its customers every five years and that it costs five to ten times as much to obtain a new customer as to keep an existing one (Kalakota et al, 2001).

One of the key goals in marketing is enhancing brand loyalty. The relatively recent shift in thinking towards destinations as brands, particularly since the 1990s, requires a brand management approach focusing on developing relationships with visitors rather than simply focusing on generating sales. Customer Relationship Management (CRM) has emerged in the fields of marketing, management, and information technology as a managerial philosophy that enables an organization to improve the relationship with its customers, by a better understanding of their needs. It is a customer-oriented and IT-based management concept with the objective of establishing long-term and profitable customer relationships.

Travel and tourism sector has witnessed the introduction of many CRM practices. In fact, travel and tourism firms and organizations have been among the innovators and early adopters of CRM. Airline frequent flyer programs, hotel frequent guest programs and loyalty clubs, car rental company customer preference schemes have all contributed to tourism being at the forefront of industries adopting CRM. In the case of destinations, CRM evolves as an important area of research given the inherent advantages of repeat visit (s) to the destination. Relationship-building can be achieved by allowing interactive communication between customers and the organization, allowing transactions to be completed, and providing personalization/customization capabilities and customer loyalty or retention programs. DMOs should strive to implement CRM functions to create long term relationships with customers, provide a better customer experience and create greater customer satisfaction to build long lasting relationships.

CRM implementation requires the creation of a database of customer's information, which in the case of destinations concern visitors' demographics, preferences, lifestyle, attitudes and beliefs about the destination, purchase behavior, reactions to marketing messages and promotions, frequency and volume of visits, spending patterns, probability of future visit (s) etc. The core challenge inhibiting CRM adoption by most DMOs is that the destination marketer rarely comes into contact with actual visitors. Most visitor records are held by service providers and there is a difficulty for DMOs in obtaining these customer data. So, how is it possible for DMOs, who have no direct contact with visitors, to engage in meaningful dialogue to stimulate repeat visit (s) and destination loyalty? ICT may be the answer to the problem.

CONCLUSION

The travel industry does not understand fully the importance and the potential of advanced contemporary ICTs, mainly as far as customer relationship management methodologies and techniques are concerned. As some recent survey show (Anite, 2002), CRM is generally believed to be just a form of targeted selling or a new name for database marketing. Most of the organizations not already practicing CRM are least likely to do so. On the other hand, tourism organizations believe that technology is important, and some of the most advanced exhibit a wider view, thinking that CRM technology can indeed assist, but only with a clear strategic vision of ideal customer communication suited to the particular business. These advanced companies, creating a seamless technological experience are already realizing the wide CRM benefits, including:

- Improved product offering and customer care;
- Enhanced customer loyalty;
- Reinforced organization brand and image;
- Better sales from first time and repeat customers;
- Employee retention and satisfaction;
- Improved access to information across the enterprise;
- Reduced effort and significant cost savings;
- Better decision-making power.

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A STUDY ON FACTORS INFLUENCING EMPLOYEE JOB SATISFACTION IN CEMENT INDUSTRY AT BAGALKOT DISTRICT

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ABSTRACT

Employees are considered as the most valuable resource and asset to an every organization. Today these organizations facing problem is that how to motivate employees to work more productively and to increase their feelings of satisfaction, commitment and involvement. This paper aims at studying the factors which are contributing towards employee job satisfaction level like working environment, salary, remuneration, compensation, work load, stress, other benefits, and relationship factors. This paper focuses on the relative importance of job satisfaction factors and their impacts on the overall job satisfaction of employees. The overall job satisfaction of the employees in cement industry is at the negative level it means 55% of employees are dissatisfied with the overall job position level. This research paper highlights some of these problems and presents a picture of level of job satisfaction among employees of cement industries and It also attempt what type of factors are contributing for improving the employees' satisfaction level. In this research paper select cement industry because they are currently undergoing continued expansion at competitive world. This research paper presents all-inclusive judgment of job satisfaction indices of cement industry operation, the factors causing the dissatisfaction and suggestion to improve industry efficiency.

KEYWORDS

compensation, employee competence, Industry working environment, performance appraisal, remuneration.

INTRODUCTION

Employee is a back bone of every organization without employee no work can be done so employees satisfaction is very important. employees will be more satisfied if they get what they expected job satisfaction relates to inner feelings of workers. Stressful environment to employee in job satisfaction is critical to the success of any organization or industry. They are more productive, efficient and effective, contributing to success of the company. Job satisfaction is a very important attribute which is frequently measured by organization. Most of the industries will spend a lot of time and money in developing the best customer service in order to keep their customers happy. What many companies forget is that happy employees equal to happy customer. Job satisfaction refers to how employees feel about their compensation, benefits, work environment, career development and relationship with co-workers, supervisors and management.

According to this study, 83% of Indian employees reported overall satisfaction with their current job, with 41% of employees indicating they were "very satisfied" and 42% "somewhat satisfied". despite this high percentage of satisfied employees, the level of overall satisfaction has been trending downward since 2009. employees 67 years and older were more likely to report being very satisfied overall compared with employees in the 31 to 61 age group (52% and 29% respectively). employees in smaller organization (fewer than 100 employees) were more likely to report being very satisfied than were employees in larger organizations (2500 or more employees). there were no significant differences in overall job satisfaction by employee industry, job tenure, race or gender. Job satisfaction is the collection of tasks and responsibilities regularly assigned to one person, while a job is a group of positions, which involves essentially the same duties, responsibility, skill and knowledge. Job satisfaction has some relation with the mental health of the people. it spreads the goodwill of the organization. Job satisfaction reduces absenteeism, labour turnover and accidents. Job satisfaction increases employees morale, productivity Etc. job satisfaction creates innovative ideas among the employees. Individuals may become more loyal towards the organization employees will be more satisfied if they get what they expected, job satisfaction relates to inner feelings of workers. Naturally it is the satisfied worker who shows the maximum effectiveness and efficiency in his work. Most people generalize that workers are concerned more about pay rather than other factors which also affects their level of satisfaction.

LITERATURE REVIEW

- ▶ According to "Halil Zaim, Selim Zaim" some factors are influencing to employee such as pay and benefits, peers, management, working environment and superiors. And also Brikend Aziri, (2011) studied Job Satisfaction and found that Job satisfaction is under the influence of a series of factors such as the nature of work, Salary, Advancement opportunities, Management, Work groups and Work conditions.
- ▶ According to "Tulen saner" Job satisfaction is important role in improving the financial standing of organization .the academic rank affects the satisfaction levels associated with advancement, compensation, co-workers, and variety for academics, gender, age and tenure may explain the job satisfaction of academics in developing nation.
- ▶ Keith Davis, "Job satisfaction is defined as "Favourableness or unfavourableness with which the employees view their work and results when there is a fit between job characteristic and wants of the employees"
- ▶ According to "Dr.Rao Nemani" Employee is the heart of the organization. They are primary source to the organization, so satisfaction level of employee is important. But some factors are influencing to employee in the form of autonomy and opportunity for advancement, personality traits, extrinsic and

intrinsic and social influence these factors are lead a person to be happy or not in his or her work and also other various factors are influencing to employee job satisfaction.

- ▶ According to “**M.M Nurul kabir**” Actually all employees’ work for money, employee need the money, a good salary, good compensations, a good pay back, fairness, work condition can be key factors affecting job satisfaction .it shows the problems and presents a picture of level of job satisfaction and job security, relationship with co-workers and supervisors etc .these are all factors causing the dissatisfaction to the employee.
- ▶ According to “**Ekta sinha**” Job satisfaction represents the combination of positive or negative feelings that workers have towards their work. they are not satisfied with their current job because empowerment ,work environment, working relation and salary and future prospects, training and work involvement and job rotation in an organization these are factors influencing.
- ▶ According to “**Locke (1976, p.1304)**” Job satisfaction is pleasurable or positive emotional state resulting from the appraisal of one’s job or job experiences. Job dissatisfaction leads to higher absenteeism, employee turnover and negative atmosphere at work.

RESEARCH PROBLEM

“**Employees in their work environment are under the influence of factors that cause job satisfaction and factors that cause job dissatisfaction.**”

In cement industry, there are a variety of factors that can influence a person’s level of job satisfaction. 83% of employees reported overall satisfaction with their current job, with 41% of employees are satisfied with their working condition (very satisfied) and 42% of employees are satisfied with their welfare facilities, compensation, promotion etc (some what satisfied) and other remaining employees are dissatisfied because they are not recognized for their work, no proper relation among their peers, co-workers and top management. And there is no career planning for the employee, safety provisions, salary, reward, compensation, welfare, compensation. In that time industry doesn’t give any recognition to the employee for their work than employee will not be satisfied. Hence there arises a need to study of the job satisfaction level of employee in cement industry.

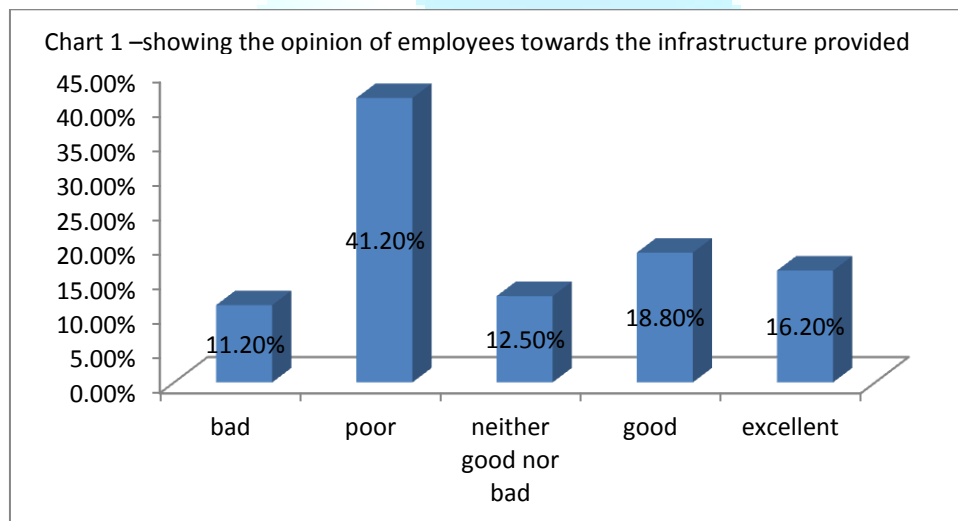
OBJECTIVES OF THE STUDY

1. To assess the satisfaction level of employees in cement industry.
2. To identify the factors which influence the job satisfaction of employees.
3. To identify the factor this improves the satisfaction level of employees.

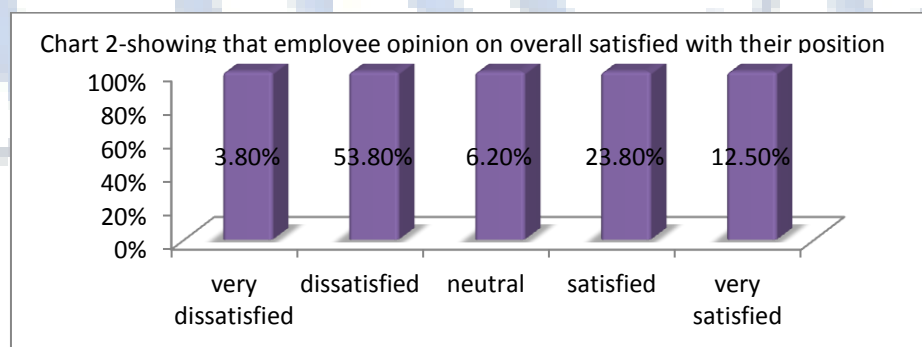
RESEARCH METHODOLOGY

Research Design: Descriptive research is used. Because it is good structured instrument for collection of data because it consisting the observational and surveys method so it is helps to collecting the accurate answers from respondent. Sample size of 80 low level employees selected from the cement industries at Bagalkot District and also sample unit like Bagalkot Shakti cement Limited, Bagalkot and Keshav Cements Udyog Limited, Lokapur. Sampling method is Convenience method used to collect the data from the respondents. With here consider Simple random technique.The information obtained from the respondent will analyzed and interpretation with help of SPSS tool and excel tool.

DATA ANALYSIS AND INTERPRETATION



The above chart 1 shows that 41.20% of respondents’ opinion is infrastructure provided is poor, 18.80% of respondents say it is good, 16.20% of respondents say that it is excellent, 12.50% of respondents says that it is neither good nor bad. it is found out that the industry is providing poor infrastructure system. Infrastructure also influence on the employee’s dissatisfaction/satisfaction level. Majority of employees agree that the industry is providing poor infrastructure.

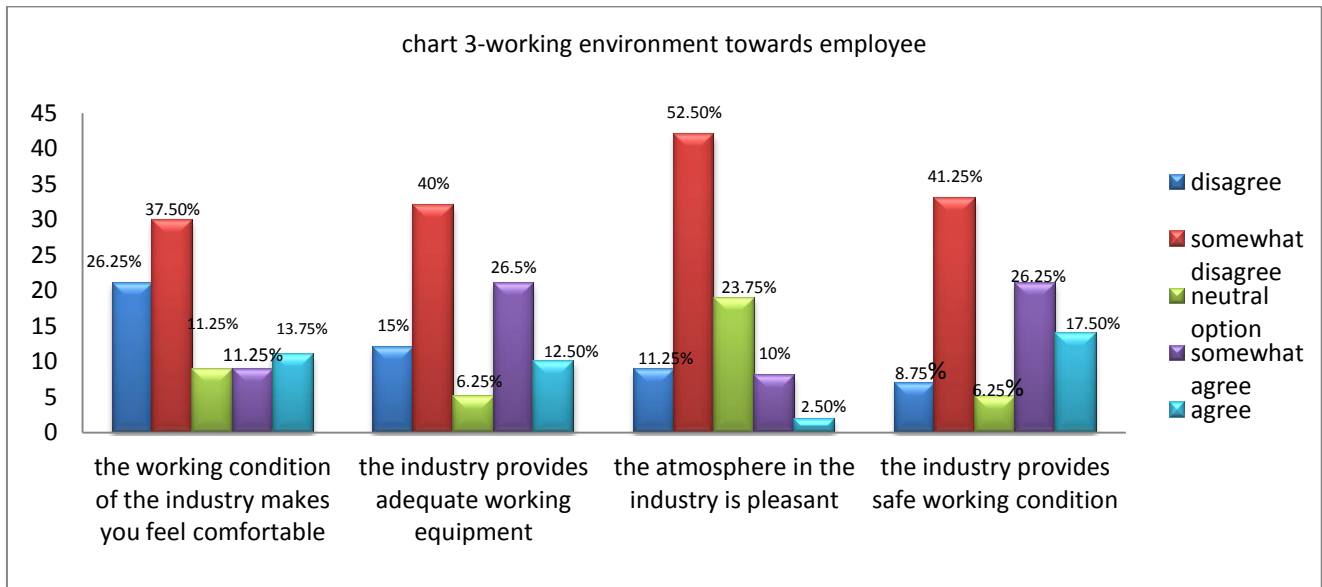


The above chart-2, it is inferred that 12.50% of respondents are very satisfied with their existing position, 23.80% of respondents are satisfied, 6.20% of respondents are neutral, 53.80% of respondents are dissatisfied, and 3.80% of respondents are very dissatisfied with their position. It is found that majority of

the employees are dissatisfied with their existing job position in cement industry. The reason might be the employee skill may not match with the job skill. The employee feel satisfied with the job position if it challenging and having autonomy to perform the job and certain support is given by the Top Management.

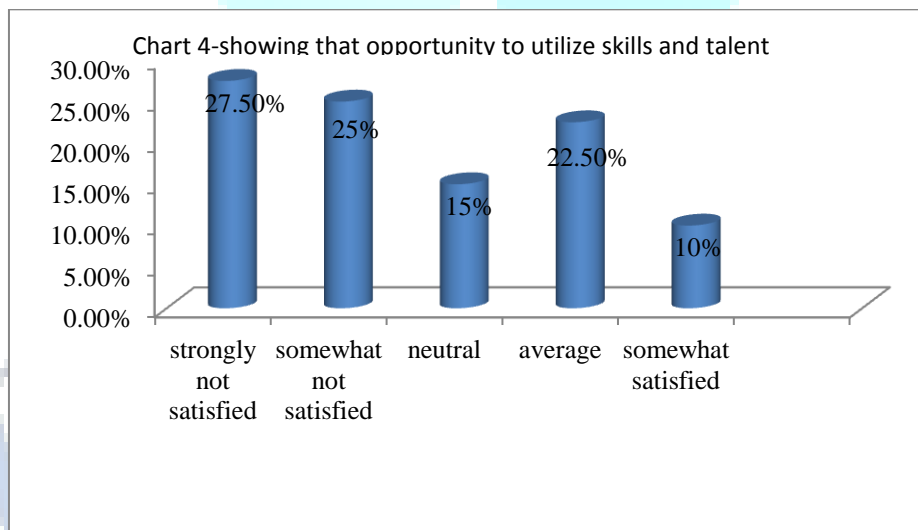
AFFECTING FACTORS

❖ **WORKING ENVIRONMENT**

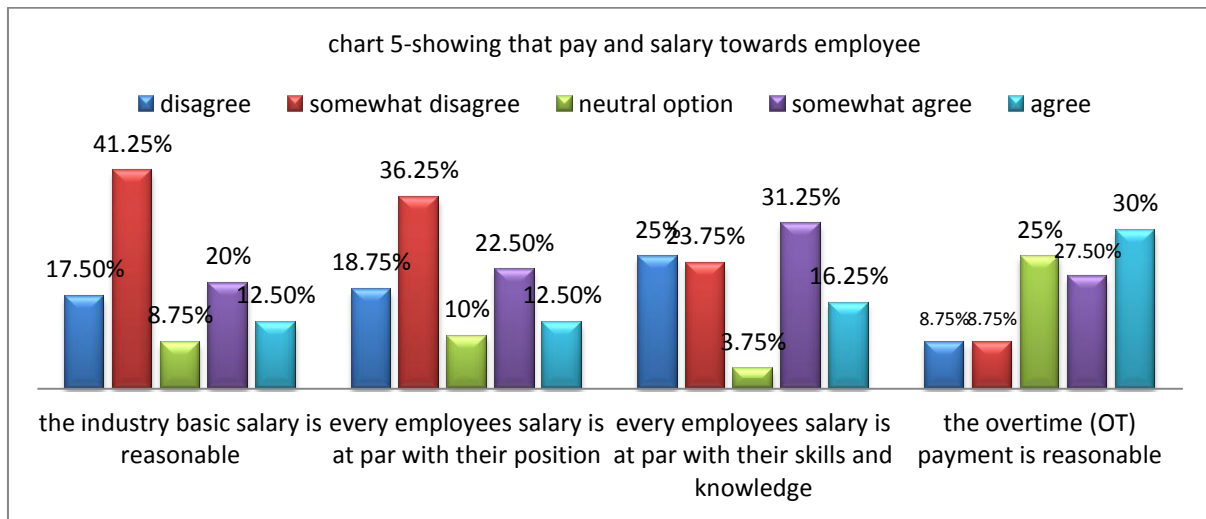


As per the chart- 3 indicate 52.50% of employees are somewhat disagree with pleasant atmosphere, 41.25% of employees are somewhat disagree with the industry provide safe working condition, 40% of employees are somewhat disagree with industry provide adequate working equipment, 37.50% of employees are somewhat disagree with the existing working condition makes feel comfortable it can be interpreted that employees are dissatisfied with the overall working environment factors. Most of the employees are dissatisfied with main two factors like employees are dissatisfied with industry atmosphere is not pleasant because of the Disturbance, Dust, and Sound etc Employee feel pleasure to work when the Atmosphere is pleasant and clam. Second factor like industry didn't provides proper safe working condition because negligence shows in that management, the poor approach towards the employees, maintaining poor relationship with employees, and by not providing suitable solution to their problems. So, maximum respondents are not satisfied with the working condition. Along with that employees are somewhat dissatisfied with Industry did not providing adequate equipment like mask, Gloves, shoes as well as pleasant atmosphere in the industry is not good because of dust, sound, surrounding environment, etc these factors make to feel uncomfortable at work place so maximum employees are dissatisfied with working condition makes feel comfortable. From this reasons employees are not satisfied with working environment and also its effect to employee satisfaction level at work place.

❖ **USE OF SKILLS AND KNOWLEDGE**

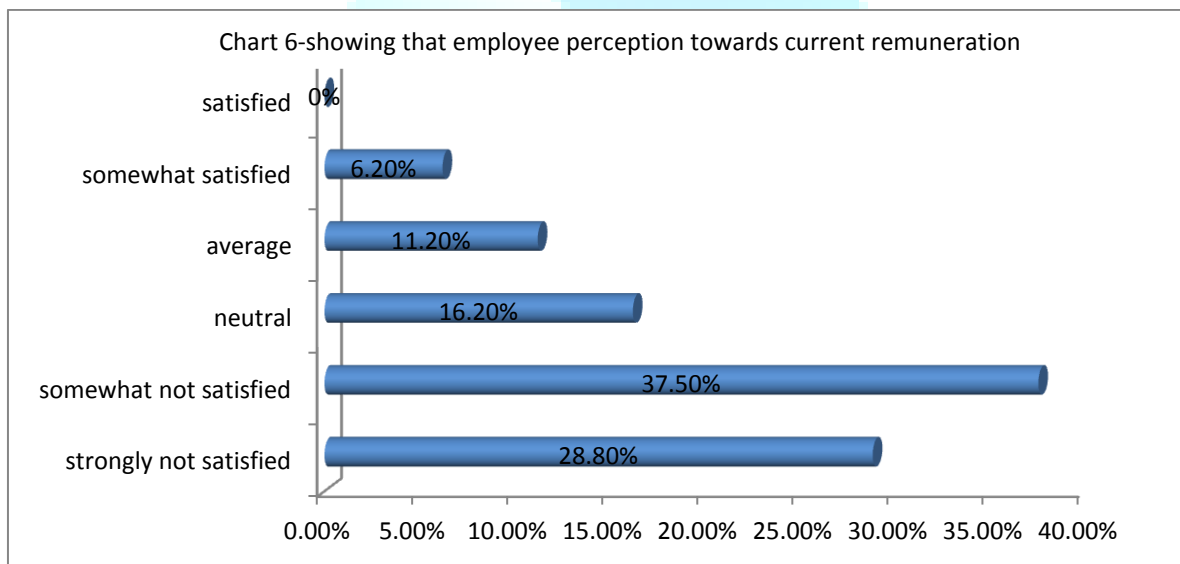


The above chart -4 reveals that, 27.50% of respondents are strongly not satisfied with opportunity to utilizes their skills and talent, 25% of respondents are somewhat not satisfied, 15% of respondents are neutral, 22.50% of respondents are average, 10% of respondents are somewhat satisfied. Usually industry doesn't consider the low level employees skills and talent at work place, they consider only their work performance. So employee doesn't get an opportunity to utilize the skills and talent at work place.



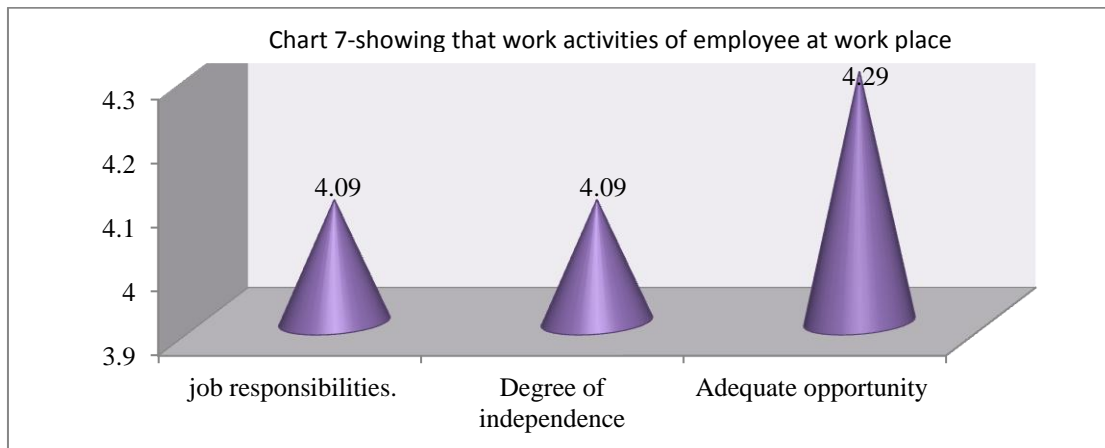
As per the above chart-5 shows that, 41.25% of employees are somewhat disagree with reasonable salary, 36.25% of employees are somewhat disagree with employees salary is at par with their position, 31.25% of employees are somewhat agree with employees salary is respect to their skills and knowledge, 30% of employees are agree with the OT payment is reasonable. Maximum employees are somewhat dissatisfied with main two factors like the industry salary is not reasonable because the employee expect salary according to their skills, knowledge, competency and job Designation. If the salary does not match with these factors then employee feel that salary provided is not Reasonable. Second factor like salary is not pay according to their position. Along with that most of the employees are somewhat agree with salary according to their skills and knowledge Because of salary is depending upon their work culture the industry utilizes the employees skills in the work place. So most of the employees are somewhat agree with salary is at par with their skills and knowledge as well as maximum employees are satisfied with industry provide over time (OT) is reasonable because Employees are paid extra for their over time Duty and whatever they are paid for OT is Reasonable and by it can be said that they are satisfied with the OT. Some time the over time working conditions are important to employees because they can influence on work. If people are required to work for long hours and / or overtime, they have to be paid extra for their over Time. So, overall in rewards/pay factors, the industry provide over time (OT) payment is reasonable as well as employees salary is according to their skills and knowledge so most of the employees are satisfied with these two factors along with that majority of employees opinion is that industry provide salary is not reasonable as well as salary is not respect to their position.

❖ REMUNERATION



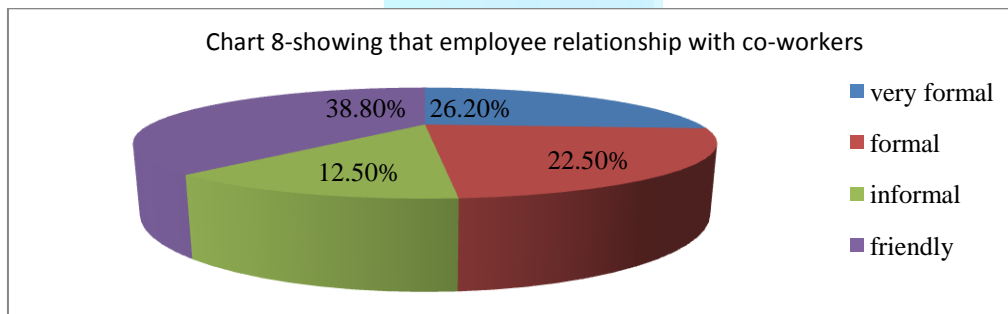
The above chart-6 explains that, 28.80% of respondents are strongly not satisfied with their current remuneration, 37.50% of respondents are somewhat not satisfied, 16.20% of respondents are neutral, 11.20% of respondents are average, and 6.20% of respondents are somewhat satisfied. Majority of employees are not satisfied with current remuneration system. Here industry does not give proper remuneration its effects on employee job satisfaction.

❖ WORK ACTIVITIES

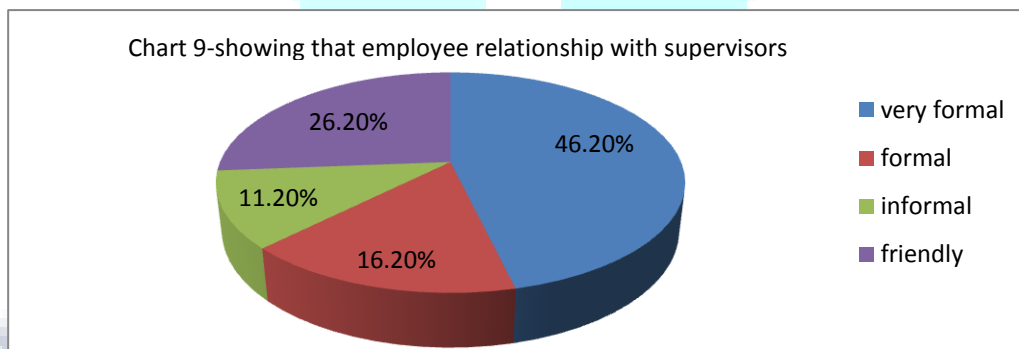


- According to above chart -7 shows that most of employees are average with their job variety. In the absence of other employee, the present employee can perform the task of the other employee were it is a chance to show their talent in the other job field as well. Hence the employees' opinion is that variety on Job responsibility is average.
- As per the survey conducted, 4.09 mean of employees are average with the degree of independence associated with their work role. Because the management gives enough rights to take decisions related to their job field.
- As per the survey conducted, 4.29 mean of employees are average with providing adequate opportunity for periodic change in duties. Job related opportunities will increases the employee satisfaction level.

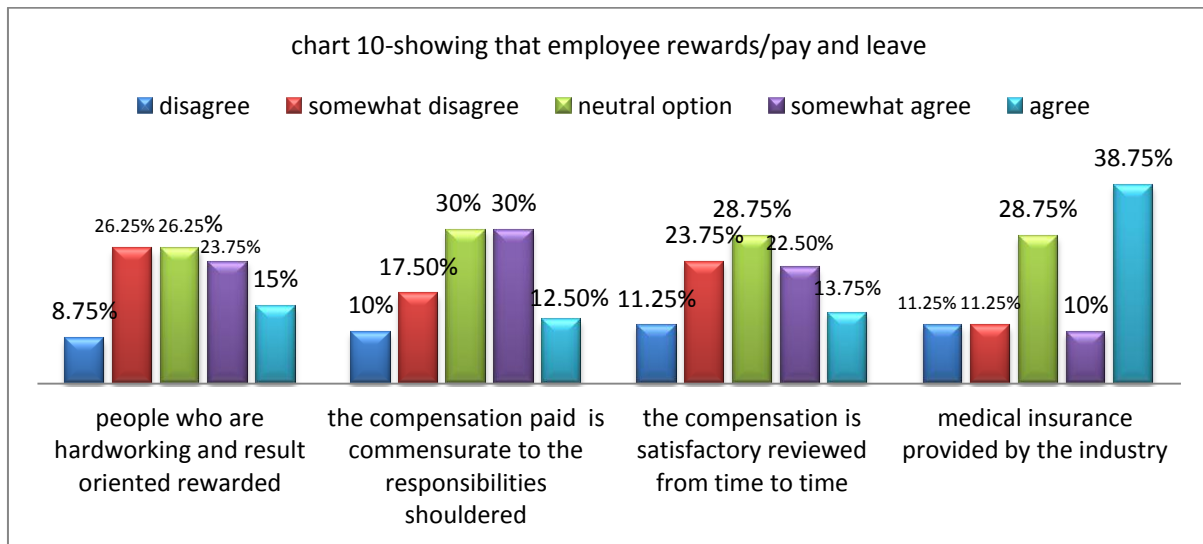
❖ WORK RELATIONSHIP FACTOR



The above chart -8 indicates, 38.80% of the respondents' opinion is that they have a friendly relationship with their co-workers, 26.25% of the respondents are very formal, 22.50 % of the respondents are formal and 12.50 % of respondents are informal relationship with their co-workers. And maximum employees felt that industry have friendly and good relationship with their all co-worker this increase the satisfaction level at work place.

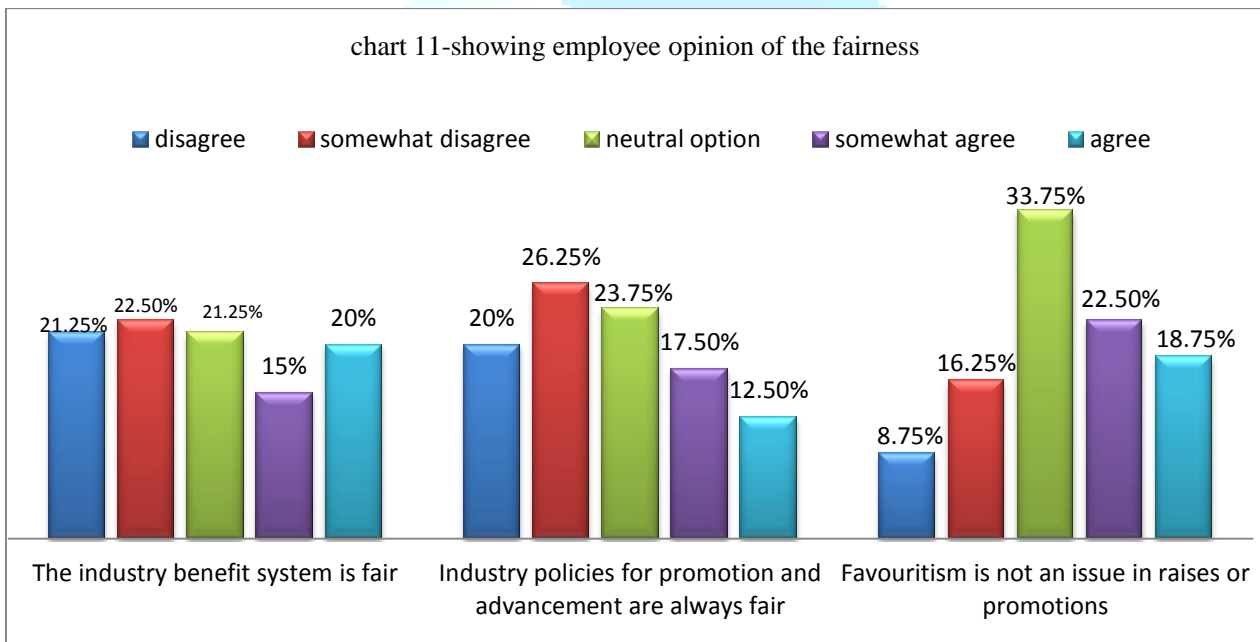


The above chart -9 shows that 46.20% of respondents are very formal relationship with their supervisors, 26.20% of respondents are friendly, 16.20% of respondents are formal, and 11.20% of respondents are informal relationship with their supervisors. Maximum employee's have very formal relationship with their supervisors. Hence there will no bondage between employees and supervisors.



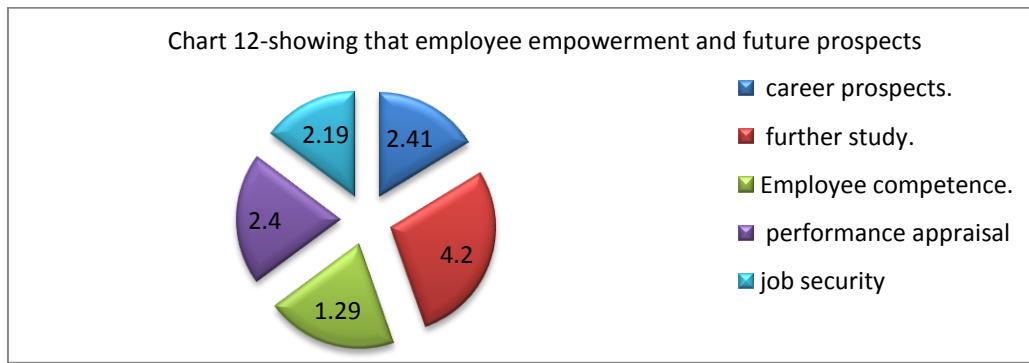
The above chart- 10 shows that 38.75% of employees are satisfied with industry provide medical insurance, 30% of employees are not satisfied with compensation paid in this industry is to responsibilities shouldered, 28.75% of employees are neutral with compensation is satisfactory reviewed from time to time, 26.25% of employees are dissatisfied with reward is hard work and result oriented. The majority of employees are satisfied with the medical facility It helps to motivate the employees in their work place as well as maximum employees are dissatisfied with compensation paid in this industry is to responsibilities shouldered along with that employees are neutral with compensation is reviewed from time to time because some time management does not provide sufficient compensation to the lower level of employees, so most of the employees are either satisfied nor dissatisfied. Along with that employees are dissatisfied with the rewards are based on their hard work and result oriented. The reward systems apply to some employees not all because some time management do not pay attention towards the hardworking employees and even the management fails to praise their employees with rewards. So, majority employees are satisfied with industry provide medical insurance scheme along with that dissatisfied with compensation paid to responsibilities shouldered and reward is not paid hard work and result oriented. Most of the employees are neutral with compensation is satisfactory reviewed from time to time.

❖ FAIRNESS FACTOR



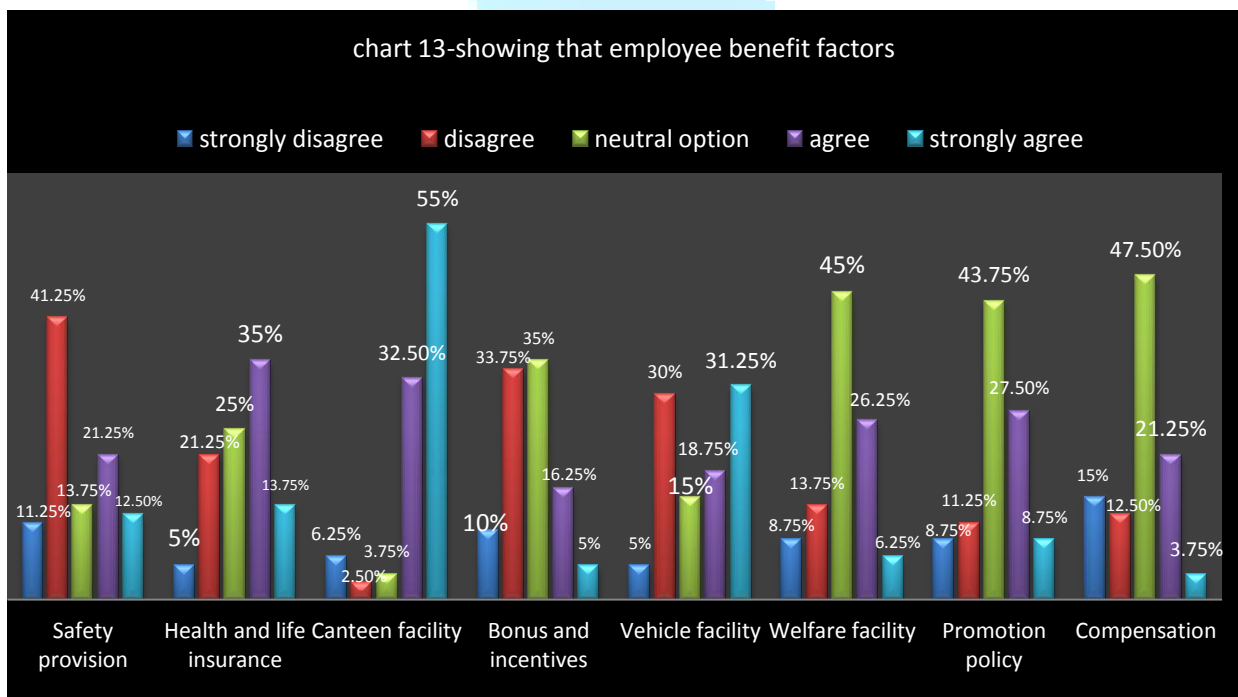
The above chart-11 explains 33.75% of employees are neutral with favouritism is not an issue in raises or promotion, 26.25% of employees are somewhat dissatisfied with industry provide policies for promotion and advancement procedure, 22.50% of employees are dissatisfied with industry provide fair benefit system. Majority of employees are dissatisfied with two major factors like industry provide policies for promotion and advancement is always not fair Because of industry didn't give proper policies for promotion to the low level employees. So, most of the employees are dissatisfied with promotion policy and advancement procedure. Second factor like fair benefit system, benefits are not equally distributed based on the performance along with that most of the employees are neutral with favouritism is not an issue in raises or promotion. The Industry doesn't give promotion based on the Favouritism, by this it can found out that promotional are given on their performance. From this majority of employees are dissatisfied with benefit system is not fair and also industry doesn't give proper promotion and advancement procedure to employees at work place.

❖ IMPROVING FACTOR



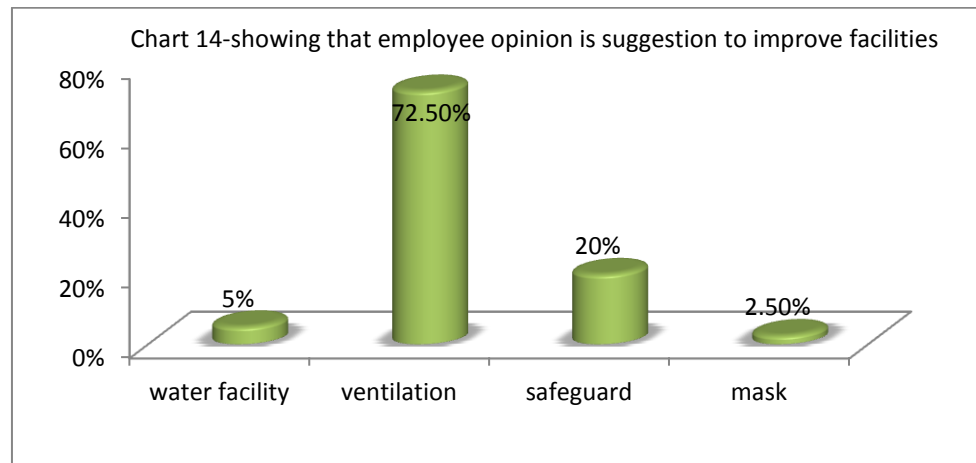
- As per the above chart-12 indicate that 2.41 mean of employees career prospects is not good. The industry does not provide career prospects to employees. Management fail to provide good career prospects to employees And employees also expect and dream about their career development so this criteria affects to employees' satisfaction level.
- As per the survey, 4.2 mean of employees are averages with industry provide opportunity for further study. Because it's not compulsory to provide this facility but when any employees are interest for further study the industry should help to continue the study by this employee feel motivated. So giving opportunity is average.
- As per the survey conducted, in industry low level employee competence mean is 1.29.maximum employees are strongly dissatisfied with employee competence. The management doesn't have awareness about the employee competence.
- As per the study conducted, industry scientific performance appraisal mean is 2.4 and it has not been successfully implemented so most of the employees are somewhat dissatisfied with industries scientific performance appraisal system.
- As per the survey conducted, 2.19 mean of employees are somewhat dissatisfied with their job security. The management has not paid attention towards the employee's job securities like Health Insurance, PF based on their performance. Hence the employees are dissatisfied with their job security.

❖ REQUIRED BENEFITS FACTOR



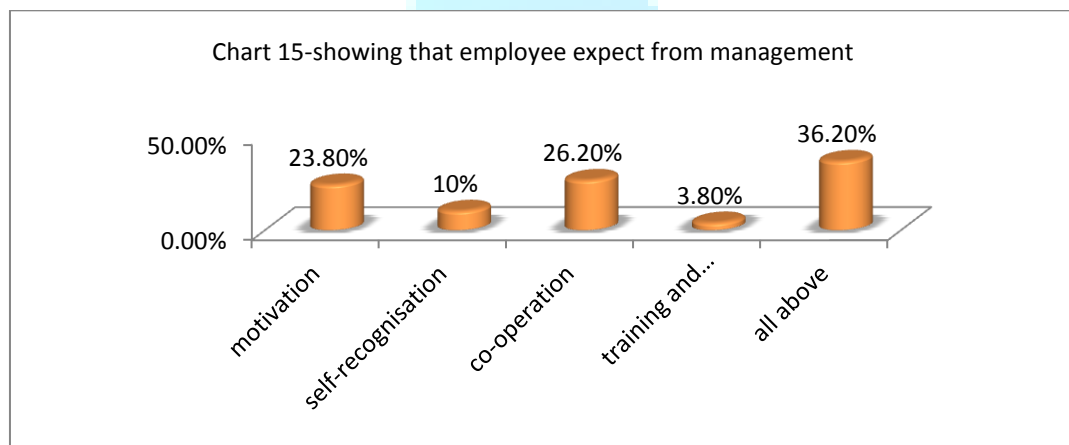
The above chart-13 shows that 55% of employees are strongly satisfied with industry provide canteen facility, 47.50% of employees are neutral with industry provide compensation procedure, 45% of employees are neutral with industry provide promotion policy, 41.25% of employees are somewhat dissatisfied with provide safety provision, 35% of employees are neutral with industry provide bonus and incentives, 35% of employees are satisfied with industry provide health and life insurance to employees. 31.25% of employees are strongly satisfied with vehicle facility. The majority of employees are strongly satisfied with industry provide canteen facility and vehicle facility, health and life insurance as well as employees are neutral with compensation, promotion policy, welfare, bonus and incentives along with that employees are dissatisfied with industry provide safety provision. Here industry provide canteen facility is good and majority of employees are satisfied with vehicle facility because of Bagalkot cement industry and katawa udyoga (jyoti) cement industry is on the outskirts of Bagalkot City So vehicle facilities are must. The vehicle facility in cement industry works round the clock because the work is done in shifts. Buses are provided for the employees. Some employees are satisfied with industry provide health and life insurance along with that employees are neutral with compensation, welfare system and promotion procedure because of the management doesn't give more important to welfare facilities as well as management didn't consider the lower level employee for promotion policy system. along with that maximum number of employees are not satisfied with industry providing safety provisions at work place because Safety provision participate major part in every industry And this factor influence on employees satisfaction level. Maximum employees are dissatisfied with the industry safety provision for the low level employees like Mask, Gloves, Shoes. From this majority of employees are satisfied with industry provide canteen facility, vehicle facility and other remaining factors are influence to employees satisfaction level at work place.

❖ EMPLOYEES SUGGESTIONS



The above chart-14 shows that 72.50% of respondents suggest to improve the ventilation facility, 20% of respondents suggest to improve safeguard facility, 5% of respondents are to improve water facility and 2.50% of respondents suggest to improve the mask facility in cement industry. The majority of employees suggest to improving the ventilation system because ventilation is important factor which have an impact on human health so here improving factor is ventilation and other remaining improvement facilities like safeguard, water facility and mask system in cement industry.

❖ EXPECTATION FACTORS FROM MANAGEMENT



The above chart-15 shows that 36.20% of respondents expect all factor like motivation, self-recognition, co-operation and training and development system from management, 26.20% of respondents expect co-operation factor, 23.80% of respondents are expect motivation factor, 10% of respondents are expect self-recognition and 3.80% of respondents are expect training and development factor from management. The employee expect motivation, self-recognition, co-operation, training and development from the management and also expects fair treatment among the workers. These are the main factors which influences to employee satisfaction level in cement industry.

FINDINGS

- It is found that industry provide poor infrastructure system. Infrastructure also influence on the employee's dissatisfaction/satisfaction level. Majority of employees agree that the Industry is providing poor infrastructure.
- It is found that 53.80% of the employees are dissatisfied with their existing job position in cement industry. The reason is to be the employee skill may not match with the job skill. The employee feel satisfied with the job position if it challenging and having autonomy to perform the job and certain support is given by the Top Management.
- It is found that maximum employees are dissatisfied with the overall working environment factors like industry provides safe working condition, providing adequate equipment at work place along with that industry atmosphere is not pleasant.
- It is found that 41.25% of employees are somewhat disagree with industry salary is not reasonable. Because the employee expect salary according to their skills, knowledge, competency and job Designation. If the salary does not match with these factors then employee feel that salary provided is not Reasonable. Along with that 36.25% of employees are somewhat disagree with employees salary is at par with their position.
- It is found that 27.50% of employees are strongly not satisfied with industry doesn't give opportunity to utilizes their skills and talent. The reason might be usually industry doesn't consider the low level employees skills and talent at work place, they consider only their work performance. So employee doesn't get an opportunity to utilize the skills and talent at work place.
- It is found that, 28.80% of respondents are strongly not satisfied with their current remuneration because industry does not give proper remuneration its effects on employee job satisfaction.
- It is found that 4.09 mean of employees are average with the degree of independence associated with their work role. Because the management gives enough rights to take decisions related to their job field. Along with that 4.29 mean of employees are average with providing adequate opportunity for periodic change in duties.
- As per the study conducted that maximum employee's have very formal relationship with their supervisors. Hence there will no bondage between employees and supervisors.
- As per the survey, 38.75% of employees are satisfied with industry provide medical insurance scheme is good to all employees so majority of employees are satisfied with the medical facility It helps to motivate the employees in their work place.

- As per the survey conducted, 22.50% of employees are dissatisfied with fair benefit system. It's not equally distributed based on the performance. Along with that 26.25% of employees are dissatisfied with industry didn't provide policies for promotion and advancement procedure Because of industry didn't give proper policies for promotion to the low level employees.
- As per the survey, 2.41 mean of employees career prospects is not good. As well as 4.2 mean of employees are averages with industry provide opportunity for further study. Along with that employees are dissatisfied as there is no employee competence and scientific performance appraisal system the industry.
- It is found that 55% of employees are strongly satisfied with industry provide canteen facility, 47.50% of employees are neutral with industry provide compensation procedure and other remaining employees are dissatisfied with safety provision. Along with that employees are neutral with welfare facility.
- it is found that 72.50% of employees are suggest to the improve ventilation system because ventilation is important factor it influences to human health so here improving factor is ventilation and other remaining improvement system is like safeguard, water facility and mask system in cement industry.
- It is found that 36.20% of employees expect all these factors from management like motivation, self-recognition, co-operation, training and development factor.

CONCLUSION

According to the study conducted it can be conclude that employees job satisfaction level is based on the results for the standardized values, work conditions, fairness, promotion, salary, remuneration, benefits, pay, are key factors affecting to the employees. Money is a good motivator, actually all employees' work for money, employees need the money, a good salary and good compensations are key factors in satisfying the employee.

As the research was carried in order to know the employees' satisfaction level on the job 45% result was positive and rest 55% can be improved by the suggestions. The industries adopt policies and structure so that work will be delegated easily.

As per the study came to know that in cement industry variety of factors that can influence to low level employees at work place like good infrastructure, working condition, rewards, salary, welfare, compensation, fair benefits system, compensation, remuneration, safety provision, career prospects, employee competence, scientific performance appraisal and job security.

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THE EFFECT OF INTRAPRENEURSHIP ON JOB SATISFACTION: A SECTORIAL RESEARCH

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ABSTRACT

In this study, it is intended to put forward the relationship between intrapreneurship, which comes into forefront as a vital element for development of businesses and their competitiveness by originating from the phenomenon of entrepreneurship, and job satisfaction, which is an important area of organizational behavior and whose relation with the above mentioned term was also reflected to the literature and researches, through a research. In this regard, a questionnaire form with 29 questions was created through questions, which were taken from questionnaire, whose validity and reliability are ensured to measure intrapreneurship and job satisfaction, and this created new form was applied to businesses that operate in the furniture sector in the district Inegol of the province Bursa in Turkey. As a result of a survey work, which was performed on 337 people, it was concluded that among factors such as proactive behavior, innovation, differentiation and organizational renewal, which are described as dimensions of intrapreneurship in the research, the factors of proactive behavior and organizational renewal positively and significantly contribute to job satisfaction.

KEYWORDS

Enterprise, Entrepreneurship, Intrapreneurship, Job Satisfaction

JEL CLASSIFICATION

M10, M12, M14

1. INTRODUCTION

The ecosystem – whether it is called globalization, competition or capitalism – in which each individual and beyond that every organization have to live, welcomes each day with completely different rules for the contemporary business world and the factor that is called competition makes itself felt more strongly each day in this environment. If internationalization is a primary objective for every business, which aspires to expand domestic growth to other geographies, re-addressing all processes without any gaps within an organization has become a necessity and rule in order to be able to strategically fulfill competition, which has to be felt in every type and in every size, and to survive in a quality way. The issue of being an entrepreneur or generating entrepreneurship for not waiting for changes and being able to influence and even initiate processes due to increasing competition and constantly changing rules of the game is about to become one of the most prioritized topics in the contemporary business world. Bringing entrepreneurship to forefront as the most important factor that creates wealth, development, advancement and investment accumulation particularly regarding the subject of creativity is referred to as the most important guideline for success for the future business world.

The concepts entrepreneur and entrepreneurship draw attention as an area of management that researches and practitioners have considerably dwelt upon. An entrepreneur is the one that plays an active role in materialization of production by means of combining natural, monetary and manpower factors, which possess passive characteristics with regard to participating in production (Baransel, 1979: 44). The origin of this concept derives from 'entreprendre', which is a French word and which means to undertake (Koa, 1989: 90; Lordkinapidze, Brezet & Backman, 2005: 788). Put it more generally, an entrepreneur can be described as a person, who takes risks and produces something new (Shaw & Darroch, 2004: 328). Livesay (1982: 8) defines entrepreneur as a person, who creates innovation by putting into practice activities that will increase and strengthen economic development (cited by Danis & Shipilov, 2002: 69). For instance, while a business owner, founder or investor, who has brought any innovation to business production, is an entrepreneur, any employee of an organization, who puts forward an innovative idea or finds and unearths different resources, is also regarded as an entrepreneur (Gartner, Kelly, Gatewood & Katz, 1994: 6).

Entrepreneurship is the process of employing communicational and managerial skills by means of activating all present human, financial and other material resources in order to put into practice a project, management of risks to be taken for opportunities and an initiative to create value by way of seizing opportunities on an issue that remains outside of the relevant field of business or area of interest (Kao, 1989: 91; Morris, 1998: 2).

As stated in the above definition, the ability to employ communicational and managerial skills has an extremely important place within the subject of entrepreneurship. For this reason, Joseph Schumpeter advocated that the key to all-around growth is in the hands of visionary leaders, who have the ability to use these skills; he emphasized leaders' abilities to discover and to be innovative and laid a great emphasis on the fact that the ability to embrace risks is by itself not a sufficient characteristic to define entrepreneurship and a businessman, who is not innovative, cannot assume the title of entrepreneur (Dincer, 1998: 79; Alada, 2001: 48).

According to Schumpeter, the main factor that creates economic transformation is innovation. Schumpeter describes innovation as changes in supply methods of goods. For instance, creating new organization types such as releasing new products into the market, opening new markets, finding new raw material and semi-processed product sources and production methods, creating a new monopoly and removing a present monopoly are also be regarded as "innovation". Entrepreneur becomes the person, who forms these compounds and brings innovation to production (Sarvan et al., 2003:83).

The concept of entrepreneur was used by Richard Cantillon, who was originally Irish and was a banker in Paris, in economic terms in the 18th century and then, this concept was introduced by Frank Knight to the American literature. Knight's definition of entrepreneurship consists of elements such as ambiguity, risk and main structure. Knight attempted to explain entrepreneurship with the statement that "conducting business and fulfilling daily activities with an ambiguous future have become the second real meaning of life. The main problem is to decide what to do how" (Philipsen, 1998: 4). With Schumpeter in the 20th century, the term entrepreneurship began to appear in the fields of sociology, psychology, economic theory and economic anthropology by going beyond the field of economy (Kent, 1984: 2; TUSIAD, 2002: 33; Lordkinapidze et al. 2005:788).

The first economist, who referred to the concept of entrepreneurship as the fourth factor of production, was J.B. Say (www.euowardsturkiye.com). J.B. Say related the subject of 'value', which Adam Smith connected to the labor factor, with benefit. Unlike Smith, Say put forth the thesis that every kind of activity, which produces goods and services that are intended to fulfill any need, is an 'enterprise'. The only measure of this statement is the existence of a demand towards goods or services. If there is a demand for a product, responding to this demand is an enterprise. According to Say, in this case, soldiers, judges, teachers – in short, everybody, who works, can contribute to fulfilling needs and creating wealth and also achieve an enterprise (Theme Larousse, 1993: 415). This is the point where Say's thoughts overlap with the concept entrepreneur. However, the modern entrepreneurship research is regarded to have started with Joseph Schumpeter's studies. Schumpeter provided important contributions for including the concept of entrepreneurship into the economic theory with his work *The Theory of Economic Development*, which was published in 1912 (Alada, 2001: 48-52). Schumpeter argued that the main source for economic development is new products, new production methods and entrepreneurs, who stimulate economic activities and reveal other innovations. Schumpeter defined entrepreneurship as a destructive process of "creative destruction", in which entrepreneur constantly changes the present products or production methods with new ones or destroys them (Kaya, 2001: 543). Schumpeter regarded the process of creative destruction as the "foundational reality" of capitalism as an action to constantly destroy the old and create the new (Carayannis, Popescu, Sipp & McDonald, 2005:2).

In addition, McClelland and Hagen analyzed interactions between society, personality and economic transformations by starting from the importance of analyzing and defining psychological factors, which produce entrepreneurial identity. They regarded entrepreneurship as a creative activity, defined the personality, which will accomplish this, as creative and said that this type of person feels the need to succeed greatly. It was also argued by authors that creative personality also brings along innovation (Sarvan, Arici, Ozen, Ozdemir & Icigen, 2003, pp. 83-84).

According to Peter F. Drucker, the main component of a successful enterprise is skilled people and skilled leaders (Byrne, 2005: 118). According to Drucker, entrepreneurship requires executing some practices and policies both inside an organization and in the market (Drucker, 1995: 130).

While explaining the phenomena of entrepreneurship and entrepreneur, it does not escape attention that particularly, Schumpeter and Drucker carried the topics enterprise or entrepreneur beyond the action of "setting up new business" and they also acknowledged it as policies of practice that should be conducted in a business. Particularly, Schumpeter's statements that evoke intra-organizational entrepreneurship in the form of "innovation" and "creative innovation" (Akdogan & Cingoz, 2006: 50) and Drucker's acknowledgement of people, who put forward an innovative idea or set up a business and reveal different resources in an established business for that business, as 'entrepreneurs' uncover another entrepreneurship-based concept: Intrapreneurship.

2. CONCEPTUAL FRAMEWORK

The literature regarding concepts of intrapreneurship, which is used to refer to an entrepreneurial spirit, activities and policies in an established business management activity, and job satisfaction of employees, which is considered as one of the most significant elements of organizational behavior in businesses, will be utilized in the study. Furthermore, examples and studies, which are present in the current literature, regarding the relationship between these two concepts, variables will be provided for the purpose of constructing the theoretical foundations of this research.

2.1. The Concept of Intrapreneurship

The concept of intrapreneurship has in our age become a subject that attracts attention of executives at every level in businesses at every scale. Acknowledgement of organizational development as an important factor has come to the fore for both in business and in academic levels particularly in the last thirty years. Researchers have discovered the importance of entrepreneurship and innovativeness, creativeness and creating new job fields within the existing organizations since the beginning of 1980s until today. Because, entrepreneurship started to be perceived beyond being a new idea and subsequently, beyond the point of putting this idea into practice as business, and the issue of intrapreneurship became a topic to be interested for its importance in business performance and revitalizing a business (Menzel, Aaltio & Ulijin, 2007: p. 733).

The phenomenon of intrapreneurship was attempted to be explained and referred with many names such as intrapreneur, corporate entrepreneurship, intra-corporate entrepreneurship and corporate investment (Parker, 2011: 20). In its most widespread expression, intrapreneurship is entrepreneurship that is fulfilled within an existing and established organization (Antoncic, 2007: 310). In the context of this definition, an endeavor to create economic value and revealing new opportunities within an established organization can be described as materializing a new enterprise (Parker, 2011: 29). In another definition, intrapreneurship can also be defined as the process in which individuals pursue opportunities depending upon resources under organizational control, do something new or create an entrepreneurship spirit within organization (Antoncic, 2007: 310). According to Abraham, intrapreneurship or organizational entrepreneurship is the result of teams, which are created by employees to develop new products and new technologies, and their activities (Abraham, 1997: 179).

In short, intrapreneurship intends to mobilize and revitalize an existing organization through taking risks, innovation-active competitive behaviors and sales, to revamp organizational main theme and transform an organization with entrepreneurial activities that lead to creation of a new enterprise within an existing organization (Onay, 2010: 49). Thus, intrapreneurship can be regarded as an element that can provide a competitive advantage to a business in existing markets or for entry to new markets (Zahra & Garvis, 2000: 472).

Having addressed the literature related to intrapreneurship, it is seen that dimensions of this concept is generally shaped around two approaches. The first of these approaches is the approach of "entrepreneurial tendency". Pioneers of this approach can be considered Miller and Friesen (1983) with dimensions such as developing new products, risk-taking and acting proactively, Covin and Slein (1991) with risk-taking, innovativeness and acting proactively, Lumpkin and Dess (1996) with autonomy, competitive initiative, innovativeness and proactivity, Knight (1997) with innovativeness and proactivity and Morris and Kuratko (2002) with innovativeness, risk-taking and proactivity (Onay & Cavusoglu, 2010: 49-50). Antoncic and Hisrich (2003) categorized intrapreneurship with seven dimensions. These dimensions, which were created by these researchers, are as follows:

- Being innovative (developing new products),
- Taking risks,
- Pro-activity,
- Autonomy,
- Launching new enterprise,
- Self-renewal
- Organizational renewal.

Pioneers of the second approach, in which intrapreneurship dimensions exist, are called intrapreneurship as internal corporate entrepreneurship. As pioneers of this trend, Zahra (1991, 1993 and 1995) identified the relationship between anticipated financial outputs of corporate entrepreneurship and performance; Guth and Ginsberg (1990) identified factors related to corporate entrepreneurship; Stopford and Baden-Fuller (1994) identified the way to create corporate entrepreneurship (Onay, 2010: 20) and lastly, Icerli et al. (2011: 180-181) conducted researches on examining intrapreneurship in SMEs and identified the dimensions of intrapreneurship as innovation, differentiation, proactive behavior and organizational renewal tendency in general. So, many researchers put forward the dimensions of intrapreneurship with designs, which are mostly similar to each other, and put the concept as a subject in their studies and researches.

2.2. The Concept of Job Satisfaction

In general, job satisfaction is acknowledged as one of the most studied and important topics in the field of organizational behavior (Adonisi, 2003: 19; Dikici, 2005: 45). Its reason is that performing studies on job satisfaction in organizational studies is regarded important in two aspects. The first reason why job satisfaction is a studied topic is that job satisfaction has a pivotal role for many theories and models that explain employee attitudes and behaviors. For this reason, it is an ordinary situation that many researchers have conducted studies directly or indirectly related to the subject. The second reason, which makes this field popular, is that researches on job satisfaction have practical applications regarding development of activities in organizations and lives of individuals. It is known that resulting outcomes of a topic, an effort, a rule or law should provide solutions to problems in daily life for them to be accepted. Due to the fact

that the field of job satisfaction has a characteristic that provides practical solutions to business and social life in this regard, it was positioned as an important topic in terms of researchers, practitioners or the ones, who are affected by it (Dikili & Bayraktaroglu, 2013: 209-210).

The term satisfaction has the meaning of ensuring fulfillment of a desired thing and being satisfied. The term can be explained as a situation of happiness resulting from fulfillment of needs. The feeling of being satisfied is a situation that is only felt by respective individual. Job satisfaction assumes a crucial role for ensuring individuals to achieve inner peace (Isacan & Timuroglu, 2007: 124).

Job satisfaction is described as emotional reactions of employees towards their roles in their jobs and positive reactions of an individual to his/her job is defined as job satisfaction and the exact opposite is defined as job dissatisfaction (Kok, 2006: 293). Locke explained job satisfaction as a positive feeling or a job obtained as a result of a person's evaluation of his/her job or job experience (Locke, 1976: 1300). Furthermore, when job satisfaction is the case, material gains that are earned from a job as well as colleagues, with whom an employee enjoys to work, and happiness gained by creating a work come to mind. Harmony between objectives, which individuals aspire to materialize, and organizational objectives and comparing rewards that are expected by individuals from their job and the actual rewards that they've gotten are the topics that are closely related with job satisfaction (Isacan & Timuroglu, 2009: 124).

A person, who cannot obtain job satisfaction and is not happy from the job that he/she does, struggles to achieve psychological maturity and this situation might reduce a person's performance in business and social life. Also, an employee, who could not achieve job satisfaction, can even sabotage his/her own work and thus, can get to a point where he/she wants to quit the job. As it can be seen, job dissatisfaction is beyond what only an individual experiences deep down. Results of this situation, which reflect to organization, might manifest itself in the forms of an employee's unwillingness to go to work, leaving the job, feeling him/herself insufficient, being unable to work with his/her colleagues in a coordinated way, making constantly repeated mistakes and misjudgment in decisions taken (Bozkurt & Bozkurt, 2008: 3).

As in every social phenomenon, job satisfaction consists of some elements and variables that form itself. In this regard, the phenomenon of job satisfaction is also mentioned with various factors that are stated by many authors and researchers in the literature. Smith, Kendall and Hulin (1969) stated that job satisfaction has five primary dimensions (Adonisi, 2003: 19):

- The job itself
- Pay
- Promotional opportunities
- Supervisor
- Co-workers

Locke created typical dimensions of job satisfaction as follows (1976: 1302):

- Work: includes inner interests, learning opportunities, challenges, chance to succeed and control of working tempo
- Pay: Its amount, fairness, equality and method of payment
- Promotions: principles and equal opportunities
- Recognition: praise stemming from success, pledging to do the job, criticisms
- Benefits: retirement, health, annual leave and holiday bonuses
- Working Conditions: working-break hours, equipment, room temperature, air conditioning, humidity, workplace position, physical order
- Supervision: Style and effect of supervision, technical knowledge, his/her relationships with people, managerial skills
- Co-workers: Competition, altruism, friendship
- Company and Management: Employees' concerns on payments, business policies and etc.

The most important quality of job satisfaction is that albeit it is concrete as much as possible due to its reflections, it is in fact an emotional concept. Due to the fact that it is related to an individual and it is something that is experienced by a person deep down, the most important thing for a supervisor to do is to help employees to reach an optimum level of satisfaction and prepare an appropriate environment. Thus, satisfaction that is provided by a workplace for its employees also varies according to the job quality in that workplace and how it is perceived and accepted by employees (Karcioğlu, Timuroglu & Cinar, 2009: 61).

Job satisfaction emerges as a result of attitudes that an individual feels towards his/her job. In addition to the above mentioned classification by Smith, Kendall and Hulin in relation with these attitudes, the following factors can also be given as factors that influence job satisfaction (Orucu, Yumusak & Bozkir, 2006: 41-42).

Organizational Factors: Salary, promotional opportunities, nature and quality of the job performed, policy and procedures of organizations

Group Factors: Job satisfaction of individuals within working groups can also be affected by attitudes and behaviors of supervisors and co-workers. Management styles can directly reflect to employees.

Individual Factors: Individual needs and expectations can also influence job satisfaction. If an individual has a career expectation within an organization and he/she achieves this objective, an increase will be observed in the level of job satisfaction.

Cultural Factors: Beliefs, values and attitudes of an individual that affect job satisfaction. For instance, if a person has the belief that he/she will have a career in his/her job and he/she cannot realize it, then job dissatisfaction would occur.

Environmental Factors: All factors that are related to economy, society and state that develop around an individual and affect him/her. Reflection of negativities in private life to business life in a negative way can be given as an example.

A generally accepted approach in the literature is that job satisfaction is basically divided into two forms as intrinsic and extrinsic job satisfaction (McCormick and Illgen, 1985). Intrinsic job satisfaction is related to central or inner aspects of jobs that individuals do. Factors such as co-workers, supervision, the job itself and obligation can be given as an example. Extrinsic job satisfaction is related to external elements regarding job-related duties. Salary, payments and promotion can be given as examples for extrinsic job satisfaction (Dikili and Bayraktaroglu, 2013: 210-211).

3. THEORETICAL FRAMEWORK: RELATIONSHIP BETWEEN INTRAPRENEURSHIP AND JOB SATISFACTION

When job satisfaction becomes a topic that is frequently studied and covered by researchers in the field of organizational behavior, this topic's relationship with many variables have been wondered and many researches, which try to understand these relationships, have been designed. Relation of job satisfaction with many organizational behavior topics has been addressed in these researches: such as motivation, organizational citizenship behavior, morale, personality and etc. Crucial and significant correlations were detected between job satisfaction and other variables in these studies (Ozdevecioglu, 2003: 696). A small portion of these numerous studies is as follows: Relationship between quality management and job satisfaction (Orucu et al., 2006); Relationship between organizational flexibility, market tendency and job satisfaction (Adonisi, 2003); Relationship between organizational culture and job satisfaction (Isacan & Timuroglu, 2007); Relationship between life satisfaction and job satisfaction (Ozdevecioglu, 2003: 693); Relationship between psychological contract and job satisfaction (Dikili & Bayraktaroglu, 2013); The impact of demographical variables on job satisfaction (Toker, 2007); The impact of organizational justice on job satisfaction (Cakar, 2009); The impact of intra-organizational factors on job satisfaction (Bozkurt and Bozkurt, 2008) or it is possible to come across researches that measure the impact of doing one's own business on job satisfaction (Bradley & Roberts, 2004) in the literature.

Besides, many researchers have taken the phenomenon of intrapreneurship as their subject in their research and conducted researches that relate intrapreneurship with different variables and factors. Providing brief information about these studies would be appropriate. Some of these studies can be summarized as follows: There are studies that address intrapreneurship together with many variables such as The impact of the phenomenon of intrapreneurship on the ability to be innovative (Kiziloglu an& Ibrahimoglu, 2013); Relationship between intrapreneurship and financial performance (Agca & Kandemir, 2008); Relationship between intrapreneurship and corporate performance (Zahra & Garvis, 2000; Caliskan, Akkoc & Turunc, 2011); Relationship between entrepreneurial tendency and organizational performance (Altuntas & Donmez, 2010); The impact of environmental factors on intrapreneurship (Naktiyok & Kok, 2006); Relationship between intrapreneurship and organizational culture (Ibrahimoglu & Ugurlu, 2013; Fis and Wasti, 2009); The impact of

learned organizational perception on intrapreneurship (Basim, Sesen & Meydan, 2009); The impact of intrapreneurship on the ability to be innovative (Kiziloglu & Ibrahimoglu, 2013); Examination of intrapreneurship in SMEs (Icerli, Yildirim & Demirel, 2011) and Investigating organizational factors that affect intrapreneurship (Akdogan & Cingoz, 2006).

Studies, which research the relationship between intrapreneurship and job satisfaction that is also the aim of this study, are also encountered in the literature. In this section of our study, examples from conducted studies, whose findings were presented, will be provided to support the constructed hypotheses with literature. Some of these studies can be summarized in the following way: Antoncic and Antoncic (2011: 598) covered the relationship between employee satisfaction, intrapreneurship and company size in their study. According to their study findings, it was detected there is a positive relationship between employee satisfaction and intrapreneurship and also, employee satisfaction positively influences company growth through intrapreneurship. Akerhurs, Comeche and Galindo (2009: 277) addressed the relationship between job satisfaction and internal entrepreneurship in their study, and they determined in their research conducted on Spanish firms that the variable of job satisfaction directly and positively affects internal entrepreneurship. Meydan (2011: 25) concluded in his study conducted on organizations, which operate in public sector, in order to measure the effect of job satisfaction on intra-organizational entrepreneurship that job satisfaction has a significant and positive relationship with behaviors of intrapreneurship. Gurbuz, Pekmezci and Mert (2010: 127) detected that organizational factors affect intrapreneurship behaviors of personnel and reached the finding that job satisfaction has a partially mediation role on the relationship between organizational factors and intrapreneurship behaviors as a result of their study titled 'The effect of organizational factors on intrapreneurship'. Lastly, Wyk and Adonisi (2008: 398) put forward as a result of their study titled 'The role of entrepreneurial characteristics in predicting job satisfaction' that intrinsic job satisfaction has a positive and significant relationship with intrapreneurship. Other than that, there are still many studies, which put forward that there is a significant relationship between intrapreneurship and job satisfaction (Katz, 1993: Rutherford & Holt, 2007; Weaver & Franz, 1992). As can be seen from literature review, there are many studies on relationship between intrapreneurship and job satisfaction, which constitutes the foundation of this study as well. In this section of the study, the research hypotheses are constructed by basing them on relationships, whose examples can be seen above. However, before moving on to this stage, providing information about variables, which are used in our research, would be appropriate. The independent variable of intrapreneurship consists of four sub-dimensions in the research. These dimensions and their connections to intrapreneurship due to their content are as follows (Icerli et al., 2011: 180-181):

Pro-active Behavior: is to be able to be a pioneer in a fashion that will respond to possible demands faster and before than rivals do by anticipating prospective demands of environment in order to adapt to rapidly developing environmental conditions and to move one step ahead. By nature, intrapreneurship has the impulse to act necessarily to utilize possible opportunities. In this respect, proactivity is related to organizations presenting technological management techniques, goods and services in the main areas of activity before than their rivals for their desire and efforts to be a leader in market.

Innovation: refers to inclination of a business or an organization to endorse new ideas and efforts that can create new goods, services or technologies and also, refers to development and transformation of the existing products and technologies. Intrapreneurship is described as "the process of developing new products and markets" in order to be able to make the relationship between innovation and intrapreneurship more apparent.

Differentiation: refers to differentiation of organizations by avoiding to exhibit similar characteristics with their rivals in managerial, production as well as marketing areas in order to gain competitive advantage and move one step ahead of their rivals in addition to being able to adapt to changes in their environment.

Organizational Renewal: Organizational structure and processes should be renewed by perceiving opportunities and threats well in order to be able to swiftly respond to changing environmental conditions and to be a leader in transformation. It is to renew organizations through updating the primary skills and key ideas on which businesses or organizations were built.

HYPOTHESES, which were tested at the end of research process of the study, are constructed with their contents, which are also supported by the literature, as follows:

H: Statistically, the increasing of intrapreneurship behaviors lead increasing employee's job satisfaction significantly.

H1: Statistically, the increasing of pro-active behavior leads increasing employee's job satisfaction significantly.

H2: Statistically, the increasing of inovative behavior leads increasing employee's job satisfaction significantly.

H3: Statistically, the increasing of differentiation behavior leads increasing employee's job satisfaction significantly.

H4: Statistically, the increasing of organizational renewal behavior leads increasing employee's job satisfaction significantly.

Hypotheses, which were created to explain the relationship between variables in line with the study objective in this research, are as stated above.

4. METHODOLOGY

In this section, Research Objective, sample, data, collection instrument, reliability and validity and findings are presented.

4.1. Research Objective

Originating from the fact that importance of the phenomenon of intrapreneurship and its impact on the present competitive conditions have gradually increased, the primary objective of the study is to determine how intrapreneurship behaviors in small and medium-scale businesses affect job satisfaction of employees within the context of research limitations and hypotheses

4.2. Sample

In this research, in which it is intended to measure the relationship between the dependent job satisfaction and the independent intrapreneurship variables, employees, who work in small and medium-scale furniture producers in the district Inegol of the province Bursa. Bursa is a brand city and the most important center of Turkey in terms of furniture production, marketing and innovation, constitute the study sample. The method of convenience sampling was selected to determine the research sample.

4.3. Data Collection Instrument

In this study, in which the effect of intrapreneurship on job satisfaction has been researched, a questionnaire of 29 questions was applied to 337 people, who work in businesses that operate in the furniture sector in the district Inegol of the province Bursa. The job satisfaction scale, which consists of 9 statements and was developed by Hackman and Oldham (1974), was used in the first section of questionnaire form applied in the study for measuring job satisfaction. In the second section, 14 statements were mainly used regarding factors that are stated in the study of Icerli, Yildirim and Demirel (2011) to measure intrapreneurship. The level of participation by survey respondents to these statements were measured with the 5-point Likert scale in the form of (1) Not representative at all, (2) Slightly representative, (3) Partially representative, (4) Mostly representative and (5) Completely representative.

4.4. Reliability and Validity

First of all, it was considered to apply factor analysis on the intrapreneurship scale to determine intrapreneurship dimensions in the study. As reported in Table 1, Kaiser-Meyer-Olkin (KMO) measure of adequacy and Bartlett's test results show that the data structure is suitable for conducting factor analysis. As a result of factor analysis, 4 dimensions pertaining to intrapreneurship, and variances and reliability measures belonging to the respective dimensions are presented in Table 1. Results point to construct validity in the study. Besides, reliability value pertaining to the whole intrapreneurship scale also demonstrates that the scale is reliable. Reliability coefficient pertaining to the job satisfaction scale was also estimated as 0.861 and it proved that the job satisfaction scale is also reliable.

4.5. Findings

It is possible to see demographical properties pertaining to the sample, on which the survey method that was used in the research was applied, in Table 1 below. No test was conducted regarding demographical elements related to variables in the study. The table, which is related to demographical properties, was provided in the study in order to give information on the sample.

TABLE 1: DEMOGRAPHIC STATISTICS

Demographic Factors	Frequency	Percentage (%)
Gender		
Male	256	71.5
Female	81	28.1
Title		
General Manager	62	21.5
Assistant General Manager	18	6.3
Director	57	19.8
Chef	84	29.2
Officer-Worker	54	18.8
Other	12	4.2
Age		
Less than 30	107	37.2
Between 30-45 arası	118	41
Greater than 45	62	21.5
Education		
Primary Education	86	29.9
High School	141	49
University	49	17
Graduate	11	3.8
Duration of work life		
Less than 5 years	68	23.6
Between 5-10 years	119	41.3
Greater than 10 years	100	34.7
Hierarchy Level		
Lower	89	30.9
Mid	151	52.4
Upper	47	16.3

TABLE 2: RESULTS OF FACTOR ANALYSIS

Factor	Items	KMO	Factor Loadings	Explained Variance (%)	Reliability Coefficient
Factor1: Proactive behavior	Created new demands for company products.	0.747	0.865	21.050	0.854
	Company mission are often revised.	0.768	0.887		
	To compete with competitors idea is dominant.	0.808	0.744		
	Risky projects are implemented.	0.766	0.703		
	Strategic activities are preferred.	0.804	0.651		
	Managers make decision by acting brave.	0.856	0.602		
Factor2: Innovation	Reseources are generated for innovation.	0.832	0.899	20.378	0.869
	Company receives new jobs from other industries.	0.808	0.827		
	Employees are trained to innovation.	0.806	0.792		
Factor3: Differentiation	The differentiation of products is much.	0.833	0.691	18.230	0.750
	Company is tried to be ahead of innovation.	0.808	0.669		
Factor4: Organizational renewal	To use untested methods is excessively.	0.740	0.889	17.353	0.840
	Company often redefines imdustries which to be in business reletioship.	0.748	0.857		
	Company often organizes its departments.	0.792	0.802		
	KMO				0.797
	Total Explained Variance (%)				77.011
	Relaibility Coefficient				0.861

Four factors, which were generated according to factor analysis results presented in Table 2, are the factors of proactive behavior, innovation, differentiation and organizational renewal, and factor scores were recorded via regression method to be used in the following analyses. On the other hand, arithmetic mean of items on the job satisfaction scale was taken to generate scores for job satisfaction as well and the newly created variable was saved as SATISFACTION. Afterwards, regression analysis was performed to determine the relationship between job satisfaction and intrapreneurship and to test the study hypotheses. As SATISFACTION was the dependent variable in analysis, independent variables were specified as factors pertaining to the level of intrapreneurship. First of all, four factors were also included in the model and results were obtained. These results are reported in Table 3. Model diagnosis tests in this firstly created model demonstrate that the model does not have multilinearity and auto-correlation problems. Also, F-test emphasizes that the model is significant as a whole. Coefficients of innovation and differentiation factors are shown statistically insignificant and these factors were excluded from the model. However, having examined coefficients belonging to variables, it was observed that coefficients pertaining to the innovation factor and the differentiation factor were statistically insignificant and they were omitted from the model. In this case, a new regression model regarding two independent variables was estimated and again, results are presented in Table 3. Having examined diagnosis tests related to the newly created model, variance inflation factor (VIF) values display that there is no multilinearity problem and Durbin-Watson test statistic displays that there is also no auto-correlation problem. According to F-test, the model is significant as a whole. Having examined coefficients pertaining to variables, it has been observed that both coefficients for the proactive behavior factor and the organizational renewal factor are positively significant at a level of 1% statistically. So, this puts forward that the factors proactive behavior and organizational renewal positively and significantly contribute to job satisfaction. Innovation and differentiation variables that regarded of intrapreneurship dimensions have no significant effect on the dependent variable which is job satisfaction result is remarkable in this research. The results which similarly have been observed in other studies are more important to a point (Meydan. 2011: 32).

TABLE 3: RESULTS OF REGRESSION ANALYSIS

Dependent Variable	SATISFACTION		SATISFACTION	
	Coefficient	VIF	Coefficient	VIF
CONSTANT	2.068		1.922*	
Proactive behavior	0.263*	1.198	0.238*	1.051
Innovation	-0.049	1.691	-	-
Differentiation	-0.033	2.100	-	-
Organizational renewal	0.272*	1.507	0.251*	1.051
Adjusted R square	0.216		0.215	
Durbin -Watson	1.910		1.905	
F-Statistics	20.724*		40.289*	

5. CONCLUSION AND DISCUSSION

In the conclusion and discussion part, dependent and independent variables by which the study was designed, evaluations regarding the conclusions obtained with regard to dimensions and comparisons with conclusions of other similar researches are presented.

Looking at the conclusions on the relationship between intrapreneurship dimensions and job satisfaction, findings that were obtained from the sample population, which was included in the research, put forward that there is a statistically significant relationship between job satisfaction and some of the dimensions that represent intrapreneurship. The relationship between intrapreneurship and job satisfaction has conducted in many studies (Akerhurs, Comeche & Galindo, 2009; Meydan, 2011).

Upon correlation analysis, a statistically significant relationship between the dimensions of proactive behavior and organizational renewal that represent intrapreneurship and the dependent variable of job satisfaction was detected in the study. Meydan (2011: 32) obtained a similar outcome in his study and only found a relationship between job satisfaction and the dimension of proactivity among the dimensions of intrapreneurship (Self-sufficiency, Innovativeness, Taking Risks and Proactivity). The finding that was obtained in our study demonstrated that an organization having more proactive behaviors increases job satisfaction of employees upon regression analysis. The outcome that an organization being proactive, being able to anticipate the future and prone to change, fulfilling and even re-designing environmental transformation rather than waiting can provide higher fulfilment in job satisfaction of employees, who work in that organization was also put forward by our study as a finding that is also repeated by the literature. In short, it can be said that proactive/foreseeing behaviors of an organization can create an outcome for employees to gain more satisfaction from the job they do.

In addition, another finding obtained with this research is that again, there is a positively and statistically significant relationship between organizational renewal and job satisfaction. Even though the dimension of organizational behavior entails being able to adapt to and comply with developments produced by environment, to change organizational culture, processes and etc., it is slightly beyond being reactive as a concept. As a matter of fact, while being reactive is complete opposite of acting proactively and it necessitates complete acceptance of developments in outside world as they are, organizational renewal is a set of behaviors that are one step ahead of adapting to environment. Because, this behavior also entails creating yourself from the scratch while showing adaptation. Thus, the finding that efforts of renewal, innovation, adaptation and achieving strategically right design in an organization positively affect job satisfaction verifies the respectively created hypothesis. With organizational renewal, it would be possible to fulfill desires, needs and job satisfaction of employees better and create a value in the eyes of employees as well.

Meydan (2011: 32) stated that he detected a statistically significant relationship between intrapreneurship and a dimension that he only defined as proactivity in his study that has been partially touched upon above. This result is partially compatible with findings of our research. Because, in our study, a statistically significant relationship could not be detected as a result of regression analysis that was conducted in order to establish the presumed relationship between job satisfaction and innovativeness, which is one of the dimensions addressed as a dimension of intrapreneurship. The fact that a relationship could not be determined between these two dimensions of intrapreneurship and job satisfaction is not an easily interpreted finding. In his study, Meydan (2011) correlated the situation, in which a relationship could not be detected between these variables and even results were relatively lower in tests for relationship assumed to appear in all of intrapreneurship dimensions, with existence of the research, which he executed, in public sector and with idiosyncratic culture and climate of public sector and its employees. However, conversely, our study was designed in private sector and again similar results, lack of relationship, were achieved. Detecting a slightly low relationship or no relationship between the same variables in two different researches was addressed as a situation that should be dwelt upon.

If we were to comment on variables for which a relationship was detected, having a similarity between being proactive and organizational renewal conceptually and contextually or the fact that employees might have perceived it in this way could be effective regarding detecting a relationship between these two variables and job satisfaction. Because, as a result of that behavior of being able to foresee, which we referred to as proactivity, positively affects job satisfaction as well as the variable that is identified as organizational renewal, an organization's acting in a compatible way with the content of these dimensions and its foreseeing behavior as well as its behavior to target change are possible to have helped employees to be satisfied from the job they do and to feel fulfilment. In addition, the result of the impact of processes, which are practiced in a business that focus on innovativeness and differentiation, on employees feeling job satisfaction or that it has a slight effect on it can also be addressed over these dimensions creating a challenging impact for employees with regard to organizational processes. Because, there are also studies which we can see the negative impact of some feelings on job satisfaction felt by employees (Brundin, Patzelt & Shepherd, 2006). It is possible that not being able to detect the impact of challenging processes of innovativeness on employees feeling satisfaction from the job they do would stem from employees perceiving these two phenomena as independent from each other. In the same way, the possibility of perceiving the practice of a competitive strategy in an organization regarding differentiations independent variables is quite high in terms of at least the study we conducted on employees and its design.

Lastly, it should be stated that foreseeing or being proactive has stand out as the most prioritized intrapreneurship dimension in terms of human resources in organizations. This is important with regard to obtaining a relationship in such dimension regardless of element in terms of the effected variable. In addition, it would be suitable to state that this study has numerous constraints. Due to reasons such as time and cost, this research was only conducted in the district Inegol of the province Bursa. Even though the district Inegol is one of the most important centers in terms of furniture sector in Turkey, other sectorial representatives and employees in provinces like Istanbul, Canakkale, Kayseri and etc. were not included in the study's sample population. However, albeit this constraint, 327 employees who work in furniture manufacturing plants of the district Inegol were included in this study. For future researches, it would be primarily beneficial to modify studies to a point that will be assumed to represent the country better by dimensionally developing the population, which will be covered as sample, while designing studies.

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IPO PERFORMANCE AND ITS RELATION WITH RETAIL INVESTORS' SUBSCRIPTION AND GRADE

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ABSTRACT

An Initial Public Offering (IPO) is the financial instrument by which a company offers stocks to the general public for the first time, and formally becomes a publicly traded company. As per SEBI's requirement, a company planning to get its issue graded before offering it to the general public. IPO grading shows the fundamentals of IPOs and contains five point scale ranging from 1-5. This scale shows score indicating stronger or weaker fundamentals of company which is going for IPO. On May 1, 2007 mandatory IPO grading system was introduced by Indian's market regulator SEBI. The purpose for this mandatory grading system was that the retail investors who are usually not having inadequate information about the issue fundamentals of company. The belief that 'higher grades leads to better IPO performance' has been proved to be a myth over or over grading. Out of the total 35 public issues that were lunched and listed on the NSE during period from January 2010 to December 2013. Furthermore, we conducted regression analysis to know influence of IPO Grading on listing day gain and retail investors subscriptions. Finally, we concluded that IPO grading has positive influence towards listing gain and there is a moderate relationship between retail investors subscriptions and listing day returns.

KEYWORDS

IPO, IPO grading, listing day returns, retail investors.

JEL CLASSIFICATION

G12, G24, G32.

1. INTRODUCTION

SEBI's guidelines suggest that the grading of IPOs is a service purposed for facilitating assessment of equity issues offered to the public. The Grade assigned to any individual IPO is an assessment of the "fundamentals" of the issuer concerned on a relative grading scale, in relation to the other listed equity securities in India. The grading is assigned on a 5-point scale with a higher score indicating stronger fundamentals and vice versa as below.

- IPO grade 1: Poor fundamentals
- IPO grade 2: Below-average fundamentals
- IPO grade 3: Average fundamentals
- IPO grade 4: Above-average fundamentals
- IPO grade 5: Strong fundamentals

IPO grading is an assessment done prior to the IPO issue and relies significantly on the draft prospectus filed with SEBI. Grading is done on the basis of some quantitative parameters like prospects of the industry and financial strength and some qualitative parameters such as management capability. SEBI said that IPO grading is not a recommendation to buy, sell or hold the securities. It is not a comment on the valuation or pricing of the IPO nor an indication of the listing price of the securities. There was no incentive for the companies to rate their IPOs. Even a good company would not go for the rating because of fearing that if it gets a bad rating, its public issue might suffer even having strong fundamentals. Similarly, a bad company would not go for the rating because of fearing that its cover ups might get exposed with a poor rating. So by looking these situation, SEBI decided to make IPO grading a mandatory exercise effective as of May 1, 2007.

SEBI chairman M. Damodaran explains the decision to make IPO grading a mandatory exercise: "When the market started going up suddenly a lot of companies started coming to the market. It is not that only the best and the brightest continue to come to the market, there are a lot of other companies like 'vanishing companies' which will raise money and never spend for the intended purpose who started entering the market. So by mandatory IPO grading system will prevent vanishing companies in future."

2. REVIEW OF LITERATURE

When looking at previous research on IPO, according to Chan (2010) has established a link between retail sentiment and the pricing of IPO shares. He gives some example of study that has documented a positive relationship between retail investors' demand for IPO shares and IPOs short term performance, which shows that investors are able to pick up high returns of IPO on first day. **Deb & Marisetty (2007)** studied the efficacy of IPO grading. Firstly, the results show that the under pricing of IPO is lower in post grading regime. Secondly, the retail investors respond to IPO grading and finally, better graded IPOs attract higher liquidity and exhibit lower risk. **Jain and Sharma (2008)** in their paper explored and explain the concept of IPO grading and its underlying rationale. They provided an objective evaluation of the costs and benefits associated with IPO grading. **Keloharju (1993)** studies a sample of 80 initial public offerings in Finland between 1984 and 1989 and suggests that there is evidence for the long-run underperformance of the IPO firms in Finland. **Krishnamurati, Thong, and Vishwanath (2009)** also analyzed the performance of various IPOs with respect to the grade received found it to be a source of useful inputs relevant to the retail investors. **Deb and Marisetty (2008)** examined the efficiency of the unique certification mechanism introduced by SEBI and analyzed numerous IPOs. They found that retail investors' respondent to the IPO grading quality, i.e. retail investors showed more interest in better quality IPOs and post issue result indicates that high quality or better graded IPOs attract higher liquidity and exhibit low risk. **Poudyari (2008)** found a positive relationship between IPO grades and Retail subscription. He found that grading brings more transparency and information symmetry to the market. **Haldea (2007)** in his article talked about the negative aspect of mandatory system and stressed IPO grading as an uncalled requirement. He suggested that IPO Grading is weak concept and emphasized on the fact that there are chances that a low-grade IPO dose well after listing and low grading can lead to a lost opportunity.

3. THEORETICAL FRAMEWORK

High Graded IPOs lead to More Listing Day Gains as compared to Low Graded IPOs. To analyse this popular belief, Listing Day Gains were calculated as follows:

$$\text{Listing Day return} = \frac{\text{Listing Day Closing Price} - \text{Issue Price}}{\text{Issue Price}}$$

Retail Subscription = Retail Individual Investors (RIIs) * Shares Offered

Failure rate = $\frac{\text{failure IPOs in grade } i}{\text{total IPOs in grade } i}$

Failure rate means negative returns on listing day.

IPO Grading :

The grading is assigned on a 5-point scale with a higher score indicating stronger fundamentals and vice versa as below.

- IPO grade 1: Poor fundamentals
- IPO grade 2: Below-average fundamentals
- IPO grade 3: Average fundamentals
- IPO grade 4: Above-average fundamentals
- IPO grade 5: Strong fundamentals

4. OBJECTIVES

1. To identify the relationship between IPO Grade and retail subscription.
2. To identify the relationship between IPO Grade and listing day gain.
3. To identify the failure rate of IPO according to grade.

5. RESEARCH METHODOLOGY

5.1 POPULATION AND SAMPLE SELECTION

Objective of research paper is to identify the relationship between IPOgrading with listing day returns and retail investors' subscription. Therefore study covered data for 35 IPOs listed from January 2010 to December 2013.

Name of IPO	Issue price	Same day closing	Listing date	Grade	Retail subscription
Just Dial IPO	530	612	5-Jun-13	5	6176599.85
V Mart retail Ipo	210	205.25	20-Feb-13	3	1243144
Repco Home Finance Ltd	175	160.85	1-Apr-13	3	2773936.92
Veto switchgears and cables ltd	50	58	13-Dec-12	4	3147105.26
BhartiInfrateltd.ip	220	191.2	28-Dec-12	4	12561850
PC Jeweller IPO	135	149	27-Dec-12	3	26327700
Tara jewels Ipo	230	229.95	6-Dec-12	3	5666815
VKS Projects Ltd	55	55.6	18-Jul-12	1	3955000
Speciality Restaurants Ltd	150	160.5	30-May-12	4	2259837.8
TribhovandasBhimjiZaveri Ltd.(TBZ)	120	111.2	9-May-12	3	3966667.12
MT Educare Limited	90	90.35	12-Apr-12	4	9668228.85
National Buildings Construction Corporation Limited (NBCC)	106	97.05	12-Apr-12	4	14137200
Olympic Cards Ltd	30	28.5	28-Mar-12	1	3977458.788
Multi Commodity Exchange of India Ltd (MCX)	1032	1297.05	9-Mar-12	5	52192659.48
Bharatiya Global Infomedia Ltd (BGIL)	82	30.95	28-Jul-11	2	11901120
VMS Industries Ltd	40	28.5	14-Jun-11	1	8536839.52
SRS Limited IPO	58	33.65	16-Sep-11	3	3920000
Omkar security chemical ltd.	98	46.2	10-Feb-11	3	28066500
Brooks Laboratories Ltd	100	58	5-Sep-11	2	8232000
Indo Thai Securities	74	23	2-Nov-11	3	4690000
Flexituff International Ltd	155	166.4	19-Oct-11	3	3543750
Taksheel Solution Ltd	150	55.85	19-Oct-11	2	11896500
Onelife Capital Advisors Ltd (OCAL)	110	145.9	17-Oct-11	1	2931250
M and B Switchgears Ltd	186	317.55	20-Oct-11	2	4112500
L&T Finance Holdings	52	49.95	12-Aug-11	5	708973041.1
C Mahendra Exports Ltd	110	110.85	20-Jan-11	2	25305000
RDB Rasayans Ltd,	79	26.5	7-Oct-11	2	6237000
PrakashConstrowell Ltd	138	229.5	4-Oct-11	2	7560001.8
PG Electroplast Ltd	210	411.65	26-Sep-11	3	3297630
TD Power Systems Ltd	256	274.8	8-Sep-11	4	1179336.08
Timbor Home Ltd	63	91.2	22-Jun-11	1	18365130
Shilpi Cable Technologies Ltd.	69	47.6	8-Apr-11	1	17270351.28
MOIL Limited (Manganese Ore India Limited)	375	466.5	15-Dec-10	5	378704928
Coal India Limited	245	342.35	04-Nov.10	5	459610256.5
A2Z Maintenance & Engineering Services Ltd	400	328.9	23-Dec-10	4	2463752.94

5.2 HYPOTHESES

1. There is an association between IPO grading and listing day returns.
2. There is significant correlation between IPO Grade & retail subscription.
3. There is significance correlation between IPO grading and listing day returns

5.3 STATISTICAL TOOLS

chi-square, regression analysis

6. RESULTS AND DISCUSSION AND FINDINGS

IPO grading Vs. listing day returns

TABLE 1: COMPARISON OF GRADE AND LISTING DAY RETURN

IPO grade	Listing day returns	
	Gain	loss
1	3	3
2	3	4
3	3	7
4	4	3
5	4	1

Hypothesis

Ho= there is no association between IPO grade and listing day returns

H1 = there is an association between IPO grade and listing day returns

Results				
	gain	loss		Row Totals
Grade1	3 (2.91) [0.00]	3 (3.09) [0.00]		6
Grade2	3 (3.40) [0.05]	4 (3.60) [0.04]		7
grade3	3 (4.86) [0.71]	7 (5.14) [0.67]		10
grade4	4 (3.40) [0.11]	3 (3.60) [0.10]		7
grade5	4 (2.43) [1.02]	1 (2.57) [0.96]		5
Column Totals	17	18		35 (Grand Total)

The chi-square statistic is 3.6601 .P value is 0.45395. Result is not significant at p<0.05.

IPO PERFORMANCE

Grade	Total IPOs	Failed IPOs	Failure rate (%)
1	6	3	50
2	7	4	57.14285714
3	10	7	70
4	7	3	42.85714286
5	5	1	20

IPO failure rate: After applying the failure rule, we found that the Failure rate decrease with increasing grades except for Grade 2 & grade 3. In the above table depicts clearly the IPO performance based on the NSE Data. The noticeable aspect being that for Grade 3 IPOs, The failure rate is as high as 70%, which is higher than it is for the Grade 2 IPOs. This shows that IPOs with Grade 2 were faring better than the Grade 3 IPOs .Even for Grade 5 issues, which were supposed to be a “strong fundamentals”, the Failure rate is 20%. For Grade 1 which was supposed to be a “Poor fundamentals”, the Failure rate is 50%. And for Grade 2 and Grade 4, the Failure rate is 57.14% & 42.86% respectively. Therefore the investors have to reassess the significance of IPO grading as a factor while deciding whether or not to subscribe for an issue.

REGRESSION ANALYSIS FOR IPO GRADES AND RETAIL SUBSCRIPTION

Regression Statistics		Explanation
Multiple R	0.478	R = square root of R ²
R ²	0.228	R ²
Adjusted R Square	0.205	Adjusted R ² used if more than one x variable
Standard Error	133728934.8	This is the sample estimate of the standard deviation of the error u
Observation	35	Number of observations used in the regression (n)

The above gives the overall goodness-of-fit measures: R=0.80

Correlation between Grade and Retail subscription is 0.478 (when squared gives 0.228).Here the R is positive so it indicates that there is the positive correlation between Grade and Retail subscription. So it is statistically significant.R² = 0.228 means that 22.8%, which means that the total variation of dependent variable that is Retail subscription is explained by the independent variable that is Grade.

ANOVA TEST FOR IPO GRADES AND RETAIL SUBSCRIPTION

ANOVA					
	Df	SS	MS	F	significance f value
Regression	1	1.74474	1.74474	9.756181791	0.004
Residual	34	5.90153	1.78834		
Total	35	7.64627			

- From the above table, we interpret that significance f value has the associated p value. Since The p-value=0.004, it can be conducted that α = 0.05 Level of significance, Ho is rejected it means model is valid & Retail subscription is explained by grade
- Grade is impact on Retail subscription.

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 99%	Upper 99%
Intercept	-108284107	56449392	-1.92	0.064	-223131258	6563043	-2.6	46007696
Grade	54900921	17576795	3.12	0.004	19140663	90661179	6858678	1.03

h0: β₂ = 1.0 against ha: β₂ ≠ 1.0 at significance level α = 0.05.A simple summary of the above output is that the fitted line is y = -108284107.396 +54900920.865*Grade

Test hypothesis of zero slope coefficient ("test of statistical significance"):The coefficient of Grade has estimated standard error of 17576794.98, t-statistic of 3.1234 and p-value of 0.004. It is therefore statistically significant at significance level α = 0.05 as p < 0.05.

REGRESSION ANALYSIS OF IPO GRADES LISTING DAY GAINS

Regression Statistics		Explanation
Multiple R	0.349	R=square root of R ²
R Square	0.122	R ²
Adjusted R Square	0.095	Adjusted R ² used if more than one X variable
Standard Error	0.4271	This is the sample estimated of the slandered deviation of the error u

The above gives the overall goodness-of-fit measures: R<0.80.

Correlation between Grade and Listing Day Gains is 0.349 (when squared gives 0.122). Here the R is positive so it indicates that there is the positive correlation between Grade and Retail subscription. So it is statistically significant. R² = 0.122 means that 12.2%, which means that the total variation of dependent variable that is Listing Day returns is explained by the independent variable that is Grade

ANOVA Test for IPO Grades and Listing Day Gains:

VARIABLES ENTERED/REMOVED

Model	Variables Entered	Variables Removed	Method
1	grade ^a	.	Enter

a. All requested variables entered.

b. Dependent Variable: listing day returns

From the below table, result shows that significance f value has the associated p value. Since The p-value=0.0399, it can be conducted that α = 0.05 Level of significance, there is a relationship between IPO Grade and "Listing day returns". Hence High Graded IPOs lead to more listing day gains as compared to Low graded IPOs.

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	0.834858614	0.834859	4.575516	0.039922688
Residual	33	6.021251515	0.182462		
Total	34	6.856110129			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	-0.349979853	0.1803102	-1.94099	0.060841	-0.716823713	0.016864007
X Variable 1	0.12009385	0.056143659	2.139046	0.039923	0.005868716	0.234318984

h0: β₂ = 1.0 against ha: β₂ ≠ 1.0 at significance level α = 0.05.

A simple summary of the above output is that the fitted line is

$$y = -0.349 + 0.12 * \text{Grade}$$

Test hypothesis of zero slope coefficient ("test of statistical significance")

The coefficient of listing day return has estimated standard error of 0.054, t-statistic of 4.57 and p-value of 0.0399.

It is therefore statistically significant at significance level α = 0.05 as p < 0.05

7. CONCLUSION

Through the empirical finding by conducting test, it has been identified that IPO grading and listing day returns are being associated. Even after applying the failure rule, it is concluded that the Failure rate decreases with increasing grades. The noticeable aspect being that for Grade 3 IPOs, The failure rate is as high as 70%, which is higher than it is for the Grade 2 IPOs. Even for Grade 5 issues, which were supposed to be a "strong fundamentals", the Failure rate is 20%. For Grade 1 which was supposed to be a "Poor fundamentals", the Failure rate is 50%. It depicts that higher the IPO grade, the chance of failure is being less. Relationship between listing day returns and retail investor's subscription is considered to be favourable and significant and correlated moderately. Finally there is relationship between IPO grade and listing day returns at moderate level.

8. LIMITATIONS OF THE STUDY

1. The study result is found out from regression analysis. In regression analysis it is not possible to make a definitive statement about causation and regression analysis. Even data are taken in controlled environment, some other variables are still causing the variation.
2. Outliers are generally ignored but some time they highly affect the result of regression.
3. By Using one independent variable and try to find out causality is not sufficient. More than one explanatory variable may give proper idea about the study.

9. SUGGESTION FOR FURTHER RESEARCH

The study covered the relationship between IPO grade and listing day returns and with retail investors' subscription which comprises 35 IPOs from January, 2010 to December, 2013. So this study suggests that another research can be carried out by taking more sample size. A same kind of research could be carried out according to different sectors' IPOs. Future researches could be done by taking many years and this can be helpful to confirm or disapprove result of this study. A same kind of research could be carried out for Qualified Institutional Buyers (QIB) also.

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ANNEXURE**ANNEXURE-1**

sr. NO.	IPOs	Grade	Retail subscription	Listing day gain
1	Tara jewels Ipo	3	5666815	-0.00021739
2	V Mart retail Ipo	3	1243144	-0.02261905
3	Repco Home Finance Ltd	3	2773936.92	-0.18085714
4	Veto switchgears and cables ltd	4	3147105.26	0.16
5	BhartiInfraTelItd.Ipo	4	12561850	-0.13090909
6	PC Jeweller IPO	3	26327700	0.103703704
7	Just Dial IPO	5	6176599.85	0.554716981
8	VKS Projects Ltd	1	3955000	0.000209091
9	Speciality Restaurants Ltd	4	2259837.8	0.07
10	TribhovandasBhimjiZaveri Ltd.(TBZ)	3	3966667.12	-0.07333333
11	MT Educare Limited	4	9668228.85	0.003888889
12	National Buildings Construction corp. limited(NBCC)	4	14137200	-0.08443396
13	Olympic Cards Ltd	1	3977458.79	-0.05
14	Multi Commodity Exchange of India Ltd (MCX)	5	52192659.5	0.556831395
15	Bharatiya Global Infomedia Ltd (BGIL)	2	11901120	-0.72256098
16	VMS Industries Ltd	1	8536839.52	-0.5875
17	SRS Limited IPO	3	3920000	-0.41982759
18	Omkar security chemical ltd.	3	28066500	-0.52857143
19	Brooks Laboratories Ltd	2	8232000	-0.42
20	Indo Thai Securities	3	4690000	-0.68918919
21	Flexituff International Ltd	3	3543750	0.073548387
22	Taksheel Solution Ltd	2	11896500	-0.62766667
23	Onelife Capital Advisors Ltd (OCAL)	1	2931250	0.326363636
24	M and B Switchgears Ltd	2	4112500	0.707258065
25	L&T Finance Holdings	5	708973041	-0.03942308
26	C Mahendra Exports Ltd	2	25305000	0.007727273
27	RDB Rasayans Ltd,	2	6237000	-0.66455696
28	PrakashConstrowell Ltd	2	7560001.8	0.663043478
29	PG Electroplast Ltd	3	3297630	0.960238095
30	TD Power Systems Ltd	4	1179336.08	0.0734375
31	Timbor Home Ltd	1	18365130	0.147619048
32	Shilpi Cable Technologies Ltd.	1	17270351.3	-0.31014493
33	MOIL Limited (Manganese Ore India Limited)	5	378704928	0.444
34	Coal India Limited	5	459610257	0.997346939
35	A2Z Maintenance & Engineering Services Ltd	4	2463752.94	-0.17775

Sources:www.chittorgath.com, wwwnseindia.com

ANNEXURE- 2

Name of IPO	Issue price	Same closing	Listing date	Retail Individual Investors (in Times)	Shares Offered / Reserved
Just Dial IPO	530	612	5-Jun-13	3.53	1,749,745
V Mart retail Ipo	210	205.25	20-Feb-13	0.79	1,573,600
Repcos Home Finance Ltd	175	160.85	1-Apr-13	0.51	5,439,092
veto switchgears and cables ltd	50	58	13-Dec-12	2.06	1,527,721
BhartiInfrateltd.ipo	220	191.2	28-Dec-12	0.19	66,115,000
PC Jeweller IPO	135	149	27-Dec-12	1.68	15,671,250
Tara jewels Ipo	230	229.95	6-Dec-12	2.05	2,764,300
VKS Projects Ltd	55	55.6	18-Jul-12	1.13	3,500,000
Speciality Restaurants Ltd	150	160.5	30-May-12	0.55	4,108,796
TribhovandasBhimjiZaveri Ltd.(TBZ)	120	111.2	9-May-12	0.68	5,833,334
MT Educare Limited	90	90.35	12-Apr-12	2.17	4,455,405
National Buildings Construction Corporation Limited (NBCC)	106	97.05	12-Apr-12	3.4	4,158,000
Olympic Cards Ltd	30	28.5	28-Mar-12	1.3637	2,916,667
Multi Commodity Exchange of India Ltd (MCX)	1032	1297.05	9-Mar-12	24.14	2,162,082
Bharatiya Global Infomedia Ltd (BGIL)	82	30.95	28-Jul-11	5.06	2,352,000
SRS Limited IPO	58	33.65	16-Sep-11	0.32	12250000
VMS Industries Ltd	40	28.5	14-Jun-11	3.41	2,503,472
OmkarSpeciality Chemicals Ltd	98	46.2	10-Feb-11	9.9	2,835,000
Brooks Laboratories Ltd	100	58	5-Sep-11	3.36	2,450,000
Indo Thai Securities	74	23	2-Nov-11	3.35	1,400,000
Flexituff International Ltd	155	166.4	19-Oct-11	1.5	2,362,500
Taksheel Solution Ltd	150	55.85	19-Oct-11	6.18	1,925,000
Onelife Capital Advisors Ltd (OCAL)	110	145.9	17-Oct-11	2.5	1,172,500
M and B Switchgears Ltd	186	317.55	20-Oct-11	2.35	1,750,000
L&T Finance Holdings	52	49.95	12-Aug-11	9.61	73,774,510
C Mahendra Exports Ltd	110	110.85	20-Jan-11	4.82	5,250,000
RDB Rasayans Ltd,	79	26.5	7-Oct-11	3.96	1,575,000
PrakashConstrowell Ltd	138	229.5	4-Oct-11	4.68	1,615,385
PG Electroplast Ltd	210	411.65	26-Sep-11	1.64	2,010,750
TD Power Systems Ltd	256	274.8	8-Sep-11	0.38	3,103,516
Timbor Home Ltd	63	91.2	22-Jun-11	14.22	1,291,500
Shilpi Cable Technologies Limited	69	47.6	8-Apr-11	5.74	3,008,772
MOIL Limited (Manganese Ore India Limited)	375	466.5	15-Dec-10	32.86	11,524,800
Coal India Limited	245	342.35	04-Nov-10	2.31	198,965,479
A2Z Maintenance & Engineering Services Ltd	400	328.9	23-Dec-10	0.33	7,465,918

Sources:www.chittorgath.com, www.nseindia.com

IMPACT OF DIVIDEND ON INVESTORS' PERCEPTION TOWARDS EQUITY STOCKS**MINI MEHTA****ASST. PROFESSOR****COLLEGE OF MANAGEMENT & BUSINESS STUDIES****UTTARANCHAL UNIVERSITY****DEHRA DUN****MANISH GURUNG****ASST. PROFESSOR****COLLEGE OF MANAGEMENT & BUSINESS STUDIES****UTTARANCHAL UNIVERSITY****DEHRA DUN****ABSTRACT**

The primary objective of financial management is the maximisation of shareholders' wealth. To achieve this objective, management, the custodians of shareholders' interests, are faced with three important categories of decision making namely, investment, financing and dividend decisions. The behavior and attitude of investors toward dividend-paying stocks is one of the most important issues of behavioral finance and as well as for the Indian Stock Market. A lot of researches has been conducted by well-known researchers and provided the theories and empirical evidences regarding the determinants of investor attitudes toward dividends. The objective of the study is to find evidence of dividend clienteles in the Indian Stock Market by finding the **correlations** among dividend preferences and the different demographic and other characteristics of investors. This is achieved by using a sample of 229 investors who provided data related to their dividend preferences. It was found that investors in India prefer to receive dividends. If the company cannot pay cash dividends, they prefer to receive stock dividends compared to not receiving dividends at all. Furthermore, it was found that investors partly want dividends because of transaction costs. Transaction costs were also found to be the reason why investors prefer stock dividends over cash dividends.

KEYWORDS

Dividends Preferences, Attitudes, Perceptions, On Indian Investors.

INTRODUCTION

In corporate finance, the finance manager is generally thought to face two operational decisions: the investment (or capital budgeting) and the financing decisions. The capital budgeting decision is concerned with what real assets the firm should acquire while the financing decision is concerned with how these assets should be financed. A third decision may arise, however, when the firm begins to generate profits. Should the firm distribute all or proportion of earned profits in the form of dividends to the shareholders, or should it be ploughed back into the business? Presumably, in taking any course of action, managers should concentrate on how to maximise the wealth of shareholders for whom this is being managed. Managers must not only consider the question of how much of the company's earnings are needed for investment, but also take into consideration the possible effect of their decisions on share prices.

The term 'dividend policy' refers to "the practice that management follows in making dividend payout decisions or, in other words, the size and pattern of cash distributions over time to shareholders" (Lease et al., 2000, p.29). This issue of dividend policy is one that has engaged managers since the birth of the modern commercial corporation. Surprisingly then dividend policy remains one of the most contested issues in finance. The study of dividend policy has captured the attention of finance scholars since the middle of the last century. They have attempted to solve several issues pertaining to dividends and formulate theories and models to explain corporate dividend behavior. The dividend enigma has not only been an enduring issue in finance, it also remains unresolved. Almost three decades ago Black (1976) described it as a "puzzle", and since then an enormous amount of research has occurred trying to solve the dividend puzzle. Allen, Bernardo and Welch (2000, p.2499) summarised the current consensus view when they concluded "Although a number of theories have been put forward in the literature to explain their pervasive presence, dividends remain one of the thorniest puzzles in corporate finance". The enduring nature and extensive range of the debate about dividend policy has spawned a vast amount of literature that grows by the day. For this reason, a full review of all debates is not feasible. However, this paper endeavors to give justice to the importance of both the topic of dividend policy as an area of financial economic research, and also to the literature that has been produced addressing that topic, by reviewing the most important and influential studies in this area. It attempts to outline the main theories and explanations of dividend policies and to review the main empirical studies on corporate dividend policy.

The remaining of this paper is organized as follows. Section 2 gives a short background of corporate dividend policy. Section 3 analyses the theories of dividend policy starting with the dividend irrelevance hypothesis of Miller and Modigliani, and then the alternative hypotheses including bird-in-the-hand, tax-preference, clientele effects, signaling, and agency costs hypotheses.

REVIEW OF LITERATURE

"Institutional and individual investors preferences for dividend and share repurchase" by Ravi Jain, Journal of economics and business 59(2007) 406-429. It studied the preferences of institutions and individual investors towards the dividend yielding stocks. It was found that lower taxed institutions prefer low dividend yield stock where as higher taxed individuals prefer high dividend yield stocks.

"Corporate investment and dividend decisions under differential personal taxation" by Ronald W. Masulis, Cox School of Business, Southern Methodist University, Dallas, TX 75275 and Brett Trueman, Journal of Financial and Quantitative Analysis. This paper explored the relation between cash dividend payout and firm investment in real assets, given a personal tax disadvantage to dividends, an issue that has received scant attention in the finance literature.

"The relationship between dividend payout and firm performance: a study of listed companies in Kenya. European Scientific Journal, 2013 May Edition, Vol. 8, No. 9. ISSN: 1857-7881 (PRINT) E-ISSN: 1857-7431 by Ochuodho Peter Ouma says that the findings of his research showed that cash dividends were the most commonly used form of dividend among listed firms in Kenya and the major factor that affects the investment are profitability, pattern of past dividend, legal rules.

"Individual Investors' Perceptions towards Dividends: The Case of Greece" 5th International Conference on Accounting and Finance in Transition (ICAFT), 12-14 July 2007, Greenwich, London, organised by Greenwich University, The Business School. Says Results of our study revealed that the vast majority of investors did show a strong preference for dividends. A large percentage of the whole sample showed a significant preference towards cash dividends.

"Growth, Beta and Agency costs as determinants of dividend payout ratios" by Michael S. Rozeff in the Journal of Financial Research, Vol. 5, No. 3. This paper rationalized an optional dividend payout by appealing to the market imperfections, and stated that increased dividends relative to earnings lower agency costs but raise the transactions cost of external financing.

“Dividend policy : A review of theories and empirical evidence” by Husam- Aldin ,Michael Rafferty and Rekha Pillai in International Bulletin of Business Administration ISSN: 1451-243X ISSUE 9 [2010] This paper focused on M.M approach of dividend policy which was an irrelevant approach , this article attempted to explain the basic argument for each theory followed by the most important empirical evidence on testing these theories.

“Measuring Investors’ preferences attitudes, and perceptions towards dividends: An Empirical Study on the Egyptian Stock Market” by Gad Khaled A. and El Din Ghaydaa Gamalin proceedings of ASBBS Vol 20 no 1. This paper stated that if the company cannot pay cash dividends, they prefer to receive stock dividends compared to not receiving dividends at all. Furthermore, it was found that investors partly want dividends because of transaction costs. Transaction costs were also found to be the reason why investors prefer stock dividends over cash dividends.

OBJECTIVES

The main objective of the study is to find evidence of dividend clienteles in the Indian Stock Market by finding the **correlations** among dividend preferences and the different demographic and other characteristics of investors. The sub objective of the study includes:

1. To study the impact of Demographic characteristics of an investor on his preference towards dividend yielding stocks.
2. To study the impact of dividend distribution tax on an investors preference towards dividend yielding stock
3. To study the impact of the consistency of dividend payout policy of the firm on an investor.
4. To identify the factors affecting the investors in making preference towards dividend paying stocks.

HYPOTHESIS

Hypothesis no 1: There is no association between the dividend distributions and investment in dividend paying stocks

Hypothesis NO 2: There is no association of demand for dividend-paying stocks with the demographic characteristics of an investor

RESEARCH METHODOLOGY

The present study is descriptive in nature and is based on primary as well as secondary data. Secondary data was collected from the research work of many investors and their empirical findings; Indian Stock Market is taken into account while writing this paper. To measure the intensity of parameters open ended and close ended questionnaire was used. A well-structured questionnaire was designed covering various parameter laid down in objectives and was administered on 229 respondents, selected conveniently from Dehradun using snowball sampling method. To collect the necessary information, various parameters were developed with the help of literature. The responses to these parameters were gathered, coded, tabulated and analyzed. Cronbach’s alpha test was carried out and found to be .665 which indicates that data is reliable for further test. KMO value was checked using SPSS software to assure data sufficiency. The value was found to be .597 that indicates that data is sufficient to go far factor analysis. Bartlett’s test of sphericity was also found to be significant for factor analysis. To test the hypothesis Factor analysis, Mean, standard Deviation. Table 1 indicates the profile of respondents.

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.665	.679	14

Kaiser-Meyer-Olkin Measure of Sampling Adequacy			.597
Bartlett's Test of Sphericity	Approx. Chi-Square	1710.956	
	df	91	
	Sig.	.000	
a. Based on correlations			

TABLE 3: DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

Category		Count	Percentage
Age	below 30	49	21.4
	30 to 40	49	21.4
	40 to 50	56	24.5
	50 and above	75	32.8
Gender	Male	109	47.6
	Female	120	52.4
Occupation	SALARIED	75	32.8
	BUSINESS	50	21.8
	RETIRED	47	20.5
	OTHERS	57	24.9
Income Level	Upto Rs15000 PM	80	34.9
	From Rs. 15000 TO Rs. 30000PM	37	16.2
	From Rs. 30000 TO Rs. 40000PM	52	22.7
	More than Rs40000PM	60	26.2
	Total	229	100

Interpretation: The information presented in the above table revealed that 21.4% respondents are below 30 years of age, 21.4% respondents are between 30 to 40 years of age, 24.5% respondents are between 40 to 50 years of age, and 32.8% respondents are above 50 years of age. It is interesting to know that 47.6% respondents are male and rest 52.4% respondents are females. It was found in the study that 34.9% of respondents earn income of less than Rs.15,000, 16.2% respondents earn Rs.15,000 to 30,000, 22.7% respondents earn income between 30,000 to 40,000 and 26.2% of respondents earn income of more than 40,000. Hence the study states either respondents earning less would invest or the group of respondents who are earning more would invest. The present study examines the consistency of occupation of respondents stating that 32.8% respondents are salaried employees, 21.8% respondents are businessmen 20.5% respondents are retired respondents and the rest 24.9% respondents belong to other occupations. Hence it is clear that maximum numbers of respondents are salaried employees

TABLE 4: POSSESSION OF SHARE

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	YES	131	57.2	57.2
	NO	98	42.8	100.0
Total	229	100.0		

Interpretation: On the basis of the survey the study examined that 57.2% respondents are those who own stock of exchange listed companies in last three years 42.8% respondents are those who do not own stock of exchange listed companies in last three years.

TABLE 5: WHETHER INVESTED IN MUTUAL FUND

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	YES	104	45.4	45.4	45.4
	NO	125	54.6	54.6	100.0
Total		229	100.0	100.0	

Interpretation: On the basis of the current study 45.4% respondents own mutual funds whereas the rest 54.6% respondents do not own mutual funds.

TABLE 6: TYPE OF DIVIDEND PREFERRED FROM INVESTMENT

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	CASH DIVIDEND	106	46.3	46.3	46.3
	STOCK DIVIDEND	56	24.5	24.5	70.7
	BOND DIVIDEND	67	29.3	29.3	100.0
	Total	229	100.0	100.0	

Interpretation: It was amazing to notice that 46.3% respondents were interested in cash dividend, 24.5% respondents were interested in stock dividend, and the rest 29.3% respondents were interested in bond dividend. And the maximum return expected was in the form of cash dividend.

TABLE 7: MOTIVES OF INVESTMENT

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	CAPITAL GAIN	60	26.2	26.2	26.2
	SHORT TERM GAIN	74	32.3	32.3	58.5
	REDUCING FUTURE RISK	53	23.1	23.1	81.7
	PROTECTION OF CAPITAL	42	18.3	18.3	100.0
	Total	229	100.0	100.0	

Interpretation: 32.3% respondents invested with the prospective of short term gain, 26.2% respondents invested for capital gain, 23.1% respondents invested to reduce future risk and the remaining 18.3% respondents invested for the protection of capital.

TABLE 8: MOST PREFERRED DIVIDEND POLICY OF FIRM TO INVEST

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	A company retaining less and distributing more	31	13.5	13.5	13.5
	A company retaining profit and retaining 50% as dividend	84	36.7	36.7	50.2
	A company retaining more and distributing less as dividend	38	16.6	16.6	66.8
	A company which does not retain profit and distributes completely as dividend	76	33.2	33.2	100.0
	Total	229	100.0	100.0	

Interpretation: The above fig 1.9 states 13.5% respondents would like to invest in companies which retain less and distributes more in the form of dividend, 36.7% respondents would like to invest in companies which distributes 50% of profit to the share holders, and 16.6% respondents would like to invest in company which retains more and distributes less, and the remaining 33.2% respondents stated that they would like to invest in companies which does not retain profit and distributes completely in the form of dividend.

FACTOR ANALYSIS

To strengthen our understanding toward different factors influencing the investor in favour of particular financial product, it was necessary to carry on factor analysis for indentifying factors. On the basis of various literatures, statements were developed regarding the investors’ attitude and perception toward Investment Avenue. The perception forms investors’ attitudes that are a composite of a consumer’s (1) beliefs about, (2) feelings about, (3) and behavioral intentions toward some investment avenues. These components are viewed together since they are highly interdependent and together represent forces that enhance investment. Keeping these into consideration, an attempt was made to identify the factors of investment. For this, respondents were asked to rate their views on the statements such as: I think that a stock repurchase is good because it is a signal that the stock is undervalued, I would sell those stocks which have stopped paying dividends, I think dividend paying stocks have more stable earnings expectations in future, I would like to invest in mutual funds in addition to holding shares in companies because mutual funds pay more reliable dividends, Shares that pay relatively higher dividends are less risky, In bearish stock market I would invest in dividend paying stocks, I take into consideration the overall stock market trend before investing, I would like to receive stock dividends over cash dividends to avoid transaction costs, I take into consideration dividend distribution tax rate while investing in stocks and funds, I believe that increase in dividends tells about future performance, I think dividend paying stocks follow trustworthy accounting practices, Respondents were asked to rate the various statement on a scale of 1 to 5 in order of their preference. The exploratory factor analysis was used in order to identify the various motivational factors of investment. Principal Component analysis was employed for extracting factors and orthogonal rotation with Varimax was applied. As latent root criterion was used for extraction of factors, only the factors having latent roots or Eigen values greater than one were considered significant; all other factors with latent roots less than one were considered insignificant and disregarded. The extracted factors along with their Eigen values are shown in **table7**. The factors have been given appropriate names on the basis of variables represented in each case. The names of the factors, the statements, the labels and factor loading have been summarized in **Tables 1.10**. The percentages of variance explained by factors one to five are 3.149, 2.881, 1.497, 1.324, and 1.094 respectively. Large communalities indicate that a large number of variance has been accounted for by the factor solutions. It provides an insight about how many variables can be clubbed together to make a single factor. Eigen value represents the amount of variance associated with the factor. Only factors with Eigen value greater than 1.0 are retained. Factors with variance less than 1.0 are no better than single variable. Often, part of the total variation is called unexplained or residual. Where highest variance percentage is 24.168%. Initial Eigen values are 3.149 highest variations is quantified as variance; then, the more specific term explained variance can be used.

TABLE 9: 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 %
Raw	1	3.149	25.168	25.168	3.149	25.168	25.168	23.047	23.047
	2	2.881	23.022	48.189	2.881	23.022	48.189	19.069	42.115
	3	1.497	11.966	60.156	1.497	11.966	60.156	14.366	56.481
	4	1.324	10.578	70.734	1.324	10.578	70.734	11.172	67.653
	5	1.094	8.741	79.475	1.094	8.741	79.475	11.822	79.475
	6	.803	6.417	85.892					
	7	.461	3.687	89.579					
	8	.341	2.723	92.302					
	9	.277	2.213	94.515					
	10	.211	1.685	96.200					
	11	.179	1.429	97.629					
	12	.119	.948	98.577					
	13	.107	.857	99.434					
	14	.071	.566	100.000					

Extraction Method: Principal Component Analysis.
a. When analyzing a covariance matrix, the initial eigenvalues are the same across the raw and rescaled solution.

TABLE 10: ROTATED COMPONENTS MATRIX

	Component				
	1	2	3	4	5
I think that a stock repurchase is good because it is a signal that the stock is Undervalued.	.865				
I would only invest in mutual funds because these funds pay more reliable dividends	.826				
I would sell those stocks which have stopped paying dividends.	.619				
I think dividend paying stocks have more stable earnings expectations in future.	.553				
I would like to invest in mutual funds in addition to holding shares in companies because mutual funds pay more reliable dividends.	.871				
Shares that pay relatively higher dividends are less risky.	.813				
In bearish stock market I would invest in dividend paying stocks.	.668				
I take into consideration the overall stock market trend before investing.					
I would like to receive stock dividends over cash dividends to avoid transaction costs.			.864		
I wish to receive dividends because I believe that present cash inflow is better than expected future capital appreciation.			.711		
Companies paying less/no dividends are more growth oriented.				.847	
I take into consideration dividend distribution tax rate while investing in stocks and funds.				.655	
I believe that increase in dividends tells about future performance.				-.573	
I think dividend paying stocks follow trustworthy accounting practices.					.943

TABLE 11: ROTATED COMPONENTS AND ASSOCIATED VARIABLE

Factor name		Attributes	loading
F1	Reliability of returns	I think that a stock repurchase is good because it is a signal that the stock is Undervalued.	2.863
		I would only invest in mutual funds because these funds pay more reliable dividends	
		I would sell those stocks which have stopped paying dividends.	
		I think dividend paying stocks have more stable earnings expectations in future.	
F2	Risk reduction	I would like to invest in mutual funds in addition to holding shares in companies because mutual funds pay more reliable dividends.	2.352
		Shares that pay relatively higher dividends are less risky.	
		In bearish stock market I would invest in dividend paying stocks.	
F3	Liquidity	I take into consideration the overall stock market trend before investing.	1.575
		I would like to receive stock dividends over cash dividends to avoid transaction costs.	
		I wish to receive dividends because I believe that present cash inflow is better than expected future capital appreciation.	
F4	Growth perception	Companies paying less/no dividends are more growth oriented.	.929
		I take into consideration dividend distribution tax rate while investing in stocks and funds.	
		I believe that increase in dividends tells about future performance.	
F5	Trust	I think dividend paying stocks follow trustworthy accounting practices.	.943

CONCLUSIONS AND SUGGESTIONS

Research findings support the balancing theory that the effect of investment decisions on financing decisions depends on the reliability of return, which are addressed by the firms. The present empirical evidence shows that in less uncertainty (less risky) condition, investors tend to invest more as compared to situations which are more risky where investors tend to invest less .The present study shows that opportunity investment (future growth) more powerful influences financing decision than actual investments (realized growth). Liquidity is another factor which affects the investors on their investment plan. The behavior represents the actions which are readily seen by others but it is very important to know the basic motive which was behind the action. Investing in any financial instrument is just an action taken to fulfill some motives. According to our findings these could be classified into six motives. These are reliability, riskreduction, liquidity, growth perception and trust

SCOPE FOR FUTURE RESEARCH

With the harboring immense growth potential, the Researchers can undertake detailed study on the factors which affect the investor’s decision making towards particular stocks, how,When, where to what extent these factors cast their influence buying aParticular brand or formulation. The sector is very wide, varied and diverseThus making it very attractive for future studies

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COMPARATIVE ANALYSIS OF LEVEL OF WORK LIFE BALANCE OF WOMEN EMPLOYEES IN INDIAN CORPORATE WITH SPECIAL REFERENCE TO THREE SECTORS

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ABSTRACT

Work-Life balance can be understood as the equilibrium point on see-saw, one side of which is occupied by personal goals & family responsibilities and the other side is occupied by workplace necessities. Work-life balance does not necessarily mean equal balance between work & personal life rather it is the happy medium between the maximum & minimum. Work life balance is seen more as women issue due to the traditional mindset, where the woman is considered primarily responsible for the smooth running of the day to day affairs of the family irrespective of her job profile and official responsibilities. Constant struggle and effort is required to maintain a balance between the work and personal life, and then only they can achieve their personal and professional goals. This paper examines level of work life balance of women employees in Indian corporate sector and then a comparison has been made to see that Is there any difference in the level of work life balance exist among three sectors (Manufacturing, service, IT). It is a descriptive study and data has been collected from 400 women employees working under these three sectors on the basis of various statement related to work and life. Data has been collected through questionnaire from 20 companies. The study found that in all the sectors women has low to moderate level of work life balance

JEL CLASSIFICATION

J32, M5, M52.

KEYWORDS

family support program, level of work life balance, social commitment, self, work life imbalance, work life balance, Work and life.

1. INTRODUCTION

Work life balance is defined as a state of equilibrium in which the demands of both a person's job and personal life is equal. (It is the ability to effectively managing the juggling act between paid work and other activities that are important to people. (Lockwood, 2003) Work-Life Balance does not mean an equal balance. Trying to schedule an equal number of hours for each of your various work and personal activities is usually unrewarding and unrealistic. Your best individual work-life balance will vary over time, often on a daily basis. The right balance for you today will probably be different for you tomorrow. The right balances for you when you are single will be different when you marry, or if you have children; when you start a new career versus when you are nearing retirement. There is no perfect, one-size fits all, balance you should be striving for. The best work-life balance is different for each of us because we all have different priorities and different lives (Laxmipriya and Neena, 2008). For each and every individual there is a life at work and at home and also a life in which he has a space for leisure and if balance is not maintained between all these elements of life than there would be a conflict. As a result there would be an adverse effect on the professional life as well as it is all inter connected. If an individual is trying to avoid such imbalance then he would have to avoid such imbalance in the first place.

2. REVIEW OF LITERATURE

Lavanya & Thangavel (2014) identified the impact of demographic factors in the usage of work life balance practices in the organization. The study was descriptive in nature and data was collected from 273 women working in top IT companies in Chennai. Convenience sampling technique was used for data collection. The analysis has been done by using factor analysis and multiple regressions. The study found that level of management and annual income influence the take up of flexible work practice and age, number of dependents & level of management influence the use of work life balance practice related to career development practices.

Sinha Deepti (2013) examined the level of work life balance practices at CCIL (Carbon Continental India Ltd, Noida) and the level of satisfaction among employees with work life balance practice in the organization. The study was descriptive in nature and data was collected from 100 employees working in the organization. Non probability convenience sampling technique was used for data collection. The analysis has been done by using percentage method. The study found that work life balance practices at CCIL are between moderate to good. Employees are also satisfied with organizational practices and intend to spend many years of their life working for CCIL.

Reimara Valk & Vasanthi Srinivasan (2011) studied work-life balance of India women software professionals. The study attempted to understand how work & family related factors influence the work-life balance of India women in IT industry. Judgement sampling technique was used for data collection. Due care was taken to ensure that the sample represented women with varying marital & parental status. The data was collected from 13 female respondents working with Indian as well as Multinational IT companies. A semi-structured interview was used to collect data. The research revealed six broad themes which are relevant to the understanding of work-family balance of female IT professionals in India. The themes are familial influences on life choices, multi-role responsibilities & attempts to negotiate them, self identity, work-life challenges & coping strategies, organizational policies & practices and social support.

Gunavathy J.S. and Thenmozhi R. (2009) examined the extent of work life imbalance experienced by the software professional. It also examined the relationship between socio demographic variable and work life imbalance, factors effecting job and work-life imbalance of the respondents. It was a descriptive study based on primary data. The data was collected from 90 software professional in Chennai through questionnaire. The data was analysed through work life balance scale developed by Hayman and T test, ANOVA and f test is applied for calculating statistical significance. The findings of the study were that half of the employee fall in the category of low work life balance. There is no relationship between socio demographic variables and work life balance and also there is positive relationship between work life imbalance and psychological job demands.

Ratna Rajnish (2008) examined the level of work life balance that exists in different companies in IT sector and to find out factors causing imbalance face in work and life. The data has been collected through questionnaire from three companies TCS, WIPRO, TECH MAHINDRA. Random sampling was used for the selection

of sample. The data has been analyzed through Mean and S.D. The study found that employees are able to maintain a moderate level of balance in their personal & professional life in all the companies. The imbalance is maximum because of lack of support from work environment.

Gunavathy and Suganya (2007) examined the employee's view on the presence of work life imbalance and organization initiatives to promote the work life balance among employee. Secondly the study also found out the various factors causing imbalance in the life of respondent. It was a descriptive study based on primary data. The data was collected from 90 married women employee working in BPO'S in Chennai. The purposive sampling technique was adopted and the data is analysed through univariate and bi-variate analyse of variable, chi square Test. The study found that 2/3 of the respondent experience work life imbalance on account of their work and main cause of work life imbalance are related to work followed by time factor The various initiatives taken by organization are flexi timings ,training and mentoring etc.

3. OBJECTIVES OF THE STUDY

1. To study level of work life balance that exists in Indian corporate sector
2. To compare the employees level of work life balance among three sector.
3. To suggest measures to improve the of work life balance.

4. RESEARCH METHODOLOGY

The data for the study was collected from primary and as well as secondary source. This study seeks to compare the level of work life balance among three sector of Indian corporate. The Sample size of the research consists of 400 women working under three sectors of Indian corporate. These three sectors are IT sector; manufacturing sector and service sector. Number of respondents are 20 from each organization and 20 organization has been covered .Non probability convenient sampling has been used.20 women from each organisation and 20 organisation has been selected. The sample included in the study was drawn from Delhi and near capital region (NCR). These 400 women are working either on middle and lower level of the organization. Surveyed data has been collected from 194 employees of junior level and 206 from middle level. Primary data has been collected through questionnaire.

5. RESPONDENTS PROFILE

In Manufacturing Sector, according to marital status 44% are single and 56% are married.53% respondents belongs to junior level and 47% come in the of middle level. Acc to age category, 32% respondents belongs to the age group of below 18-25 years, 39% respondents belong to the age group of 26-30 yrs, and 29% respondents belong to the age group of above 30. According to education category 17% respondents having education up to 10+2, 14%having education up to graduation level, 14% respondents are B.Tech/B.E/MCA., 6% are general postgraduate and 49%are professionally post graduate (M.Tech/MBA/CA/ICWA) and this has come out to be largest portion in total. According to experience 35%are having experience up to 2 yr, 29%having experience of 2-5 yr,30% having experience of 30% and only 6% are having more than 10 yr of experiences.

In Service Sector, according to marital status 35% are single and 65% are married.52% respondents belongs to junior level and 48% come in the of middle level. Acc to age category, 16% respondents belongs to the age group of below 18-25 years, 49% respondents belong to the age group of 26-30 yrs, and 35% respondents belong to the age group of above. According to education category 1% respondents having education up to 10+2,17%having education up to graduation level, 22% respondents are B.Tech/B.E/MCA.,14% are general postgraduate and 46 % are professionally post graduate(M.Tech/MBA/CA/ICWA) and this has come out to be largest portion in total. According to experience 21% are having experience up to 2 yr, 31%having experience of 2-5 yr, 30% having experience of 5-10 yr and only 18% are having more than 10 yr of experiences.

In IT sector, according to marital status 56% are single and 44% are married.42% respondents belongs to junior level and 58% come in the of middle level. Acc to age category, 25% respondents belongs to the age group of below 18-25 years, 53% respondents belong to the age group of 26-30 yrs, and 22% respondents belong to the age group of above. According to education category 6% respondents having education up to 10+2,4 having education up to graduation level, 47% respondents are B.Tech/B.E/MCA.,4% are general postgraduate and 43 % are professionally post graduate(M.Tech/MBA/CA/ICWA) and this has come out to be largest portion in total. According to experience 26% are having experience up to 2 yr, 38%having experience of 2-5 yr, 31% having experience of 5-10yr and only 5% are having more than 10 yr of experiences.

6. RESULT AND DISCUSSION

TO FIND OUT THE LEVEL OF WORK LIFE BALANCE AMONG THREE SECTORS

The respondents were asked the various statements relating to work and life on 5 point scale from strongly disagree to strongly agree. These statements covered the following heads: child care and related activities, family affair, self health and care, social commitment and Productivity at work. High mean score indicate more time is available for that activity. The various statements were subjected to One way ANOVA. When there are more than two categories to compare we can apply One way ANOVA (Malhotra 2009). One of the assumptions for one way ANOVA is that there must be equality of variance among the various categories under consideration. Levene's test is a measure for the homogeneity of variance among the various categories. Sig values less than 0.05 indicates that the variance among the various categories is not the same. In this case an adjustment to F-test is used which was given by Welch. So in the following tables when Sig value of Levene's test is less than 0.05, Welch's Sig values are considered else the usual ANOVA Sig values are taken. Wherever the significant difference were found, the mean scores were compared to see the responses of the various categories. Further Post hoc analyses were performed wherever independent variable contained more than 2 categories. When there is equal variance among the categories, Tucky's method is the best method else Games-Howell method is preferred (Field, 2009).

For ascertaining the availability of time for work and life related activities among three sectors result is provided in Table-1.

TABLE-1 DESCRIPTIVE MEAN SCORES OF VARIOUS STATEMENTS AMONG THREE SECTOR WITH LEVENE / ANOVA/WELCH RESULTS

Statements	Manufacturing	Service	IT	Levene Sig Value	ANOVA Sig Value	Welch Sig Value
Q 1 a) My present job give me enough time for Routine work of Children	2.6	2.62	2.39	.003		.281
Q 1 b) My present job give me enough time for Education of children	2.74	2.74	2.77	.504	.980	
Q 1 c) My present job give me enough time for playing with children	2.69	2.92	2.75	.197	.376	
Q 1 d) My present job give me enough time for shopping for children	2.74	2.74	2.98	.182	.306	
Q 1 e) My present job give me enough time for Picnic/ outing children	3.06	2.95	3.36	.005		.044
Q2a) I get time to take care of my parents/ in – laws.	2.56	2.68	2.45	.002		.043
Q2b)I have never missed any family function because of my work	2.01	2.61	2.31	.000		.000
Q 2c) I get back home on time after completion of my job.	2.80	3.19	2.73	.013		.000
Q 2d) I get sufficient time for managing my domestic chores.	2.95	3.10	3.01	.050	.419	.444
Q 3a) I usually meet the deadlines	2.78	3.04	2.85	.468	.203	.200
Q 3b) I am able to concentrate on my job .	3.08	2.71	3.07	.283		.024
Q 3c) I am satisfied with the amount of time I spend on the work.	2.71	2.81	3.05	.089	.103	.094
Q 3d) I am satisfied with my performance	2.33	2.86	3.10	.389	.000	
Q 4 a) I get sufficient time for sleeping.	2.76	2.84	2.89	.512	.654	.647
Q 4 b) I get sufficient time for eating.	2.90	3.24	3.29	.798	.007	.010
Q 4c) I get sufficient time for personal care	2.45	2.61	2.68	.254	.232	.201
Q 4d) I get sufficient time for entertainment	2.60	2.66	2.51	.072	.399	.397
Q 4e) I get sufficient time for hobbies.	2.50	2.54	2.45	.000	.711	.677
Q 5a) I get sufficient time for catching up with friends	2.49	2.88	2.82	.106	.003	.004
Q 5 b) I get sufficient time for catching up with relatives	2.58	2.86	2.75	.303	.078	
Q 5c) I get sufficient time for welfare of society	2.35	2.62	2.62	.542	.010	
Q 5d) I get sufficient time for attending social functions	2.45	2.67	2.67	.338	.000	

1(a), 1(b), 1(c), 1(d),2(d),2(a),3(c),4(a), 4(c), 4(d), 4(e),5(a) were not significantly different on the basis of sectors.

POST HOC TESTS

TABLE 2: POST HOC TEST RESULTS

Dependent Variable	Test			Sig
My present job give me enough time for Picnic/outing children.	Games-Howell	Service	Manufacturing IT	.811 .043*
I have never missed any family function because of my work.	Games-Howell	Service	Manufacturing IT	.000* .010*
		IT	Manufacturing Service	.024* .010*
I get time to take care of my parents/ in – laws.	Games-Howell	Service	Manufacturing IT	.588 .033*
I get back home on time after completion of my job.	Games-Howell	Service	Manufacturing IT	.000* .007*
I am able to concentrate on my job .	Games-Howell	Service	Manufacturing IT	.089 .031*
I am satisfied with my performance	Tuckey HSD	Manufacturing	Service IT	.005* .000*
I get sufficient time for eating	Tuckey HSD	Manufacturing	Service IT	.019* .007*
I get sufficient time for catching up with friends	Tuckey HSD	Manufacturing	Service IT	.010* .004*
I get sufficient time for welfare of society.	Tuckey HSD	Manufacturing	Service IT	.007* .078*
I get sufficient time for attending social function.	Tuckey HSD	Service	Manufacturing IT	.000* .000*

* The mean difference is significant at the 0.05 level.

(*) represent the significance difference among sector

Post hoc analysis of table 1 of sectors revealed that IT sector employees differed significantly from service sector employees on availability of time for picnic/outing of children. IT sector employees are having more time for picnic/outing of children(M=3.36) in comparison of service sector employees for the reason that in IT sector.86% of employees work for 5 days in a week. Service sector employees differed significantly from IT sector and manufacturing sector employees for the statement coming back home on time. Service sector employees come back home more frequently (M=3.19) for the reason that in service sector working hours are fixed. Service sector employees differed significantly from IT sector, IT sector differed significantly from manufacturing employees and manufacturing employees differed significantly from service sector employees for availability of time for attending family. Service sector employees having (M=2.61) are getting more time for family functions because only 6.9% of people work more than 10 hours. Manufacturing sector having (M=2.01) are getting least time for attending family functions because they work more hours per day (only 13% employees work less than 8 hours) and about 58% of the employees work for 6 days in week. IT sector respondent have availability of time for attending family functions in between these two sectors having(M=2.31) it may be because they work more hours every day but 86% respondents work only 5 days in week. That gives them some time to attend family function on weekends. Service sector employees differed significantly from IT sector employees on availability of time for taking care of parents/in-laws . Service sector employees are having more time for taking care of parents/in-laws (M=2.68) in comparison of IT sector employees for the reason that in Service sector employees don't work in shifts. 86% of employees work for 5 days in a week. Service sector employees differed significantly from IT sector for concentration on job. IT sector employees(M=3.07) are more able to concentrate on job in comparison of service sector employees for the reason that various kinds of family support policies are provided to employees in this sector which help them to concentrate more on job. Manufacturing sector employees differed significantly from IT and service sector regarding the satisfaction of employees with performance. Manufacturing sector(M=2.71) employees are less satisfied with their performance it may be because 35% employees are having less than 2 yr experience and it will take more time to be fully productive in manufacturing sector in comparison of other two sectors and work targets are also high in this sector. Manufacturing sector employees differed significantly from IT and service sector for statement getting

sufficient time for eating. Manufacturing sector employees (M=2.90) are getting less time for eating because they have tangible goals and production target on daily or weekly basis in comparison of other two sectors and work pressure is also high that is why that did not get time for eating. Manufacturing sector employees differed significantly from IT and service sector for availability of time for catching up with friends, for welfare of society. Manufacturing sector respondents are getting less time for catching up with friends and for welfare of society for the reason that there are very less facilities are there to support the employees and make their life comfortable. Service sector employees differed significantly from IT sector and Manufacturing sector employees for getting sufficient time for attending social functions. Service sector employees (M=) are getting more time for attending social functions in comparison of other two sectors for the reason that service sector respondents are getting more time for attending family functions because of fixed or relaxed working hours every day.

FINDINGS

TABLE -3 COMPARATIVE MEAN SCORE OF LEVEL OF WORK LIFE BALANCE FOR ALL THREE SECTORS

	Manufacturing	Service	IT
Time for children	2.76	2.80	2.85
Time for Family commitment	2.64	2.78	2.77
Time for Social commitment	2.58	2.90	2.62
Self, health and Care	2.47	2.86	2.69
Productivity at work	2.72	2.85	3.02
Overall Mean	2.63	2.838	2.79

From the aggregate table given above it is clear that availability of time for children activities is maximum in case of IT sector and minimum for manufacturing sector. Availability of time for family commitment, for social commitment, for self health and care is maximum for service sector and minimum for manufacturing sector. Contribution towards work is maximum in case of IT sector and minimum for manufacturing sector. From the above discussion it can be concluded that in all the three sectors women employees have low to moderate level of work life balance but it is highest in case of service sector having mean value (2.83) and lowest in case of manufacturing sector having mean value (2.63) and IT sector lies in between these two sector having mean value (2.79).

7. RECOMMENDATIONS

FOR WOMEN EMPLOYEES

Set your priorities: Work life balance can't be achieved without effective priority setting. Many people spend long hours at work without knowing the effective time they spend actually working. Set your priorities and arrange your time at the office according to that.

Learn to say no: Whether it's a co-worker asking you to spearhead an extra project Or somebody else who is not important to u remember that it's OK to respectfully say no. When you quit doing the things you do only out of guilt or a false sense of obligation, you'll make more room in your life for the activities that are meaningful to you and bring you joy.

Leave work at work: With the technology to connect to anyone at any time from virtually anywhere, there may be no boundary between work and home — unless you create it. Make a conscious decision to separate work time from personal time. When you're with your family, for instance, turn off your cell phone and put away your laptop computer.

Time Management: Rather than thinking of the number of hours of work, think of the effective time spend at work. Many people spend a long time at work yet don't seem to accomplish their high impact activities. Track your activities and the amount of time you spend on them. **Organize:** Bringing your time into line isn't just a matter of scheduling. The mechanics of how you operate can be every bit as important. That means organizing most every element to allow as smooth a workflow as possible. Everything in your business should be set up using logical systems so anyone needing anything can find it when they need it. Eliminating clutter and the chaos it causes will give you a gift time of many hours every year.

Use the facilities available for WLB in organizations: WLB initiatives give employees flexibility and help ensure that dependents are cared for whilst employees are at work. Both work-to-family conflict and family-to-work conflict can be reduced when employees use WLB initiatives but not all employees make use of the initiatives that are available to them even when those initiatives would be helpful. Remember, striking a healthy work-life balance isn't a one-shot deal. Creating work-life balance is a continuous process as your family, interests and work life change. Periodically examine your priorities — and make changes, if necessary — to make sure you're keeping on track.

FOR ORGANIZATION

Maternity leave: it is proposed to increase the duration of leave from the 13 weeks to which working mothers are currently entitled to 13 months each. Another suggestion is to pay beneficiaries maternity leave benefits equal to unemployment benefits, since at present maternity leave is granted without pay and this acts as a disincentive to those entitled to such arrangements.

Childcare Centers at workplaces: A further recommendation is to establish nurseries and child activity centers at workplaces, which would offer timetables adapted to workers' needs, along with high-quality services and competitive prices. It is envisaged that such services would offer an important source of assistance to working parents. When they keep their child near to them they will feel more secure and it will help them to concentrate on job better

Part time working during early stage of Child Care: An innovative arrangement in employees' working hours is proposed allowing for the better organization of working time. It is recommended that male and female employees working full time should be entitled to work part time for a period of between six and 12 months in the child's first three years. When this period of part-time employment ends, they should be allowed to return to their previous full-time status. As an incentive to exercise this right, it is proposed that the employees would be granted unemployment benefit during the period of part-time employment.

Organize picnic and summer camp: For keeping employees happy, Company should organize picnic and summer camp for the children. This help female to feel more free and less guilt of not taking to their children on picnic because of their job.

Offer Flexibility: Work Life Balance initiatives can assist employers and employees to be productive and healthy in their work and community lives. Organizations can give employees greater flexibility in how they work. This will offer employers the competitive business edge in attracting and retaining employees.

Avoid as far possible the long hours of work for employees: Companies need to understand that long hours may lead to lower motivation, morale, turnover and productivity of employees and reputation in the labour market. There has long been recognition that happy employees are more productive and less likely to leave.

Endorse working from home one day per week: One day work from home facility should be provided to the women „it should help them to manage their domestic chores in better manner.

8. CONCLUSION

Work life balance is an important concern for all employees irrespective of the gender and organization in the present scenario. Every employee has right to live a healthy life and that can be achieved only when employees is able to maintain a balance between work and life. Work is important but life is another side of the coin which is also equally important. It consist of family time ,time for self and time for social commitment. It is a known fact that only happy employee can contribute maximum to the organization and a happy employee is one how is able to maintain a balance so efforts should be made by the organization to help their employees to achieve work life balance.

9. IMPLICATION

The authors are of the opinion that the present study can make its contribution in two ways. First it indicates that the Level of work life balance of working women in Indian corporate and the activities on which this balance depend upon. Secondly, it analysed that there is no major difference in the women level of work life balance in these three sectors. So companies working in these three sectors will come to know the current situation of their women employees and can implement those work life balance policies which help them to achieve good work life balance.

10. LIMITATIONS

1. The fact that this study of 400 respondents out of a vast universe raises problem related to generalization & prediction. This study at hand may not be able to produce exact state of level of work life balance & factor causing imbalance in work & life.
2. The adoption of questionnaire method might have let to the reporting of false information by the respondent.
3. Due to time & cost constraints it was not possible to visit all the organization there by produce an exhaustive work.
4. Since the type of studies at hand are based on primary survey method where the possibilities of personal bias cannot be ruled out in the responses.
5. The researcher had a very tough time while collecting the data where a good number of the respondents were hesitant in lending the desired information and every time researcher had to convince them about the purpose of study. In spite of the researcher's repeated requests some of the respondents straight forwardly refused to fill the questionnaire on one pretext or the other.
6. While analyzing the data every precaution has been taken, but few topographical errors are bound to appear.
7. The study is contextual in a very specific setting and the information cannot be generalized to other settings.
8. The respondents covered are only from two levels, junior, middle level.

11. SCOPE FOR FURTHER RESEARCH

The researcher endeavored to explore all possible critical factors, however, like any other study, it study too has several limitations. For the future work, the following point may be considered:

- The present study was made only on IT, Service and manufacturing sectors. The scope of the work could be enlarged to many other sectors.
- The topic of Work-Life Balance is highly dynamic in present context. The data for the present study was collected in 2011- 2012. The Indian corporate sector has undergone numerous changes since then. It necessitates another study in present context.
- Various sectors covered in study are growing in leaps and bounds. The Results of the same study conducted in other part of India may present altogether different results.
- Effect of work life imbalance on health status of women can be analysed.
- Effect of work and life demands on job satisfaction and career developments of women can be another research area.
- Future research must focus on a wider sample in order to get more generalized results.

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A STUDY ON WOMEN CONSUMER SATISFACTION & PREFERENCE FOR BABY CARE PRODUCTS

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ABSTRACT

Services cannot be seen, felt, tasted or touched in the same manner in which goods can be sensed. The importance brands and branding has attracted a great deal of attention from academics and practitioners, for reason that are quite easy to understand. A strong brand contributes to marketing success and branding stimulates consumer brand interaction. They are lead to customer satisfaction and customer loyalty. This study is to explore how to create brand perception and the preference by using the different brands available of Baby Care products. The present study is focused on baby care products in order to realize what mother thinks, conceive, feel and learn upon brands. This finding is value in how consumer aware about the brand preference based on different product characteristics.

KEYWORDS

Baby Care Product, Mother Satisfaction, Preference.

INTRODUCTION

Few parents consider baby care products in a positive way. According to the Indian Market segmentation of baby care products, there are 4 segments consisted of super premium, premium, standard and economy market. The imported product such as Johnson & Johnson is super premium market, Premium segment has Pigeon. Mother care is in the standard market and Himalaya represents economy market. The criteria of market separating the price point positioning of each product is important.

The main customers for the baby care products are separated into two groups, firstly the end users are the babies who are unable to make the decision to buy which brand. They are not affected by any marketing communication programs and they did not perceive the brand of their uses. Opposite to the second group, the moms who are the decision makers to purchase products to their babies on the perception of good quality products and the brands of products. The main objective of this research paper is to investigate the brand preference and satisfaction of consumers by using the respective brand. Likert model is used for checking the degree of satisfaction about the product based on the differentiation due to characteristics.

LITERATURE REVIEW

P.K. Khicha in 2012, studied that Baby accessory products are selected through the brand perception and Brand Equity. He studied the brand theory, Brand Equity and Brand perception. The study explored how to create brand perception and brand equity by using different marketing communication tools.

Benard N Oyali, (2012) investigate the effect of different marketing communication program toward brand perception and brand equity. The study was focused on baby accessory products in order to realize what mother think, conceive and learn upon brands. The research results showed that brand perception of mothers for baby accessory products are different when considered by marketing communication program.

BRAND AWARENESS

Brand awareness is the customers' ability to identify the brand under different conditions, as reflected by their brand recognition or recall performance. Brand image is the perceptions and beliefs held by customers, as reflected in the association held in the customers' memory. Therefore, one of the significant goals of any business should be to build up brand awareness in an effective and cost efficient manner. Customers tend to make purchase decisions based on peer recommendations and direct experience, as well as traditional advertising methods. That is why, it is necessary to build brand awareness strategies by instilling trust among customers. This trust must be achieved through credibility, rather than just a catchy advertising campaign. Promotional marketing involving a one to one component is proving increasingly effective in building trust and acquiring new customers. Online brand awareness strategies are used frequently, albeit with differing levels of success. These online brand awareness strategies can include the use of advertising, including banners, sponsorship and email newsletter advertising, online PR, affiliate marketing etc.

OBJECTIVES

- To evaluate the preference of brands available for Baby Care products.
- To check the degree of satisfaction regards the product characteristics.

RESEARCH METHODOLOGY**POPULATION & SAMPLE**

The target population was the women who are using baby care products and are living in Huda Sector-12, Sonapat. The research aim at to study moms perspectives towards only international brand consisted pigeon, Johnson & Johnson. Mother care and Himalaya based on economy market.

SELECTION OF SAMPLE

The sample consisted of 100 moms, i.e. sample size was 100. The elements of sample i.e. the customer were selected through the random sampling plan.

COLLECTION OF DATA

This study is based on completely primary data collected through the questionnaire "A survey on Baby Care products". The data is taken from the questionnaire and primary in nature.

TOOLS & TECHNIQUES

The collected data was analyzed by using qualitative and quantitative techniques. The primary data collected from the moms was analyzed by using the percentage method. Bar diagram have been used for better pictorial understanding.

DATA ANALYSIS & INTERPRETATION**ANALYSIS OF CONSUMER' RESPONSE**

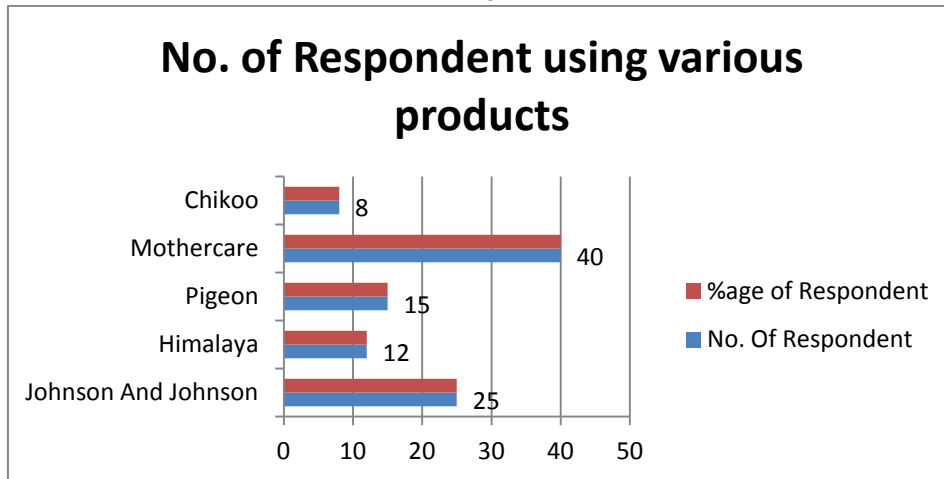
In the earlier sections, the importance of customer's opinion was discussed. In order to note the consumer 'opinion and preferences' the select women consumer of Huda Sector-12 were asked certain question of their preference on certain brands of Baby Care products. The first such question was about the brand they are currently using for their babies. The specific question in this regard was, "which brand do you currently prefer for your baby care?"

TABLE 1: THE STATE OF OWNERSHIP BY RESPONDENT OF VARIOUS BRANDS OF BABY CARE PRODUCT

Sr. No.	Brands of Baby Care Products	No. of Respondents	Percentage.
1	Johnson & Johnson	25	25%
2	Himalaya	12	12%
3	Pigeon	15	15%
4	Mothercare	40	40%
5	Chickoo	8	8%
		100	100%

Interpretation: It is clear that data given in the Table 1 and figure 2 that 25% respondent using Johnson & Johnsons, 12% using Himalaya, 15% using Pigeon, 40% using Mother Care and 8% using Chickoo. Thus it is clear that "Mother Care" enjoyed the 1st position, Johnson& Johnson 2nd, Pigeon 3rd, Himalaya 4th and Chickoo 5th. Here it can be safely said that Mother care possessed the maximum sales volume in Huda Sector-12, Sonapat.

BAR DIAGRAM 1



The second question was put to respondents was of the Brands you currently use for your baby products how did you find out about them" The respondents were expected to put a tick mark on their respective source of inspiration out of the four options mentioned in this regard. (The options were the same as mentioned in Table 2)

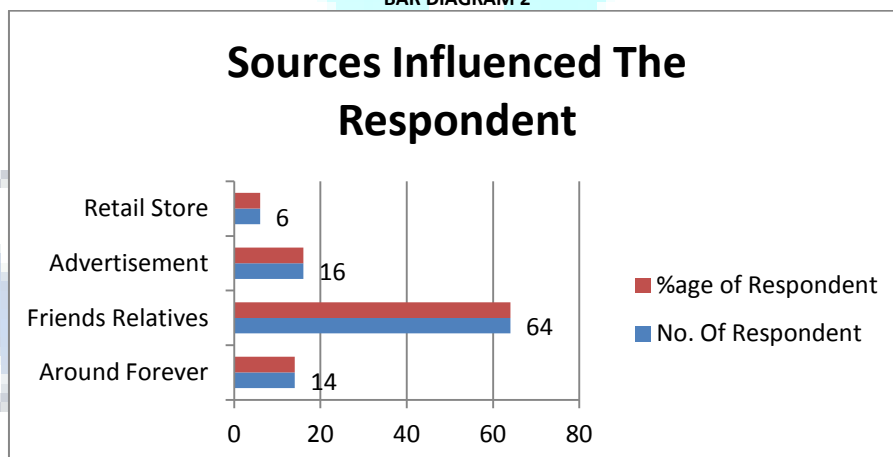
TABLE 2: THE SOURCES WHICH INFLUENCED THE RESPONDENTS TO PURCHASE THEIR RESPECTIVE BRAND OF BABY CARE PRODUCT

Sr. No.	Sources	No. of Respondents	Percentage.
1	Brand has been around forever	14	14%
2	Friends/Relatives/Family	64	64%
3	Advertisement on TV/Magazines	16	16%
4	Found product in Retail Store	6	6%
		100	100%

Interpretation

From the table 2, it is clear that "Friends and relatives" of the respondents influenced 64% and therefore this source was the most important source that was influencing the consumers. "Advertisement on TV" were found to be effective in influencing 16% of the respondents in taking their purchase decision to select the brand at the time of purchasing their baby care products and "brand has been around forever and found the products in a retail store were found to be capable of influencing only 14% and 6% respectively.

BAR DIAGRAM 2



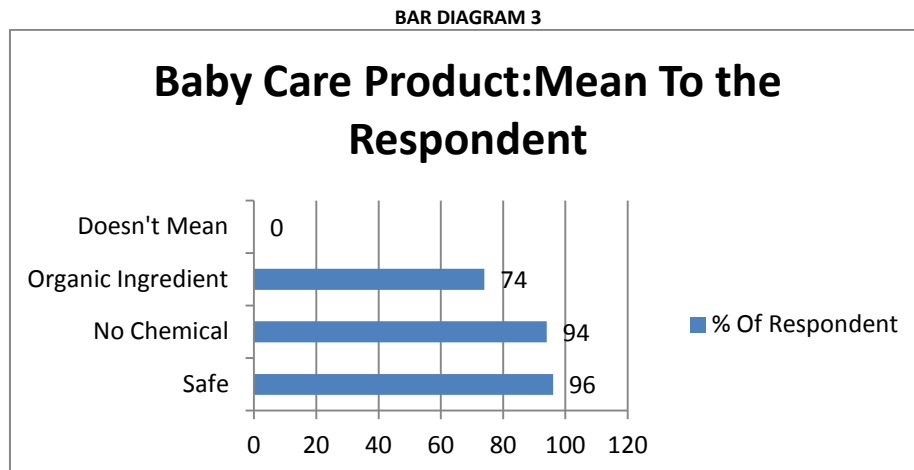
The third question was put to respondents was "When you hear the term Baby Care Products, what does that mean to you? The respondents were expected to mark on their respective opinion. They can mark more than one.

TABLE 3: THE TERM BABY CARE PRODUCTS, MEAN TO THE RESPONDENTS

Sr. No.	Options	No.
1	Products are safe for my baby	96%
2	Products do not contain any chemicals	94%
3	Products are made from organic ingredients	74%
4	The Baby care does not mean any to you	0%

Interpretation

From the Table 3, it is clear that “products are safe for baby” effected them 96%, products do not contain any chemicals 94%, products are made from organic ingredients 74% and Baby care does not mean any to you 0%. Therefore, it can be said that baby safety is considered more.



One more question which was put to the respondents was about their degree of satisfaction with product characteristics. The specific query in this regard was “The degree of satisfaction with regard to product characteristics” with the brand you own on the basis of Likert Model attributes used are as follows.

- Price
- Goodwill
- Convenience
- Quality

TABLE 4: THE DEGREE OF SATISFACTION WITH DIFFERENT PRODUCT CHARACTERISTICS ATTRIBUTES

S. No.	Product Characteristics	Products satisfied	Neutral	Dissatisfied
1	Price	80%	10%	10%
2	Goodwill	60%	30%	10%
3	Convenience	90%	5%	5%
4	Quality	70%	10%	20%

Interpretation

From Table 4 it is clear that according to their price, 80% are satisfied, 10% are neutral & 10% are dissatisfied. According to goodwill 60%, 30%, 10%, convenience 90%, 5%, 5% and according to quality 70%, 10% & 20% respondents are dissatisfied with the quality of product, they want to opt the other brand.

TABLE 5: WILLINGNESS/UNWILLINGNESS OF THE RESPONDENTS TO REPLACE THEIR RESPECTIVE BABY CARE PRODUCT

S.No.	Brands	Total Respondents	Respondents willing to replace	Respondents not willing to Replace
1	Johnson & Johnson	25%	22%	3%
2	Himalaya	12%	10%	2%
3	Pigeon	15%	10%	5%
4	Mothercare	40%	40%	0%
5	Chickoo	8%	5%	3%
		100%		

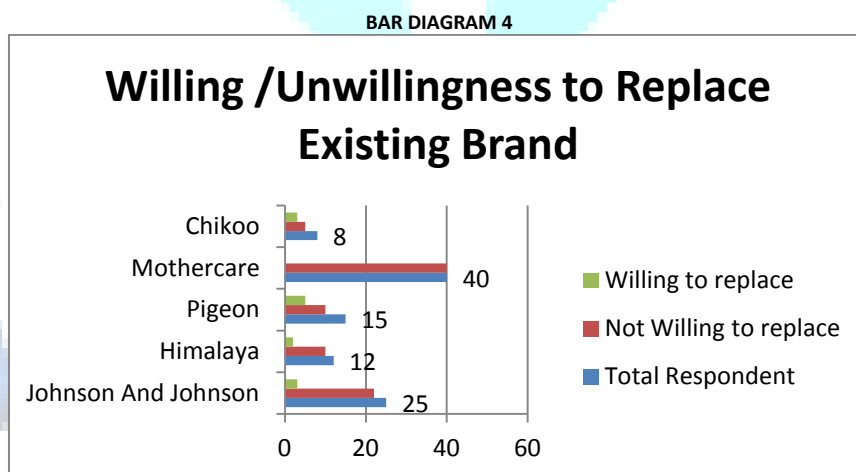


TABLE 6: THE LIKELY CONVERGENCE OF RESPONDENTS FROM ONE BRAND TO ANOTHER BRAND OF BABY CARE PRODUCTS

S. No.	Convergence from J&J to following brands	Convergence from Himalaya to following brands	Convergence from Pigeon to following brands	Convergence from Mother care to following brands	Convergence from Chickoo to other following brands
1	Pigeon (1 out of 3)	Johnson & Johnson (1 out of 2)	Johnson & Johnson (2 out of 5)	-	Johnson & Johnson (2 out of 3)
2	Mother Care (2 out of 3)	Mother care (1 out of 2)	Mother care (2 out of 5) Chickoo (1 out of 5)		Himalaya (1 out of 3)

Interpretation

The likely convergence of customers from one brand to other brand of Baby care products due to prices and quality of the existing product brand from Table 6 it is clear that out of 3 respondents who were using Johnson & Johnson, 1 said that she would opt Pigeon and 2 said that would opt Mother care.

- Out of 2 respondents who were using Himalaya brand, 1 respondents said that she would opt Johnson & Johnson and other 1 would opt Mother Care Brand.
- Out of 5 respondents who were using Pigeon brand 2 respondents said that they would opt Johnson & Johnson, 2 would opt Mother care and 1 respondent would opt chickoo brand.
- Out of 3 respondents who were using chickoo brand, 2 respondents said that they would opt Johnson & Johnson and the other respondent would opt Himalaya brand.

FINDINGS

The sales volume of the brands of Baby Care Products other than Mother Care were quite low in Huda Sector-12 Sonapat. These companies should conduct market surveys at regular intervals to know the customer preference and also to know about the current market situation, if they want to increase their market share.

In case of Chickoo Brand, it was found the brand found in retail store completely failed to influence the customer purchase decision. Thus Chickoo, should look in to this matter.

In case of Pigeon and mother care influence level of advertisement on TV and friends and Relative were quite healthy, but they also have to improve attractiveness if the brand has been forever.

CONCLUSION

Mother care was found to be the most popular brand of Baby Care products and the popularity of Chickoo brand of Baby Care product was at the least in Huda Sector-12, Sonapat.

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IMPORTANCE OF VARIOUS ACTS RELATED TO ENVIRONMENTAL STANDARDS AND THEIR IMPLEMENTATION BY STATE POLLUTION CONTROL BOARDS

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ABSTRACT

This article is based on the Environment standards being followed by us and the repercussions faced by all life forms living under the combined effect of these standards. The standards are made on the basis of standalone formula for each pollutant. The entire responsibility of monitoring these standards are based on various laws made by our Parliament under the Indian Constitution and the Government agencies who are involved have also been divided as per the pollutant like the Air Act is dealt by the Air section of the State Pollution Control Boards at State Government level (popularly known as SPCB) and the Central Pollution Control Board at Central Government level (popularly known as CPCB) similar is the case with Water Act, The Environment Act as well as the Bio-diversity Act etc. Recently with the formation of The National green Tribunal with Zonal benches all over India at least an umbrella organization will now look after all the rules and regulation under various Acts simultaneously. But this agency is a judicial body and until anyone complains or it takes a suo-moto recognition of any problem, we have to bear the polluted environment as detailed below in the article.

KEYWORDS

Environment, visibility, extreme weather conditions, limits, water quality, biochemical oxygen demand, particulate matter, vehicles.

INTRODUCTION

The Environment around us has degraded and deteriorated to the level which is not only affecting our health but also of other living beings existing with us. Even the non living surroundings which is essential for life support, has degraded to alarming level. This statement is by and large appearing daily in news paper and magazines. Its importance has become so much that The Times of India; news paper has started giving a special space on daily basis to environment related news.

Just like the Human Body, Environment also has the capacity to correct itself, but the level of deterioration has gone to the extent that we have negated this ability of the environment. As a remedial measure the government has enacted rules and regulations and formed various regulatory authorities to monitor conservation of environment or rectification of the wrong done earlier. The spoiling of Environment has been done equally by developed countries as well as developing nations. Both of them are equally accountable for destroying the ability of environment to correct itself so much so that now a day's every event are happening at its extreme level be it weather or climate or any natural disaster. For example Shanghai authorities ordered children indoors and halted all construction on 06th Dec 2013, as the Chinese financial hub suffered one of its worst bouts of air pollution, bringing visibility down to a few dozen meters, delaying flights and obscuring the city's skyline. Sahara Sand irks London Eye, title of headline regarding sand blowing in from the desert. It created pollution, attacked people with respiratory disease and coated cars with layers of sand in the last week of March 2014 in London, UK. Similarly in US millions of residents faced severe icy conditions. Face stinging sleet, thick snow and blustery winds led to slick road conditions, school closures, power outages and event cancellation as the wintry blast dropped temperatures to freezing and below from Texas to Ohio to Tennessee. In California, four people died of hypothermia in the San Francisco bay area while region was gripped in freezing temperatures in first week of December. India faced torrential waters gushing down with tons of debris, slush along with boulders hurtling towards Kedarnath Shrine causing huge damage to life and property. In spite of all the countries taking steps to clean and green the surroundings? Nothing much seems to change. Ever wondered why?

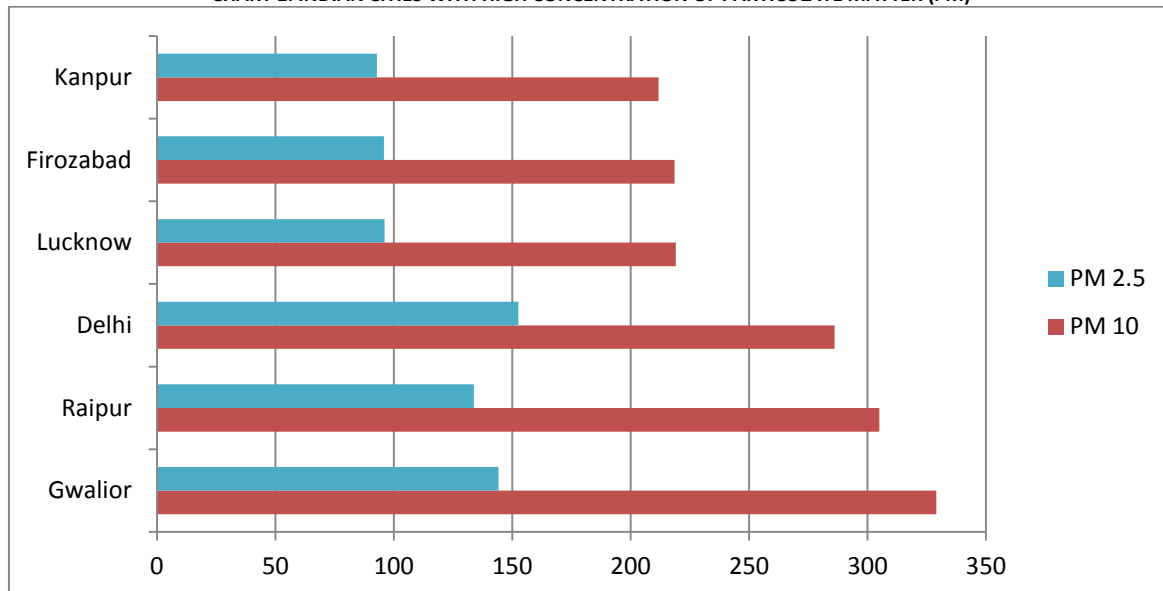
EXPLANATION

French National Institute of Health and Medical Research published a paper in Sept 2013 saying safe levels of pollution are not really safe in the long term. There was nothing wrong with the limits set by regulators, but the combined effect of many types of pollutants at safe levels available around us can be harmful in the long run. Surprised to know that we are regularly inhaling many pollutants under safety limits, eating various pollutants in low (allowed) levels through our food and water? So it doesn't matter if you eat healthy, exercise well, sleep soundly and avoid stress, our environment can still give us type II diabetes or heart and lung function disease or stone in urinary tract. If seemingly harmless drugs in isolation can give side effects, what to say about a combined low dosage of pollutants? No study has yet been done on this aspect.

In Sept 2013 IPCC meeting in Stockholm announced a Carbon Budget for the planet, a maximum amount of Carbon dioxide world can emit without inviting dangerous climate change. It was the first time IPCC has given a number that human beings can emit only another 350 giga tones of carbon dioxide if the warming of earth has to be within safe level of 2 degree centigrade. This announcement was made in stronger terms which will form the basis of all future climate change talks.

Another assertion of the UN's IPCC report is regarding sea level rise. It says that level is projected to rise by 28 – 97cm by 2100. This is over 50% more than the previous projections over the same period. This revision is mainly due to better estimation methods and more minute observations. Result of such projections will affect India's long coastline on which are located megapolises like Mumbai, Chennai and Kolkatta spelling a dire picture by the turn of this century. When toxic substances enter lakes, streams, rivers, ocean and other water bodies, they get dissolved or lie suspended in water or get deposited on the bed (surface). This result in deterioration in water quality affecting humans consuming it along with aquatic ecosystem and underground water streams called aquifers. The Central Water Pollution Control Board has published a report on "Status of Water Quality in India" in 2010. According to it the Narmada River system has Total Coliform count from 4000 to 11000MPN per 100ml, pH range from 7.2 to 8.5, Dissolved Oxygen varies from 4.8 to 11mg per litre, The Biochemical Oxygen demand is between 0.2 to 5.4mg per litre and it not meeting the criteria at Hoshangabad. The Bhopal Municipal Corporation has spent crores of public money for laying pipe line from Hoshangabad to Bhopal for supply of drinking water to the residents. The safe levels for Class 'A' Drinking Water after conventional treatment and disinfection should be Total Coliform count of 50MPN per 100ml or less, pH between 6.5 and 8.5, Dissolved Oxygen 6mg per Litre or more and Biochemical Oxygen Demand 2mg per Litre or less. Whether use of Narmada at safe levels is fit for use in household can be easily seen from this data. The Economic times magazine carried an article on Water purifiers vs bottled water which conducted study in cities like Mimbai, Kolkatta and Bangalore etc. revealed that water contamination was the biggest issue for more than 70% households in India. However most shocking and baffling part of the study was that 53% of the people surveyed were using water purifiers as their primary mode of drinking water but still somebody or the other in their family was infected by waterborne disease. This raises serious concern about the quality of Water Purifiers. Are they effective? Do they really protect us from the bacteria, viruses and all waterborne organisms that the advertisements by manufacturers claim? The Bureau of Indian Standards (BIS) which takes care of standardization, certification and quality of products has appointed a committee to look into National Institute of Virology, Pune report of 2010 that found that most purifiers don't completely remove waterborne viruses. It has been three years since this committee was set up, but still there are no standards for water purification devices in India. Hence we are at the mercy of the celebrities who are promoting these purifiers. The global community needs to carry out effective mitigation and policy action by way of research, laws, rules and regulations to arrest combined effects of the above & below stated observations.

CHART 1: INDIAN CITIES WITH HIGH CONCENTRATION OF PARTICULATE MATTER (PM)



PM less than 10 microns can go in our windpipe, causing respiratory problems.

The smaller particles like PM 2.5 microns are more perilous which can even cross over into our bloodstream.

Only laws, rules and regulations will not suffice, active public participation for cleaner environment is urgently required. A two day Green energy fair was held at Van Vihar National Park, Bhopal on 1st Oct 2013 in association of WWF-India and M. P. Urja Vikas Nigam to promote simple and practical renewable energy solutions for individuals and institutions. Mexican entrepreneurs have developed a new low cost system that can generate electricity using traffic flow and the technology could soon be used to light up cities. The development has potential to produce sufficient electricity to power up a household through a device that catches the forces of moving cars. "This is a technology that provides sustainable energy and could be implemented at low prices, since it complements existing infrastructure the concrete of streets and avenues," Hector Hernandez, developer of the system, said.

Simply put, we need laws as well as commitment from public, government, corporate and all others for reversing the damage done till date. Simultaneously promote conservation and avoid wastage of energy to control extreme situations like Sahara Sand covering England, Icy blasts hits USA and flash floods playing havoc in Uttarakhand in 2013 – 2014.

There are several legislations for restricting wasteful usage of energy, conservation of pollution in Air and Water, rectification measures for degraded land, restoration of small ecosystems like various lakes in and around Bhopal, action plans for cleaning of river waters, blending of fuel like use of 5% ethanol with petrol and tightening the norms for cleaner emissions and planned penalty on polluters like the additional 30% Environmental compensation charge on Diesel vehicles. But honest implementation is lacking from all sides, be it individual, NGO's, Industry or Government. It is widely accepted that fine particulate emissions, particularly light absorbing black carbon, or BC, fraction from diesel engines are harmful for human health. To this end countries witnessing strong growth in diesel vehicle population need to adopt black carbon emission control strategies (including technologies and policy changes) at the earliest. India and China are projected to account for two-thirds of black carbon emissions from global on road transportation by 2030.

Air (Control & Prevention of Pollution) Act 1981 was enacted for laws relating to removing pollution in Air, similarly amendment in Factories Act 1948 was done in 1987, for introducing section for preventing air pollutions in Factories, another related act for Industries Development & Regulation Act 1951 was also amended for control of pollution by making it mandatory to hazardous and polluting Industries to get prior permission or License to operate or opening up. Mines and Mineral (Regulation & Development) Act 1957, was amended to include preservation of quality of air & control of air pollution by usage of natural resources of the earth. The Central Motor Vehicles Act 1989 regulates the vehicular emission norms. The implementation & enforcement of these regulations is the responsibility of Union Ministry of Surface Transport (MOST) at Central level or the Transport Commissioner at the state level. Upon intervention of the Supreme Court, the Police Act of 1861 was amended to include authorization to permit usage of loud speakers up to a specific decibel level and till the time period as is allowed by the police authorities. Water (Prevention & Control of Pollution) Act 1974 prohibits alteration of physical, chemical or biological characteristics of water due to discharge of any sewage or effluent or any solid, liquid or gaseous substance directly or indirectly into water without permission of authority. Water (Prevention & Control of pollution) Cess Act 1977 authorises government through local bodies for levy and collection of Cess on water drawn or consumed by persons engaged in certain industrial activity. River Board Act 1956 was enacted for regulation and development of inter-state rivers and river valleys, its major responsibility are:-

- Conservation, control and optimum utilisation of water resources of inter-state rivers
- Promotion and operation of schemes for irrigation, water supply and proper drainage
- Promotion and operation of development of hydro power
- Promotion and operation of schemes for flood control
- Promotion and operation of schemes for navigation
- Promotion and operation of schemes for afforestation and control of soil erosion
- Promotion and operation of schemes for prevention of pollution in inter-state rivers

The Bhopal Gas Tragedy or accident and the difficulties faced in claiming legal compensation from the company and disbursing it to the victims necessitated the need for a comprehensive legislation to include all aspects of pollution in air, water, land and affect on living beings including the complete ecosystem damage. Thus the Environment (Protection) Act 1986 (EPA) was enacted as an umbrella legislation designed to provide a framework for Central and State Government coordination for various activities by authorities under previous laws relating to air, water and land and interrelationship which exists among these and also with human beings and other living creatures like, plants, micro organism and abiotic elements i.e., ecosystem.

The Air Act, The water Act and the Vehicular emission norms under CMV Act were amended to conform to the EPA notifications. The 73rd and 74th amendments to the constitutions in 1992 for rural and Urban local bodies entrusted them with functions relating to potable water supply from fresh water sources with purifications standards as specified in EPA.

The EPA gives following major powers to the central government:

- Coordination of actions of the state government, officers and any other authorities under the act or any other law which is related to the objects of this law
- Laying standards for the quality of environment
- Restrictions of areas in which any industry, operations or processes or class of these shall not be carried out subject to certain safeguards and permission
- Laying down procedures and safeguards for prevention of accidents which may cause environmental harm, and examination of any manufacturing processes, materials and substance that is likely to cause environmental harm including inspection of any premises
- Constitute an authority or authorities for the purpose of exercising such powers and functions under this act.

Hazardous Wastes (Management and Handling) Rules 1989, Manufacture, storage and Import of Hazardous Chemicals Rules 1989, Chemical accident (Emergency Planning, Preparedness and Response) Rules, 1996 and Bio-medical Waste (Management and Handling) Rules, 1998 were framed using the powers given in this Act.

The National Environment Tribunal Act 1995, The National Environment Appellate Authority Act 1997 and The National Environment Appellate Authority (Appeals Rules) 1997 were made under this act for effective and expeditious disposal of cases arising out of any accidents while handling hazardous wastes, hazardous chemicals or bio-medical wastes etc. Similarly on the directions of the Supreme Court, An act to provide for the establishment of a National Green Tribunal for the effective and expeditious disposal of cases relating to environmental protection and conservation of forests and other natural resources including enforcement of any legal right relating to environment and giving relief and compensation for damages to person and property and for matters connected therewith or incidental thereto. It has four zonal and one central Bench with judicial powers to take up issues related to Environment.

The nodal agency for implementing various legislations relating to environmental protection at the central level is the MOEF. Besides giving directions to the CPCB on matters relation to prevention and control of pollution, the MOEF is responsible for designing and implementing a wide range of programmes relating to environmental protection. At the state level, most of the states have setup Departments of Environments and State Pollution Control Boards (SPCB).

The Central Pollution Control Board (CPCB) and the SPCBs are responsible for implementing legislations relating to preventions and control of pollution. Until recently the CPCB and SPCBs concentrated efforts on enforcing compliance with standards by large and medium sizes, classifying them under three categories – Red, Orange and Green in terms of pollution intensities. However now, under the Directions of Supreme Court, these organisations are carrying out other social objectives like imparting lessons on Environment in educational institutions, organise through mass media, a comprehensive mass awareness programme on prevention, control and abatement of water and air pollution, life cycle assessment focused on energy efficiency at premises or location of any industry, sustainable use of materials and promoting smart packaging. For example, The Karnataka SPCB took more than 200 random samples of drinking water in Basaveshwarnagar to test their quality in Oct 2013 based on the results, water samples shall be judged good, moderate or poor. Similarly the Madhya Pradesh SPCB has issued show cause notice for closure of more than 100 units in Mandideep Industrial area, near Bhopal for not following laws related to their operations. In Bhopal the official records of MPPCB show that around 25000 vehicles were monitored in the last fiscal and of this nearly 1618 petrol vehicles and 199 diesel vehicles were found emitting pollutants above permissible limits. Gwalior topped the list with 16.9% vehicles flouting the standards. At least the MP Pollution Control Board has started collecting yearly vehicular emission statistics, which will ultimately help in formulation of the policy to control and penalize the offender.

CONCLUSION

All the above discussions have thrown up one common issue, i.e., Energy be it for individual, community, country or world, the contributing factors for pollution can be narrowed down to its consumption. As the economy liberalized, thrust was We can conclude that all these actions by government authorities, NGOs, individuals and corporate who are complying with the norms of Environment, the fundamental right to life and personal liberty as held by the Madras High court to include right to enjoy pollution free air, water and friendly environment for all will be achieved one day.

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A COMPARATIVE STUDY OF THE VOCATIONAL INTEREST OF THE STUDENTS OF ARTS, SCIENCE AND COMMERCE STUDYING AT GRADUATION LEVEL WITH SPECIAL REFERENCE TO BAREILLY CITY

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ABSTRACT

Vocational Interest is a tendency of a person towards the possible vocational choices and goals. Vocational interest of the student depends upon the knowledge, attitudes, values, physical characteristics and environmental influences. Through this research paper, the researcher has compared the vocational interest of the students of arts, science and commerce stream studying at graduation level in colleges of Bareilly City. The hypothesis of the study is that there is no significant difference among the vocational interest of the students of arts, science and commerce stream studying at graduation level. The researcher has collected a sample of 180 students, 60 students in each academic stream using Random Sampling Technique and selected Vocational Interest Record Test to compare the vocational interest of the students of arts, science and commerce stream studying at graduation level. The researcher has used the statistical technique like Mean, Standard Deviation, Standard Error, Critical Ratio, Student (t) test and F-ratio to test the null hypothesis of the study and the findings reveal that academic stream does not affect the vocational interest of the students studying at graduation level at the present time. Now-a-days, the students do not choose their vocations on the basis of their educational stream and their personal interest. So, there is no significant difference among the vocational interest of the students of arts, science and commerce stream. This study will provide an opportunity to teachers, parents and career counselors to guide students towards right selection of vocations and subjects in accordance with their vocational interest.

KEYWORDS

Vocational interest, Students of arts, science and commerce stream, Bareilly city.

INTRODUCTION

Education is a dynamic process which brings the changes in the behavior of the pupil and develops him intellectually, socially, culturally and spiritually in such a way by allowing reasonable independence keeping in view consciously or unconsciously the personal interest, attitudes, capabilities, abilities, social ideals and needs of the pupil so that both the individual and the society may touch the peaks of the progress.

At the present time, the aim of education is to give the students the knowledge of the world in which they live and to train them to acquire some technical skill by which they can earn a livelihood. That's why there is too much craze for vocational education among students. The students of arts, science, and commerce at the graduation level are highly interested for vocational education because in the present age of competition, only bookish knowledge is not sufficient for making own existence, so generally most of the students like to join vocational education to be self depended economically and to spend a luxurious life.

SIGNIFICANCE OF THE STUDY

Interest is a state of motivation or set that guides behavior in a certain direction or goal. An individual has different types of interest towards various subjects, persons, objects, activities, trades etc. Someone wants to be an administrative officer, someone wants to be a doctor, someone wants to be a lawyer or a teacher or an engineer or a business man or an entrepreneur. Researches reveal that if one is interested in some particular job and has a positive attitude towards it, he can do that job more quickly, effectively, successfully than another person having less interest and negative attitude towards the same. It is essential to know the one's attitude and interest so that right person for right job may be matched.

In the same way, in education, if the students are interested in subject and have a positive attitude towards the same, they will feel satisfaction, pleasure in the subject and will perform better. That's why the researcher selected this problem.

DEFINITION OF THE MAIN TERM – 'VOCATIONAL INTEREST'

Vocational interest is a tendency of a person towards the possible vocational choices and goals. Vocational interest of the student depends upon the knowledge, attitudes, values, physical characteristics and environmental influences. Vocational interest influences vocational maturity and vocational choices in later life, which, in turn, affects job satisfaction and optimization of job performance.

LITERATURE REVIEW

It is well said that past is the way of knowing the future. In the light of past experience, one can forecast the future and assess the present well. The review of related literature done by various investigators is given below in brief-

SINGH, ANUP "A COMPARATIVE STUDY OF VOCATIONAL INTEREST OF SECONDARY LEVEL STUDENTS" 2014

Through this research work, the researcher has tried to know and acknowledge the vocational interests of girls and boys of secondary students and to study the relationship between vocational interest and values of secondary level students. The hypothesis of the study is that there is no significant difference in vocational interest of girls and boys of secondary level. The findings of the study are that the girls were slightly more interested in literary, commercial, constructive, artistic, social and household fields but the boys were slightly more interested in scientific, executive, agriculture and persuasive fields than the girls.

AMANI, JAQUILINE "SOCIAL INFLUENCE AND OCCUPATIONAL KNOWLEDGE AS PREDICTORS OF CAREER CHOICE INTENTIONS AMONG UNDERGRADUATE STUDENTS IN TANZANIA" 2013

The purpose of this study was to examine the extent to which occupational knowledge and social influence from significant others predict intentions of undergraduate students to join their careers upon completion of their studies in Tanzania. Based on its quantitative character, a cross-sectional survey design was opted. A convenient sample of 100 first and finalist undergraduate students (63 males, 37 females; age range 19 to 40 years) participated in this study. The structured questionnaire was used to assess the demographic characteristics, level of occupational knowledge, social influence, and career choice intentions. The study found that undergraduate students' intentions to join their careers were highly determined by their level of occupational knowledge and social influence from significant individuals such as parents, friends, and lecturers. It was further revealed that there was low but positive correlation between occupational knowledge and career choice intentions. Overall, the study found that majority of students intend to join their careers upon their graduation.

YADAV, MRS. MEENU AND DR. YADAV, G.L. "A COMPARATIVE STUDY OF EDUCATIONAL AND VOCATIONAL INTEREST OF BOYS AND GIRLS OF CLASS 9 IN GURUKUL" 2012

In the present research, a significant difference has been established in Educational & Vocational interests of boys and girls. On comparing mean, both the sexes are having Educational Interests. Record (EIR) maximum in Fine Arts and minimum in Agriculture where as in Vocational Interest Record (VIR) maximum in executive (Administrative) and minimum in constructive fields. As pertaining to 't' ratio comparison of Educational Interest Record (EIR) and Vocational Interest

Record (VIR) among Boys vs Boys, Boys vs Girls and Girls vs Girls; the results are found to be significantly different at some places at 0.01 level or 0.05 level where as insignificant differences were found at other places as depicted in this article.

REDDY, P. ADINARAYANA, D.DEVI, UMA AND REDDY, E. MAHADEVA "A STUDY OF THE VOCATIONAL EDUCATION PREFERENCES AND INTERESTS OF THE INDIAN UNDERGRADUATE STUDENTS" 2011

The study identifies the priorities of vocational educational courses and interests of the Indian undergraduate students. The study was conducted in S.V. University area covering 300 undergraduate students of Arts, Commerce and Science streams. The study identified the more prominent, prominent and less prominent vocational educational courses. Further, studies the association between vocational education interests and the background of the students (sex, caste, stream of study, year of study and area). The difference between various groups of students belonging to above groups in their vocational education interests of the undergraduate students was also identified. The study provided a suggestive list of vocational educational courses for undergraduate students for enhancing their employability.

MATTOO, MOHAMMAD IQBAL " VOCATIONAL INTERESTS AND ACADEMIC ACHIEVEMENT OF SECONDARY SCHOOL STUDENTS AT DIFFERENT LEVELS OF CREATIVE THINKING ABILITY-A COMPARATIVE STUDY." 2011

The study was carried out with an attempt to find out how a particular age group with a fibre of high creative potential are differentiable from the ones who possess low level of creative ability on certain areas of vocational interests and academic achievement. A sample of 1000 students (700 boys and 300 girls) was selected from 26 secondary schools of Kashmir valley. Baquer Mehdi's Verbal Test of Creative Thinking Ability and Chatterji's Non-language Preference Record were used to collect the data. Following the criteria of top 25% (Q3) and bottom 25% (Q1), two extreme groups (high and low) were identified. Two way analysis of variance was used to find out the differences between these two categories. The findings revealed that the two groups have been seen to differ significantly on variables under investigation excluding academic achievement. Besides, gender differences could not be established.

IMMANUEL, ZARINE AND KENNETH, DR. KALYANI "FACTORS INFLUENCING CAREER CHOICE AMONG ADOLESCENTS" 2011

The investigator has examined the stability of career interests of middle and high school students in this paper. The study aims to analyze the influence of certain factors such as the ordinal position, socio-economic status, and the urban, rural area as factors affecting the adolescents' choice in career. "Stratified Random Sampling" method was adopted for selecting the sample. The investigator randomly selected 100 adolescents. From the 100 students, 50 were boys and 50 were girls. The investigator with the help of the class teacher gave them the questionnaire to be filled in & returned. Since, the objective of the study is to find out if there is any significant difference in career choice among adolescents, t – test as a statistical tool is used. The research results acquired indicate that there is no difference in career choice between the first-born and the second born adolescents. It also shows that there is significant difference in the career choice among the lower income group and middle-income group adolescents. There also exists an observable difference in career choice among adolescents coming from the rural and urban areas. It can also be seen that there is a significant difference in career choice among adolescents from middle and higher secondary schools. Hence, it can be concluded that factors, such as ordinal position, economic status (income category) rural & urban areas, and the standard of class does influence the career choice of adolescents.

PATIL, MR. SAMBHAJI G. AND DESHMUKH, DR. SHAMKANT "VOCATIONAL GUIDANCE" MAY, 2011

This paper presents the various information of Vocational guidance for students. In this paper mostly focus for what is vocational guidance and their needs of Vocational organized programmes and their different stages, in this paper also included the different services Rendered by Vocational guidance programme and lastly details of vocational Interests.

AGARWAL, TANUJA "FACTORS INFLUENCING CAREER CHOICE OF MANAGEMENT STUDENTS IN INDIA" 2008

Purpose – This paper aims to explore the influence of a range of factors on the career choice of management students in India. The importance of different individuals in the family and at work in making career choices among these students is also to be explored. In addition, the study seeks to address the relationship of the cultural values of individualism-collectivism and the protean/conventional career orientations of MBA students from India, with factors as well as people influencing the choice of a career.

Design/methodology/approach – Participants consisted of 93 students from India entering management, who were starting their first year of the two-year full time MBA program. Self-administered questionnaires were used to gather data on factors and types of relationships influencing career choice, individualism/collectivism, and protean/conventional career orientation.

Findings – "Skills, competencies, and abilities" was the most important factor and "father" was the most significant individual influencing the career choice of Indian management students. The predominant cultural value was collectivism, although the students demonstrated individualist tendencies in some contexts. A protean orientation guided the career orientation of these students.

ARORA, P.N. "EDUCATIONAL AND VOCATIONAL ASPIRATIONS OF STUDENTS OF CLASS XII" 1988

Arora conducted a study of educational and vocational aspirations of the students of class XII. This study reported about the vocational aspirations of students of class XII against their socio-economic background. The major findings of this study were that none of the boys whose fathers were doctors, engineers or teachers obtained marks less than 45%. The sex-wise degree of importance of reasons motivating students to pursue higher education was also studied. The reasons regarded most important by boys were a desire to cultivate the right interest, attitudes, morals and intellectual values. The reasons regarded most important by girls were a desire to cultivate the right interests, to seek new knowledge and to have a good social life.

BHARGAVA, R. "A STUDY ON THE INTEREST AND DIFFICULTIES FACED BY THE STUDENTS STUDYING IN THE VOCATIONAL EDUCATION STREAM" 1991

Bhargava investigated into the interests and difficulties faced by the students studying in vocational education stream. The major findings in this research work was that majority of students chose vocational education out of their interest while a smaller section joined it as they could not get admission in academic stream. Most of the students felt that vocational education was purposeful, interesting and important for enhancing employment and thereby leading to national development. The majority of parents opined that their wards were interested in vocational education and that it was better than pursuing academic education as it prepared them for employment and self -education.

CHOUHARY, KIRTI "A STUDY OF VOCATIONAL ASPIRATION AND ACADEMIC CHOICE AND THEIR RELATIONSHIP WITH PARENTAL BACKGROUND" 1995

Choudhary conducted a study of vocational aspiration and academic choice and their relationship with parental background related to education and occupation. The research project reported that about forty percent of students wanted to be either doctor or engineer. The students selected science stream for their future career. The study did not find relationship between occupations of father and occupation choice of students.

GAUTAM AND VIMLESH "AN INVESTIGATION INTO THE EDUCATIONAL AND VOCATIONAL INTERESTS OF STUDENTS AT DELTA STAGES, AND THEIR IMPLICATIONS FOR FUTURE CURRICULA"

Gautam & Vimlesh designed a study to determine educational and vocational interests of students of class VII to X. The aim of this investigation was to arrive at implications for their future curricula. A significant correlation was found in the preference order of boys of Class VIII to X in both educational and vocational interest areas. No significant correlation was found in the preference order of girls of classes VIII and X in the educational interest area, while a significant correlation was noted in vocational interest area.

GUPTA, V. "A STUDY OF VOCATIONALISATION OF EDUCATION AT THE +2 STAGE IN UNION TERRITORY OF DELHI," 1990

Gupta addressed the problem of funding vocational education at +2 stage in Union Territory of Delhi. It was found that in the Union Territory of Delhi, vocational courses were introduced in schools on the basis of the availability of teachers and infrastructure facilities. Most of the school had part-time teachers to teach the courses. However, enrollment to these vocational courses was found to be increasing as the passed out students were being absorbed in the employment.

JOSHI, L.N. "VOCATIONAL ACHIEVEMENTS AND PROBLEMS FACED BY STUDENTS WHO HAD PASSED THE +2 VOCATIONAL EDUCATION EXAMINATION" 1992

Joshi presented the vocational achievements and problems faced by students who had passed the +2 vocational education examination. The study reported that about one fourth of the total students who opted for vocational education at +2 stage were either self-employed or employed by other organisation on the basis of their vocational education. Less than ten percent students were doing jobs other than what they had studied and about fifteen percent students opted for higher studies. It was also reported that the students who got jobs based on their vocational qualification were not satisfied because of meager salaries, lack of sufficient skills on their part and job insecurities.

MISHRA, C.K. AND VERMA, A.P. "A QUICK APPRAISAL OF THE CENTRALLY SPONSORED SCHEME OF VOCATIONALISATION OF SECONDARY EDUCATION IN UTTAR PRADESH" 1990

Mishra and Verma attempted an appraisal of the centrally sponsored scheme of vocationalisation of secondary education in Uttar Pradesh. The research project attempted to assess the status of implementation of centrally sponsored scheme of vocationalisation of education at the +2 stage in the state and to identify the difficulties in implementation of the scheme. It was reported that the management system as suggested in the centrally sponsored scheme had not been fully implemented at the directorate SCERT and district levels. There was dearth of textbook, teacher's, guides, practical manuals and other instrumental materials for almost all vocational courses. In most of the schools full strength of teachers were not appointed. The majority of schools faced the problem of shortage of furniture and library books.

MOHAN, SWADESH AND GUPTA, NIRMAL. "FACTORS RELATED TO CHOICE OF VOCATIONALCOURSES" 1990

Mohan and Gupta studied the factors related to the choice of vocational courses. The study attempted to identify those factors that determine the choice of vocational courses and to compare the attitude of children who join vocational & technical programmers with those who opt for academic courses. The study reported that some of the significant factors for joining vocational and technical courses are interest and motivation for a particular kind of activity, personal concern, asset, set of value cherished, level of self concept; attitudinal aspect, career maturity and future prospects. As per the study these factors varied in degree from child to child and no generalisation could be made about their relative importance for a child.

OBJECTIVES OF THE STUDY

1. To compare the vocational interest of the students of commerce stream and students of arts stream studying at the graduation level.
2. To compare the vocational interest of the students of commerce stream and students of science stream studying at the graduation level.
3. To compare the vocational interest of the students of science stream and the students of arts stream studying at the graduation level.
4. To compare the vocational interest of the students of arts, science and commerce stream studying at the graduation level.

LIMITATIONS OF THE STUDY

Although the surface study will be based on the country but the focus will be on Bareilly City. There are 12 degree colleges affiliated with the M.J.P. Rohilkhand University in Bareilly City.

HYPOTHESIS OF THE STUDY

The null hypothesis of the present study is as follows-

1. There is no significant difference between the vocational interest of the students of commerce stream and the students of arts stream studying at the graduation level.
2. There is no significant difference between the vocational interest of the students of commerce stream and the students of science stream studying at the graduation level.
3. There is no significant difference between the vocational interest of the students of science stream and the students of arts stream studying at the graduation level.
4. There is no significant difference among the vocational interest of the students of arts, science and commerce stream studying at the graduation level.

RESEARCH METHODOLOGY

METHOD OF STUDY

Method of research are sometimes determined by the theory related to the problem under study, objectives of the study and resources of the investigator. These considerations have led the researcher to use 'Survey method' of the research for the present study.

DESIGN AND PROCEDURE

Students of arts, science and commerce studying at graduation level in the degree colleges of Bareilly city constitute the population for the present study. There are 12 degree colleges of Bareilly city in the population for the study. But the researcher has selected 6 colleges using "Random Sampling Technique". They are as follows:

1. Bareilly College, Bareilly
2. S.R.S.M. Mahavidyalaya, Bareilly
3. Kanya Mahavidyalaya, Bhoor, Bareilly
4. Khandelwal College, Bareilly
5. S.B.I.I.T., Bareilly
6. Regional college, Bareilly

Now the researcher has found out the above degree colleges to collect the sample by using "Random Sampling Technique" on the students present in the arts, science and commerce classes at that time. The investigator has collected a sample of 180 students. She has collected data from a sample of 60 students in each academic stream (art, science and commerce).

STATISTICAL TOOLS AND TECHNIQUES

STATISTICAL TOOL

The researcher has selected 'Vocational Interest Record Test' to compare the vocational interest of arts, science and commerce students studying at the graduation level. Vocational Interest Record Test has been constructed and standardized by Dr. D.N. Srivastava, Deptt. Of Psychology, Agra College, Agra and Prof. V.P. Bansal, Principal, Govt. College of Education, Bhiwani (Haryana). It is published by Agra Psychological Research Cell, Tiwari Kothi, Balanganj, Agra. The Vocational Interest Record has been developed for use with school and college students. The items of different vocational and activities related with vocational were selected with the help of the careful study of the relevant literatures and from some popular tests in this field. The Vocational Interest Record is a self-administering. There is no time limit for this interest record. Ordinarily an individual takes about 10-15 minutes time to complete it. The Vocational Interest Record has been prepared both in Hindi and English.

VOCATIONAL INTEREST RECORD TEST TABLE

S.No.	Vocational Interest	Symbols Used	No. of items
1	AGRICULTURE	AG	16
2	ARTISTIC	AR	16
3	COMMERCIAL	CO	16
4	EXECUTIVES	EX	16
5	HOUSE HOLD	HH	16
6	LITERARY	LI	16
7	SCIENTIFIC	SC	16
8	SOCIAL	SO	16

DATA COLLECTION

After systematic sampling technique, investigator selected the students on which test is to be administered. The investigator distributed the test among the students and instructed them properly when the test is filled up; the test photocopies are collected from the students.

Then total score of arts, science and commerce students is prepared with the help of manual in which scoring of this test is given by Dr. D.N. Srivastava and Prof. V.P. Bansal.

STATISTICAL TECHNIQUE

After collecting data and scoring, appropriate statistical procedure has been adopted. The investigator has used the statistical techniques like Mean, Standard Deviation, Standard Error, Critical Ratio, Student (t) test, f-Ratio and level of significance to test the null hypotheses and draw the conclusions from the large group of data.

ANALYSIS AND INTERPRETATION

After administering the test on students and scoring the test, raw scores are collected. These raw scores are distributed in the form of frequencies. Finally, each hypothesis is tested by using statistical techniques and got the results which is interpreted as follow-

ANALYSIS OF HYPOTHESIS NO. 1

ITEMS	COMMERCE STUDENTS	ARTS STUDENTS
MEAN	26	27.33
STANDARD DEVIATION	20.7	63
STANDARD ERROR	8.56	
CRITICAL RATIO	.16	
DEGREE OF FREEDOM	118	

INTERPRETATION

The findings of the first objective pertaining that the calculated value of C.R. (.16) is less than the table value of C.R. (2.58) at .01 level of significance, so the null hypothesis is accepted i.e. it may be concluded that there is no significant difference between the vocational interest of the students of commerce stream and the students of arts stream studying at the graduation level.

ANALYSIS OF HYPOTHESIS NO. 2

ITEMS	COMMERCE STUDENTS	SCIENCE STUDENTS
MEAN	26	21.83
STANDARD DEVIATION	20.7	17.90
STANDARD ERROR	3.53	
CRITICAL RATIO	1.18	
DEGREE OF FREEDOM	118	

INTERPRETATION

The findings of the second objective pertaining that the calculated value of C.R. (1.18) is less than the table value of C.R. (2.58) at .01 level of significance, so the null hypothesis is accepted i.e. it may be concluded that there is no significant difference between the vocational interest of the students of commerce stream and students of science stream studying at the graduation level.

ANALYSIS OF HYPOTHESIS NO. 3

ITEMS	SCIENCE STUDENTS	ARTS STUDENTS
MEAN	21.83	27.33
STANDARD DEVIATION	17.90	63
STANDARD ERROR	8.45	
CRITICAL RATIO	.65	
DEGREE OF FREEDOM	118	

INTERPRETATION

The findings of the third objective pertaining that the calculated value of C.R. (.65) is less than the table value of C.R. (2.58) at .01 level of significance, so the null hypothesis is accepted i.e. it may be concluded that there is no significant difference between the vocational interest of the students of science stream and students of arts stream studying at the graduation level.

ANALYSIS OF HYPOTHESIS NO. 4

M1	M2	M3	Mtot	SSwg	SSbg	dfB	dfW	MSB	MSW	F-Ratio
27.33	21.83	26	25.06	18093	960	2	177	480	102	4.70

INTERPRETATION

The findings of the fourth objective pertaining that the calculated value of f-Ratio (4.70) is less than the table value of F-(Ratio(9.07) at .01 level of significance, so the null hypothesis is accepted i.e. there is no significance difference among the vocational interest of the students of arts, science and commerce stream studying at the graduation level.

FINDINGS AND SUGGESTIONS

The present study yields some interesting and significant findings. The interpretation of all four hypothesis shows that academic stream does not affect the vocational interest of the students studying at graduation level at the present time. Now-a-days, the students do not choose their vocations on the basis of their educational stream and their personal interest. So, there is no significant difference among the vocational interest of the students of different academic stream i.e. arts, science and commerce.

EDUCATION IMPLICATIONS AND SUGGESTIONS

The content and theme of the study is of vital importance for the teachers, parents, and career counselors. It is also important to know as what should be done to help the students to choose the right stream of education according to their vocational interest. This study will provide an opportunity to teachers, parents and career counselors to guide students towards right selection of vocations and subjects in accordance with their vocational interest.

This study also suggests that filtration should be adopted after intermediate and only deserving candidates should be encouraged for high education with appropriate academic stream and others should be diverted to adopt vocational subjects according to their interest.

CONCLUSION

Concluding the study, it can be said that now-a-days where vocational interest is totally dependent on the various circumstances of students not on the academic stream.

The findings of this study is helpful to connect the vocational interest of the students with the education for which teachers, principals, parents, counselors, career masters, members of community and other agencies ought to play important roles for the overall vocational development of the student in a particular subject and above all, with their own vocational interest.

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FINANCIAL INCLUSION THROUGH BANKS IN THE NILGIRIS DISTRICT WITH SPECIAL REFERENCE TO BUSINESS CORRESPONDENT MODEL

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ABSTRACT

Financial inclusion is the process of including the poor and vulnerable group of people into the banking service at an affordable cost. The government of India has taken various measures to include the financially excluded poor. Even though measures have taken through all the possible channels still there are large number of low income group people were not holding even an account in the banks. To include those people the banks were introduced the business correspondent models in order to deliver the banking services at an affordable cost at their door step. The ultimate aim of the study is to analyze the financial inclusion beneficiary's opinion towards financial inclusion. The respondents of the study were selected based on proportionate stratified random sampling method. The required data were collected through the interview schedule among the financial inclusion beneficiaries. The results were given based on statistical tools like percentage analysis and factor analysis. In the Nilgiris district the financial inclusion has attained only up to certain limit, due to banks have covered the people who were already availing pension through post offices, the excluded people are still excluded and the post bank should cover the unbanked and fully excluded people by conducting local survey to achieve the inclusive growth.

KEYWORDS

Affordable cost, Banking Services, Business Correspondent Model, Financially excluded poor, Financial Inclusion.

INTRODUCTION

One of the objectives of economic planning of our country is to take the basic banking services to the common man living in rural areas. Delivery of banking services at an affordable cost to the weaker sections of the society is called financial inclusion. 100% financial inclusion must be achieved in order to promote faster economic growth reduce poverty and income inequality. In this direction, banks in India are advised by the government to provide payments and remittances facilities, savings, loans and insurance services to those who are financially excluded.

To attain the financial inclusion mission in time, the several steps have been taken by the government in the past. Some of the important measures are social control over banks (1960), nationalization of banks (1969), establishment of NABARD, setting up of Regional Rural Banks (1975), After 1990s there are major important steps taken for financial excluded people as launching Self help groups linkage programmed in 1992 by NABARD, which facilitates and provides door step banking. Simplifications of Know your customer (KYC) norms are another milestone. In 1998 Kisan credit card has been launched and on the suggestion of NABARD in 2005 General credit card has been launched which facility up to Rs. 25000/-. In January 2006 NGOs, SHGs, and Micro Finance Institutions are permitted by RBI. MFIs, self-help groups (SHGs) also meet the financial service requirements of the poorer segments where MFIs cover 8.3 million borrowers and in the recent past Business Correspondent Model (2008) were introduced to cover the unbanked and under banked rural people in all over the country.

REVIEW OF LITERATURE

Yunus (1999) has conducted a study on "Banker to the Poor: Micro-lending and the Battle against World Poverty" said that micro-credit is not a miracle cure that can eliminate poverty in one fell swoop. But it can end poverty for many and reduce its severity for other. Combined with other innovative programs that unleash people's potential, micro-credit is an essential tool in the search for poverty free world. The role of micro-finance extends beyond providing loans and becomes an important tool for providing financial support to masses.

Asian Development Bank (2000) "Finance for the Poor: Microfinance Development Strategy". It mentioned that in the absence of inclusive formal financial system, poor individuals and small entrepreneurs have to rely on informal sources to invest in better opportunities because of its timely availability and easy accessibility, but at a much greater interest burden. Financial inclusion can help in removing this impediment. It can help in reducing inequality and poverty through several channels. Credit, savings and insurance facilities will enable the poor to take advantage of financial resources beyond their own capabilities. It facilitates them to build up funds for potentially profitable investment opportunities or in smoothening their future consumption.

Treasury (2004) in his report on "Promoting financial Inclusion" in its report explained about the demand side and supply side factors of financial exclusion. In the report, the demand side factors were described as self exclusion. On the supply side factors, the inadequacy of banking services, lack of banking advices to the disadvantaged class etc. had been discussed. Moreover, Government's new initiatives in lessening the extent of exclusion were broadly explained throughout the review.

Leelaadhar (2005) in his study "Taking Banking Services to the Common Man- financial Inclusion" stated that the banks should undertake various strategies to expand the outreach of their services in order to promote financial inclusion. The banks would have to evolve specific strategies to expand the outreach of their services in order to promote financial inclusion. One of the ways in which this could be achieved in a cost-effective manner is through forging linkages with micro finance institutions and local communities. Banks should give wide publicity to the facility of no-frills account. Further, the study suggested that technology could be very valuable tool in providing access to banking products in remote areas.

Rangarajan Committee (2008) on financial inclusion stated that: "Financial inclusion may be defined as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost". The financial services include the entire gamut of savings, loans, insurance, credit, payments, etc. The financial system is expected to provide its function of transferring resources from surplus to deficit units, but both deficit and surplus units are those with low incomes, poor background, etc. By providing these services, the aim is to help them come out of poverty.

Sanjay Bhargava and Ashwin Agarwal (2012) in their study "The series on financial inclusion recommendations for the Indian business correspondent model and branch- free banking". The study reveals that the non financial service providers engaged on a small scale basis deals with savings account and money transfer in an imposed maximum limit can provide the financial services at the door step. It is suggested that allocation of performance based bonuses will increase talent

of BCs in high level and concluded that promoting the BC & Branch-free movement is vital for financial inclusion. Regulators must make this a national priority and encourage innovation. In an Indian context, mobile penetration is high and an efficient distribution infrastructure already exists. In terms of structure, BCs should aim to be not for profit and scalable. This means regulators and other entities should promote BC growth and allow the proliferation of large BCs that can competitively reduce price through scale. If these goals can be achieved and implemented, the BC & Branch-free model of India will have a far greater impact than the BC model of Brazil.

OBJECTIVES OF THE STUDY

1. To analyze the demographic profile of the financial inclusion beneficiaries.
2. To analyze the mode of awareness on no frill account.
3. To analyze the opinion of financial inclusion beneficiaries towards banking services through business correspondent models.

RESEARCH METHODOLOGY

PILOT STUDY

The researcher has conducted pilot study among 50 financial inclusion beneficiaries. The questions for which the respondents are reluctant to answer were deleted from the interview schedule and the final draft of interview schedule was prepared for collection of data.

COLLECTION OF DATA

The study is based on both primary and secondary data. The primary data of this study were collected from the post office account holders and beneficiaries of financial inclusion through well structured interview schedule. The secondary data was collected from Government reports, journals, magazines, books, web sites and so on. The data for the analysis were collected from July 2013 to December 2013.

SAMPLE DESIGN FOR BANK ACCOUNT HOLDERS

Proportionate stratified random sampling method was used to analyze the opinion of financial inclusion beneficiaries covered by business correspondent models towards financial inclusion in The Nilgiris district. According to Krejcie Morgan table 370 beneficiaries were selected from 10510 account holders from two banks viz State Bank of India and Indian Overseas Bank. The banks were selected based on the following criteria.

- State Bank of India, Canara Bank, Indian Overseas Bank, Syndicate Bank, Union Bank of India, Central Bank of India, Bank of India, Indian Bank and Vijaya Bank were adopted Financial Inclusion Scheme in The Nilgiris district.
- Banks holding more number of account holders under Financial Inclusion were selected SBI= 5430, Canara Bank = 4400, IOB = 5080.
- Canara Bank was excluded since only the accounts were opened to the beneficiaries.
- Banks which are successfully transacting the accounts were considered, so SBI and IOB were selected for the study.

TOOLS USED FOR ANALYSIS

The data analysis was done using statistical tools like percentage analysis and factor analysis.

RESULTS AND DISCUSSION

TABLE 1: DEMOGRAPHIC PROFILE OF THE RESPONDENTS

Demographic Profile of the Respondents		Frequency	Percentage %
Residential area	Ooty	101	27.3
	Coonoor	110	29.7
	Gudalur	82	22.2
	Kothagiri	77	20.8
Age	20-40 Years	7	1.9
	41-60 Years	159	43
	61-80 Years	200	54.1
	Above 80 Years	4	1.1
Gender	Male	162	43.8
	Female	208	56.2
Marital Status	Married	134	36.2
	Unmarried	71	19.2
	Widow	130	35.1
	Widower	35	9.5
Family Type	Joint Family	26	7
	Nuclear Family	344	93
Education Qualification	Uneducated	200	54.1
	Primary	64	17.3
	Up to Higher Secondary	106	28.6
Occupation	Daily Wages	52	14.1
	Salaried Person	55	14.9
	100 Days Employment	49	13.2
	Pensioner	195	52.7
	Working in Others Land	19	5.1
Monthly Income	Only Rs.1000	195	52.7
	Rs.1001-Rs.3000	15	4.1
	Rs.3001-Rs.5000	144	38.9
	More than Rs.5000	16	4.3
Earning Members	1	150	40.5
	2	205	55.4
	3	14	3.8
	More than 4	1	0.3
	Total Family Annual Income	Below Rs.20000	55
Rs.20001-Rs.40000		10	2.7
Rs.40001-Rs.60000		116	31.4
Rs.60001-Rs.80000		70	18.9
Rs.80000-Rs.100000		119	32.2

Source: Primary Data

Table 1 depicts the demographic profile of the respondents. From the residential area of the respondents, it is observed that 29.7 per cent of the respondents are residing in coonor block. The analysis of age wise respondents depicts that 54.1 per cent of the respondents are senior citizens between the age group of 61-80 years. Among the beneficiaries of financial inclusion a large number of respondents are female i.e. 56.2 per cent. The marital status of the respondents indicates that 36.2 per cent of the respondents are married followed by 35.1 per cent of the respondents are widow. 93 per cent of the respondents are living in a nuclear family. Education qualification of the respondents reveals that 54.1 per cent of the respondents are uneducated. Among the respondents 52.7 per cent of the respondents are pensioners. Monthly income of the respondents indicates that 52.7 per cent of the beneficiaries are earning only the pension money Rs. 1000 only. In 55.4 per cent of the respondents family 2 persons are earning. Among the beneficiaries family in 32.2 per cent of their families annual income are between Rs.80000-Rs.100000.

TABLE 2: DETAILS OF ACCOUNT IN BRANCH BANK

Details of Account in Branch Bank		Frequency	Percentage %
Account in Branch Bank	Yes	194	52.4
	No	176	47.6
Type of Account in Branch Bank	Single Account	192	51.9
	Joint Account	2	0.5
Name of Bank	SBI	79	21.4
	Canara Bank	34	9.2
	Indian Bank	13	3.5
	Syndicate Bank	16	4.3
	UCO Bank	12	3.2
	Urban Co-operative Bank	3	0.8
	Indian Overseas Bank	37	10
Number of Years Maintaining Account in Bank	Less than 1 Year	6	1.6
	2-5 Years	5	1.4
	3-8 Years	77	20.8
	8-11 Years	51	13.8
	More than 11 Years	55	14.9
Persons Influenced the Sample Beneficiaries to Open Account in Bank Branch	Self Interest	24	6.5
	Friends and Relatives	55	14.9
	Self Help Group Members	24	6.5
	Business Correspondents / Business Facilitators	9	2.4
	Bank Officials	15	4.1
	Non Governmental Organization Officials	18	4.9
	Government/Panchayat Officials	43	11.6
	Staff at Working Place	6	1.6
Nature of Account in Branch Bank	Savings Bank A/C	194	52.4
Reason for Opening Account in Branch Bank	To Save Money	98	26.5
	To Avail Bank Loan	42	11.4
	To Receive Government Benefit	10	2.7
	To Receive Wages	7	1.9
	To get Pension	16	4.3
	To keep money Safe	12	3.2
	To get interest on deposit	5	1.4
	To get Social Status	4	1.1

Source: Primary Data

Table 2 indicates the details of respondent's branch bank account. Among the 370 respondents 52.4 per cent of the respondents are holding account in the branch bank and majority of them are holding single account. Out of 194 respondents 21.4 per cent of the respondents are holding account in the State Bank of India. 20.8 per cent of the respondents are maintaining account from 3 to 8 years. Among the total respondents 14.9 per cent of the respondents are influenced by the friends and relatives to open an account in the branch bank. Nature of account in branch bank depicts that 52.4 per cent of the respondents are holding savings bank account. Savings motive was the ultimate aim for 26.5 per cent of the respondents to open an account in the branch bank.

TABLE 3: DETAILS ON ACCOUNT HOLDING UNDER FINANCIAL INCLUSION

Details on Account Holding Under Financial Inclusion		Frequency	Percentage %
Scheme under Financial Inclusion	Old Age Pension Scheme	155	41.9
	Physically Challenged Scheme	62	16.8
	Widow / Widower Scheme	62	16.8
	Unmarried Scheme	56	15.1
	MGNREG Scheme	35	9.5
Years of Availing Benefit Under this Scheme	Less than 3 Month	50	13.5
	3 to 6 Months	158	42.7
	6 to 9 Months	97	26.2
	9 to 12 Months	46	12.4
	More than 1 Year	19	5.1
Awareness on No Frill Account	Business Correspondents	137	37
	Bank Officials	50	13.5
	Special Awareness Camps	34	9.2
	Government/ Panchayat Officials	124	33.5
	Self Help Group Members	20	5.4
	Family, Friends and Relatives	4	1.1
	Advertisement through Mass Media	1	0.3
Availing Business Correspondents Services	At a Common Place in Village	257	69.5
	At Business Correspondents/ Business Facilitators Home	3	0.8
	At Door Step	89	24.1
	At Self Help Group Meeting	21	5.7

Source: Primary Data

Table 3 depicts the details on account holdings under financial inclusion. Among the total respondents 41.9 per cent of the respondents are covered under old age pension scheme. 42.7 per cent of the respondents were availing the financial inclusion benefits from 3 to 6 months. Out of the 370 beneficiaries 33.5 per cent of the respondents are aware about the no frill account through Government/ Panchayat Officials. 69.5 per cent of the beneficiaries are availing business correspondent's services at a common place in village.

TABLE 4: ROTATED FACTOR LOADING ON OPINION OF BENEFICIARIES TOWARDS BANKING SERVICES

Opinion	Component						Communalities
	1	2	3	4	5	6	
X 1		-.113		.745	.114	-.110	.603
X 2		.278	.289	.633	-.105	-.126	.593
X 3			-.328	.657	.132	.227	.618
X 4		.815				-.115	.682
X 5		.716	.180		.147	.125	.592
X 6		.759			.178		.618
X 7	-.176		-.597			-.180	.431
X 8		-.201	-.667		-.233		.543
X 9		.305	.237		.599	.184	.547
X 10		.177	.103	.116	.816	-.190	.757
X 11	.596	-.133			.106	.163	.412
X 12	.551	.157	.243	.218	-.243		.495
X 13	.645	-.204	.256				.541
X 14	.655		-.107		.275		.529
X 15	.586		.133		-.116	.270	.448
X 16	.490		.448		.138		.473
X 17	.666		.136			-.155	.504
X 18	.644		-.191	-.110	.147	.349	.608
X 19	.701		.208		-.196	-.163	.599
X 20	.643			-.161	-.140	-.238	.517
X 21	.729	.108	-.111			.177	.588
X 22			.289			.761	.681
Eigen Value	4.662	2.744	1.615	1.177	1.132	1.048	12.378
% of Variance	21.190	12.473	7.343	5.351	5.147	4.765	56.268
% of Cumulative	21.190	33.663	41.005	46.356	51.503	56.268	

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 7 iteration.

Table 4 illustrates that the principal component analysis and rotated factor loading method is used to identify the factor loading on opinion of beneficiaries towards banking Services. From the above table it is observed that out of 22 variables, 6 factors were identified by the rotation method. The total per cent of variation in the factors show 56.268 per cent and total Eigen value of the factors is 12.378.

TABLE 5: VARIABLES GROUPED INTO FACTORS WITH LOADING

	Label	Variable	Loading
Loan and Insurance Services	X 11	Loan procedures followed by banks are simple	0.596
	X 12	The bank loan is granted without any delay	0.551
	X13	The expenses incurred for the loan are reasonable	0.645
	X14	The micro loan amount provided by the bank is sufficient	0.655
	X 15	Banks grant the loan applied without reducing the amount	0.586
	X17	The amount of insurance offered by bank is affordable	0.666
	X18	The maturity value of the policy amount is high	0.644
	X 19	Operating the bank account through mobile is too easy	0.701
	X 20	Using mobile phone for bank account purpose is convenient	0.643
	X 21	Funds transfer facility is highly useful	0.729
Easy Access of Services at Low Cost	X 4	No frills account is very useful for weaker sections	0.815
	X 5	I believe in bio-metric system for banking	0.716
	X 6	Bio-metric card is easy to use	0.759
ATM Services	X 7	Bio-metric card is accessible in all ATMs	-0.597
	X 8	I operate the ATMs without the third party assistance	-0.667
Awareness and Guidance	X 1	Awareness for opening bank accounts by the banks are sufficient	0.745
	X 2	The financial advice by banks are essential	0.633
	X 3	Bank documents available in local languages are easy to understand	0.657
Delivery of Services by Business Correspondents	X 9	BC/BFs are always available in my village/street	0.599
	X 10	The helping attitude of the BC/BF is good	0.816
Banks Serve the Poor through SHGs	X 22	The SHGs play a vital role in accessing banking facilities by poor	0.761

Source: Computed Data

Ten variables namely the amount of insurance offered by bank is affordable (0.666), banks grant the loan applied without reducing the amount (0.586), the maturity value of the policy amount is high (0.644), the bank loan is granted without any delay (0.551), loan procedures followed by banks are simple (0.596), the expenses incurred for the loan are reasonable (0.645), the micro loan amount provided by the bank is sufficient (0.655), Operating the bank account through mobile is too easy (0.701), Using mobile phone for bank account purpose is convenient (0.643), Funds transfer facility is highly useful (0.729) were grouped as factor 1 loan and insurance services and it accounts 21.190 per cent of the variance. The second factor consist three variables viz no frills account is very useful for weaker sections (0.815), I believe in bio-metric system for banking (0.716), Bio-metric card is easy to use (0.759). It is named as easy access of services at low cost and it accounts 12.473 per cent of variance. The third factor named as ATM services "Bio-metric card is accessible in all ATMs" has loaded with (-0.597) and I operate the ATMs without the third party assistance has loaded with (-0.667) and it accounts 7.343 per cent of variance.

The fourth factor is named as awareness and guidance "Awareness for opening bank accounts by the banks are sufficient" (0.745), "The financial advice by banks are essential" (0.633) and "Bank documents available in local languages are easy to understand" (0.657) and it accounts 5.351 per cent of variance. The fifth factor consist two variables, BC/BFs are always available in my village/street (0.599), the helping attitude of the BC/BF is good (0.816) named as delivery of services by business correspondents and it accounts 5.147 per cent of variance. The sixth factor consist only one variable "The SHGs play a vital role in accessing banking facilities by poor" (0.761) named as banks serve the poor through SHGs and it accounts 5.147 per cent of variance.

FINDINGS

The present study reveals that the account holding pattern is based on the demographic variables. The analysis of the demographic variables reveals that old aged people were covered under the scheme. More number of female were covered under financial inclusion. In case of marital status more number of the respondents are unmarried, widow and widowers. The education qualification reveals that majority of the beneficiaries were uneducated. Most of the people are old aged pensioners so their income is only thousand rupees per month. Most of the beneficiaries are holding savings account in branch bank. Among the branch bank account holders majority of the respondents are holding accounts in the state bank of India. Savings motive has influenced more number of account holders to open account in bank. The respondents were aware about the financial inclusion through business correspondents. The beneficiaries are availing the services through business correspondents models at a common place in village.

SUGGESTIONS

1. The ultimate aim of financial inclusion is to cover the rural masses, so the urban poor were fully excluded. The real success of financial inclusion lies in coverage of urban poor and extending the service to poor in urban areas. The banks, business correspondent model and post office should take initiatives to cover the urban poor also attain 100% financial inclusion.
2. According to the observation of researcher the no frill account which is opened in branch office are not having the other facilities like savings account. The banks should provide general credit card, ATM card, over draft facilities along with no frill accounts to encourage the account holders to actively operate the accounts.
3. The bank and business correspondent models have covered the pension account holder's already availing pension from the post office to provide financial inclusion services. The post office and banks should conduct a survey with the help of local bodies in each village and select the unbanked and under banked population to include them in financial inclusion schemes.

CONCLUSION

The present study reveals that the financial inclusion beneficiaries are satisfied with the door step services of the business correspondent model. Since the age of financial inclusion initiatives through BCs in the Nilgiris district was three years they have started to distribute only pension and salary to the beneficiaries. The issue of micro insurance and micro loan will empower the poor and include the unbanked in large number. In the Nilgiris district the financial inclusion has attained only up to certain limit, due to banks have covered the people who were already availing pension through post offices, the excluded people are still excluded and the post bank should cover the unbanked and fully excluded people by conducting local survey to achieve the inclusive growth.

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A STUDY ON INVESTORS SEGMENTATION BASED ON CHOICE CRITERIA

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ABSTRACT

Savings of an individual is determined by his/her ability and willingness to save. Saving always comes first. Think of it as the foundation upon which your financial house is built. In a developing economy, majority of household savings are parked in financial rather physical assets. The most common form of Investment Avenue to the Indian investor is bank deposit, and the flow of household savings to the capital market is low. Though Indians are habituated with a high degree of saving, they are not ready to invest in financial assets, particularly in capital market securities. The question is why? The collection on small savings schemes are also comparatively less than bank deposits with similar term and features. Is it due to the very nature and characteristics of the investors or is it due to some criteria preferred by them while making an investment? The study has tried to find out answers to the above questions by conducting surveys among various investors. It also segmented the investors based on the criteria they consider while choosing an investment avenue and to know the characteristics of each segment of investors.

KEYWORDS

investors segmentation, savings.

INTRODUCTION

aving is income not spent, or deferred consumption. Savings of an individual is determined by his/her ability and willingness to save. Saving always comes first. Think of it as the foundation upon which your financial house is built. The reason is simple - unless you inherit a large amount of money, it is your savings that will provide you with the capital to feed your investments. Saving motive is a desire to reserve certain portion of income for future needs. The ability of an individual comes from his/her income, which may be absolute or relative. The willingness to save is nothing but the saving motive of an individual. It means that highly motivated persons save more than the least motivated ones. As highly motivated persons have a high motivational level, convincing them to make investment will not require much effort.

Investor households diversify their investment portfolio to balance risks: It is the need of the investors to balance the risks in investment with return and liquidity that lead them to diversify their investment portfolio depending on the level of income of the households.

Investor households are aware of risks in investing in equity shares: Equity shares have been found to be very unsafe by a fairly significant number of households, including investor households. This would imply awareness of the investor households about risks associated with investment in equity.

Households' preference for instruments in which they commonly invest (other than equity shares and debentures) match the risk perception: The percentages of households investing in any instrument, ranked by preference of all households show that the fixed deposits as a class, has the highest preferences, allowed by recurring deposits of post office. LIC policies small savings instruments, contractual savings, UTI schemes, bonds of public sector undertakings, chit funds and public and private sector mutual funds.

Popularity of some instruments is secular to income class; while of others it is income dependent: This is seen in the relative popularity of bank fixed deposits which has an appeal across all income classes. Tax has an influence particularly among the middle and higher income groups but has little relevance to the lower income group. This is seen by the higher incidence of national savings certificate and national savings schemes among the middle and higher income groups.

Research in behavioral finance provides valuable insights into how individuals with varying observable characteristics, make different investment decisions: Making good investment decisions is very difficult since there are hundreds of potential alternatives and primary information on past performance is available for each investment. Expected results are vague, since when making a forecast it is not easy to understand the reliability of the available objective data (e.g., fundamentals). In addition, it is usually stated that investors should choose their strategies on the basis of a long horizon time. However, the longer the time window of an investment, the greater is the uncertainty about its expected results.

OBJECTIVES OF THE STUDY

1. To understand the criteria used by investors to evaluate any investment.
2. To know the characteristics of each segment of investors.
3. To study the factors effecting of different investors.
4. To segment the investors based on their choice.

RESEARCH METHODOLOGY**DATA**

The primary data was collected by conducting surveys among various investors working in different sectors using a well structured questionnaire. The sample size of 20 investors having very good financial knowledge was taken for the survey. The sample size was solved at by using the formula $n = (z/2)^2 \frac{\sigma^2}{E^2}$ Where n is the minimum sample size required, $Z=1.96$ at 95% confident level, $\sigma = \text{Standard Deviation}$, and $E = \text{Error}$. A total of 20 questionnaires were prepared on the basis of 6 constructs. The questionnaires were distributed to all 120 selected respondents for the purpose of final analysis. The reliability of the survey instrument was tested using Chronbach's Alpha method. Measurements used in the research study, interval scale i.e. Likert's scale. Construct validity to check whether the questions are really measuring the constructs. For Age and annual income – scale used was ordinal scale and for Gender, Occupation – Nominal scale was used.

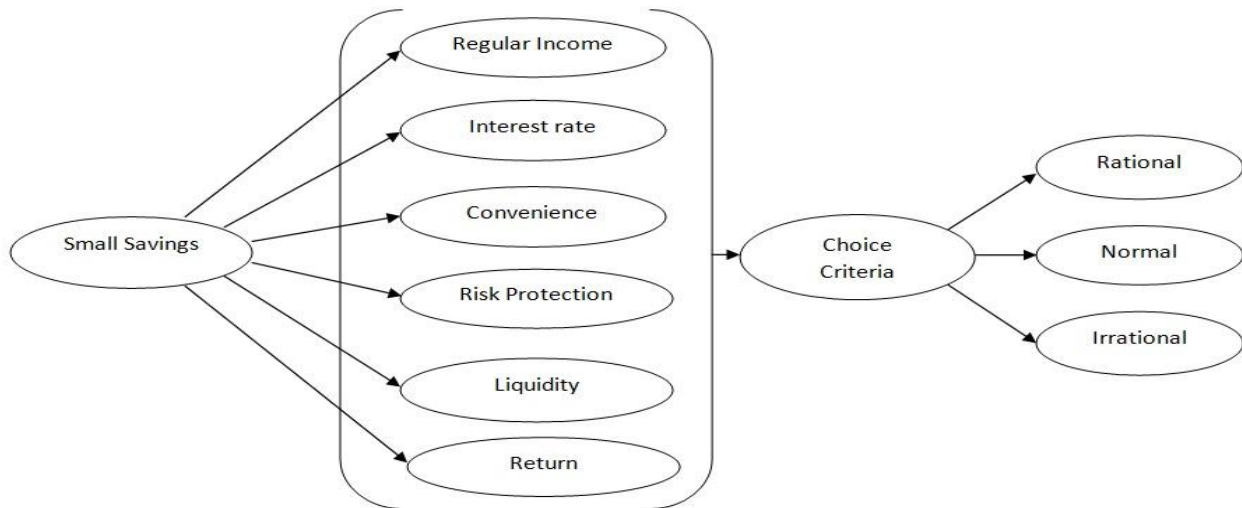
QUESTIONNAIRE DESIGN

The questionnaire consists of indirect questions to avoid any potential orientation of the interviewed answers. Each question deals with a particular cognitive bias in the following manner: each question starts with a particular scenario or situation that may happen in the stock market. Then the respondents were offered a set of responses traducing the different potential behavior that investors who are the clients of the brokers interviewed may show in front of this particular situation. Each response communicated measures or appreciates the influence degree of the psychological bias considered on the Indian investors' behavior. Each broker interviewed is invited to attribute to each response or behavior the rate or the percentage of his clients that behave as proposed in the response, in front of the situation detailed at the head of the question. Then from the response communicated, the study tried to conclude the importance and the influence magnitude of the psychological bias treated on the Indian investors' behavior. From the data communicated by the brokers, the study deduced to what extent the psychological biases treated in the questionnaire, influence the Indian investors' behavior.

CONCEPTUAL FRAMEWORK

The constructs are determined depending on those constructs the concepts are developed. The constructs like Convenience, Interest rate, Liquidity, Return, Regular income, Risk protection are the parameters that the investors consider to make an investment. By using these criteria the investors can be segmented into three main categories rational, irrational and normal based on the extent to which they consider each criterion. Rational people analyze any investment decision by using all the criteria, whereas irrational people take investment decisions without considering any criteria.

FIGURE 1: CONCEPTUAL MODEL



LIMITATION

- This study used only some factors to analyze the factors affecting investment behavior of individual investor.
- The study has also the limitation of time, place and resources

ANALYSIS AND FINDINGS

FACTOR ANALYSIS AND RELIABILITY ANALYSIS

Factor Analysis was used for the purpose of reducing the data and also to establish content and discriminate validity. Given the research model, wherein various constructs are treated at different order, exogenous variables and endogenous variables were subjected to factor analysis separately. With regards to the general criteria items with factor loading more than 0.5 and a KMO statistic of more than 0.50 with total variance explained above 60% were considered. Specific statistics for each factor analysis is explained at respective places.

The investors use several criteria to evaluate an investment instrument. Here for the purpose of study 6 commonly used criteria were taken. The criteria were presented in the form of statements with a five-point Likert scale to collect opinion from investors.

Table1. Shows two tests that indicate the suitability of the data for factor analysis. The Kaiser-Meyer-Olkin Measure of sampling adequacy is a statistic that indicates the proportion of variance in the variables that might be caused by reduced factors.

TABLE 1: KMO AND BARTLETT'S TEST FOR ALL FACTORS

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.576
Bartlett's Test of Sphericity	Approx. Chi-Square	297.009
	Df	190
	Sig.	.000

High value of KMO (0.576) indicates that a factor analysis is useful for the present data. The significant value for Bartlett's test of sphericity is 0.000 which indicates that there exist significant relationships among the variables. The resultant value of KMO and Bartlett's test indicates that the present data is useful for factor analysis.

List of Abbreviations Used

C- Convenience

L- Liquidity

R- Return

RP - Risk Protection.

TABLE 2: FACTORS AND VARIANCE EXPLAINED

Sl no	Factors	Eigen value	% of variance explained	Cumulative%
1	Component 1	2.581	12.905	12.905
2	Component 2	1.799	8.995	21.900
3	Component 3	1.588	7.939	29.839
4	Component 4	1.546	7.730	37.569
5	Component 5	1.335	6.676	44.246
6	Component 6	1.257	6.287	50.532
7	Component 7	1.100	5.500	56.032
8	Component 8	1.024	5.118	61.15

TABLE 3: COMPONENT MATRIX

	Component							
	1	2	3	4	5	6	7	8
VAR00001	-.123	.363	.429	.085	-.008	.359	-.231	.117
VAR00002	.525	-.348	.276	.138	.084	-.144	-.356	-.162
VAR00003	.410	.413	-.362	.071	-.326	.311	-.060	.030
VAR00004	.328	.308	-.160	.320	.414	.261	-.037	.070
VAR00005	-.056	.429	-.032	-.149	.403	-.506	-.074	-.081
VAR00006	.260	-.513	-.312	-.069	-.282	-.062	-.136	.207
VAR00007	.380	.357	.396	-.269	-.120	.095	.250	.038
VAR00008	.624	-.169	-.068	-.156	.034	.311	.232	.191
VAR00009	.169	.332	.183	.425	-.301	-.167	.089	.352
VAR00010	.575	.055	.388	-.162	.012	-.150	-.143	-.357
VAR00011	.033	.137	-.570	.346	.349	.077	-.151	.019
VAR00012	.079	-.104	-.262	-.044	-.030	.212	.464	-.648
VAR00013	-.119	-.553	.254	.035	.181	.378	.168	.217
VAR00014	.144	.158	.068	-.334	-.021	.330	-.366	-.174
VAR00015	.512	-.060	-.035	-.313	-.014	-.382	.257	.268
VAR00016	.410	.268	-.397	-.176	-.305	-.069	-.022	.001
VAR00017	.379	.106	.188	.286	.446	-.009	.426	.031
VAR00018	-.306	.202	.236	.326	-.442	.046	.201	-.159
VAR00019	.558	-.203	.119	.343	.006	.075	-.239	-.083
VAR00020	-.174	.190	-.005	-.642	.243	.256	-.035	.191

CONVENIENCE

The first factor is convenience as the statements or variables included under this factor are related to it. Each variable included under this factor is related to different kind of conveniences required by the investor at different stages of the investment process. The investor needs convenience on four occasions with respect to any investment. First of all, the investor should be in a position to get sufficient information without any difficulty before making an investment decision. The investor wants sufficient schemes that should be suitable to his needs to park his funds. He also looks for a sufficient institutional arrangement to put his money and expects to get regular periodical and final capital redemption without any inconvenience. Normally, small investors prefer an investment that does not require any periodical review. Many statements that are related to convenience on different stages of investment are included in the study to collect opinion from investors. The opinion expressed by investors indicates that the convenience expected by them at one stage does not vary from what is expected in the next stages. This similarity of opinion on the requirements leads to reduce all convenience related variables into one factor.

In the year 2005-06, small savings schemes were offering higher interest than bank deposits. Even then, collections from bank deposits were more than the collections from postal saving schemes with similar terms. The PPF collection by banks was more than that of the post offices. This was mainly because the investors felt that the banks were more convenient for them than post offices.

Around majority of people are particular about convenience as a criterion to evaluate any investment instrument and only few do not give importance to convenience. This shows that the convenience criterion is predominantly considered by investors in evaluating an investment instrument. This fact also confirms that Indian saving is institutionally elastic. This suggests to the investment intermediaries to tailor their investment activities in a way that it should put investor at ease. The investment program should be taken to the door step of the investor. To bring more number of rural people into the financial investment cult, the intermediaries should spread their wings to rural places.

Unlike in any other developing country, Indian investors prefer physical investment rather than financial investment. They invest in physical assets like land, building and jewelry as it is more convenient to them and less risky. The saving in physical assets is convenient as it does not require any periodical review. Indian investors favor physical assets as it does not have a high risk and its appreciation in value is high. To some extent, it is, of course long-term in nature, but the investors are not worried about the term of investment. Long-term maturity is a major disadvantage for small saving schemes, but it is not a limiting factor to the investors to save their money as per this survey. So, collection on those schemes can be increased by making them more convenient to the investors.

TABLE 4: FACTOR LOADING FOR CONVENIENCE

Sl no	Factors	Loading	Mean values
1	Location of your investment of small saving is convenient	0.683	3.65
2	Periodic review is not necessary in small saving	0.603	3..2
3	Even when capital market is good then I will not put my money in small saving	0.680	3.6
4	I save more when interest rate is more	0.436	3.15
5	Procedure for getting regular return is simple	0.648	3.35

RISK PROTECTION

The statements included under this component are related to risk and risk protection. So, this factor is called risk protection. The salaried class people give more importance to risk protection as the capital they invest is very small and is accumulated out of their hard earned money. They also want that their capital should not get eroded after making investment on particular instruments. Normally, the investors expect risk protection from the government. Most of the investors want to have no risk to their capital, to put it more specifically; they want to have some kind of risk protection on their invested amount. High level risk takers are very less among salaried class. The economic indicators show that only few percentage of household saving goes into capital market. The main reason for the low capital flow into the capital market is that majority of the Indian investors are not ready to take risks by investing there.

TABLE 5: FACTOR LOADINGS FOR RISK PROTECTION

Sl no	Factors	Loading	Mean values
1	Government is giving high interest to small saving than bank interest only to help the small investors	0.673	3.6
2	I am investing in small saving because there is less risk due to government supervision	0.576	3.10
3	Irrespective of inflation I will put money in fixed interest	0.635	3.4

RETURN

There are two kinds of returns available from any investment. One is regular return in the form of dividend or interest and another is capital appreciation. The investor expects the return not only to be high, but also consistent over a period of investment tenure. The investors are concerned neither favorably nor unfavorably about return. Few of people agree with the statement that the return is an important criterion for evaluating any investment instrument and only a negligible percent of people give negative importance to return.

TABLE 6: FACTOR LOADINGS FOR RETURN

Sl no	Factors	Loadings	Mean values
1	I do save as when I get extra income	0.534	3.10
2	Consistency of return is more important than its earning	0.578	3.15
3	Increase in income is not helping to increase saving	0.588	3.15
4	I am getting good return from small saving instruments	0.769	3.9
5	Savings will increase only when there is an increase in stable permanent income	0.637	3.4
6	I am getting good return because I have taken calculated decision	0.560	3.2
7	Investing in small saving will help me retire more secure way.	0.642	3.4

LIQUIDITY

The problem of liquidity may force an investor to shift from one form of investment to another. The long-term investments have the problem of liquidity. As the liquidity does not add any value addition to the investment, the investor considers this criterion at the end while evaluating any investment instrument. The investors, who are neutral about the requirement of liquidity for the investment account for more of the total investors. The intermediaries who are dealing with small saving instruments can target this segment of people as this segment can invest in long-term securities as well. Only few of investors give more importance to liquidity. This means only limited number of investors is interested in liquidity.

TABLE 7: FACTOR LOADING FOR LIQUIDITY

Sl no	Factor	Loadings	Mean values
1	Problem of liquidity forces me to go for other form of investment	0.640	3.4
2	when equity market is uncertain I go for small saving schemes	0.615	3.15
3	If there is any capital loss in any other investment then I will not invest	0.653	3.5
4	I prefer long term investment over short term investment	0.553	3.10

CLUSTER ANALYSIS

The investors can be classified into three categories based on choice criteria. The investors are classified into three segments as the difference between the coefficients is significant only on three cases on the hierarchical cluster. For the purpose of classification of investors, K-Means cluster is used. The table below shows the mean values for the three clusters that reflect the attributes of each cluster. The rank of the clusters on every factor is also given in the table.

TABLE 8: FINAL CLUSTER CENTERS

	CLUSTER		
	1	2	3
Convenience	4 (I)	3.8 (II)	3.6 (III)
Risk Protection	3.9 (III)	4 (I)	3.95 (II)
Return	4 (III)	4.3 (I)	4.2 (II)
Liquidity	3.8 (III)	3.9 (II)	4 (I)

This table shows the mean values for the clusters that reflect the attributes of each cluster. For instance, the mean value of convenience, risk protection, return and liquidity for first cluster is 3.92, second cluster 4 and for third cluster 3.94 respectively.

RATIONAL INVESTORS

The first cluster is called rational investor. None of the cluster has the highest mean value in all the factors except convenience that are used to measure the investment instrument. Since no segment considers all the criteria before making an investment decision, there are no rational investors. The mean value of this factor is 3.92.

NORMAL INVESTORS

The second cluster is called normal investor as it has secured I rank in the mean values of factors like risk protection, return criteria and II rank on the convenience and liquidity criteria this segment of people agrees with convenience and liquidity. This segment of people is most suited for small saving instruments as small saving instruments are long-term in nature. The mean value of this factor is 4.

IRRATIONAL INVESTORS

The third cluster is called irrational investors. This segment of people does not consider any factor more seriously before taking an investment decision. Any rational investors considers at least some factors before choosing an investment avenues; but this segment of people do not consider any factor, making them irrational. In liquidity factor it secured 1 rank and 2nd ranks in return and risk protection and 3rd rank in convenience. The mean value of these investors is 3.94.

TABLE 9: NUMBER OF CASES IN EACH CLUSTER

Cluster1	38.000	31
	243.000	36
	339.000	33
Valid	120.000	

This table indicates that there are 38 investors out of 120 in cluster 1 which is rational investor group. 43 investors out of 120 in cluster2 which are In the normal investor group and 39 investors out of 120 in cluster 3 which are in irrational investors. This means that there are around 31% of rational investors, 36% of normal investors and 33% of irrational investors.

TABLE 10: ANOVA

Criteria	F	Sig
Convenience	13.153	0.022
Risk protection	9.374	0.05
Return	10.6	0.289
Liquidity	14.298	0.015

The final cluster table shows that three clusters differ in their mean values of all this four criteria. The analysis of variance indicates that the difference that exists among three clusters in the mean values is significantly different. Here the significant values for convenience, risk protection and liquidity are 0.022, 0.05 and 0.015. there is a insignificant value for return i.e 0.289. Hence for dividing people into three segments based on choice criteria three factors i.e convenience, risk protection and liquidity have significant contribution where as the return factor have the insignificant contribution.

CONCLUSION

The objective of offering small saving scheme is to provide a safe and attractive option to the public and at the same time to organize resources for the development of the nation. The survey infers that the small saving schemes are designed with good features so as to make it suitable to the needs of the people, but the facilities offered and services provided are not attractive enough to provide convenience to investors. To attract the large resources available in the places, financial services should be taken to the doorsteps of the people. The majority of people want risk protection to their capital. So the flow of household savings to the capital market will not increase as there is high volatility in the market.

Understanding the criteria used by investors to evaluate any investment instrument is important for the marketers of any investment product. It is also important for them to segment the investors based on their choice and know the characteristics of each segment of investors. The present study has identified four commonly used criteria namely convenience, Liquidity, Return and Risk Protection. By using these criteria, investors are segmented into three categories namely, rational, normal and irrational based on the extent to which they consider each criterion. Rational people analyze any investment instrument by using all the criteria, whereas irrational people take investment decisions without considering any.

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WORK LIFE BALANCE OF WOMEN IN THE UNORGANISED SECTOR**FATHIMA ADEELA BEEVI. T.K.S****RESEARCH SCHOLAR****PG DEPARTMENT OF COMMERCE & CENTRE OF RESEARCH****PSMO COLLEGE****TIRURANGADI****ABSTRACT**

The conditions of work in the unorganized sector were unsatisfactory, the illiteracy, poverty and indebtedness forced them to work for lower wages and under unjust conditions. A Majority of women work in unorganized sectors for low wages due to low level of skills, illiteracy, ignorance and surplus labor and thus face high level of exploitation. Women were exploited to a greater degree as they were paid less compared to men for similar nature of work and hours spent on work. This study concentrated on the imbalance between life and work of women in the unorganised sectors including Anganwadi workers, Tailoring workers, Construction workers, Coolies, Beauticians etc from the Malappuram district of Kerala. For this, 150 Female workers were purposefully selected for administering interview schedule and the secondary sources like books, periodicals, newspapers and online resources also used for the data collection. The study reveals that there is an imbalance between work and life of unorganised women due to insecurity, long working hours and lower wages.

KEYWORDS

Unorganised sectors, women workers, work life balance.

INTRODUCTION

Work-life balance is a broad concept including proper prioritizing between “work” (career and ambition) on the one hand and “life” (Health, pleasure, leisure, family and spiritual development) on the other. Related, though broader, terms include “lifestyle balance” and “life balance”. Organized sector workers are distinguished by regular salaried jobs with well-defined terms and conditions of employment, clear-cut rights and obligations and fairly comprehensive social security protection. The unorganized sector, on the other hand, has no such clear-cut employer-employee relationships and lacks most forms of social protection. Having no fixed employer, these workers are casual, contractual, migrant, home based, own-account workers who attempt to earn a living from whatever meager assets and skills they possess. The nature of women’s work ranges from wage employment or self-employment, family labour and piece rated work. The prevalence of women workers in urban unorganized sector is significant in number. They are engaged in activities like domestic work, construction work, small trades like brick making, coir and basket weaving, household industries etc. In rural unorganized sector women are engaged in agricultural activities, animal husbandry, dairy, fisheries etc.

The unorganized sector is characterized by the presence of factors viz. long hours of work, wage discrimination of men and women, lack of job security, no minimum wages, lack of minimum facilities at work place, ill-treatment, heavy physical work and sexual exploitation etc.

The laboring women generally work in unorganized sector. They are outside the reach of Protective Labour Laws and Trade Union Organizations. They are not offered fair wages and decent terms of work. There are hardly any opportunities to improve their income because in this sector, females work generally as laborers in unskilled occupations, do traditional work as domestic servants. The process of globalization, export oriented industrialization and relocation of industries from the developed to developing countries also lead to increase in women workers in unorganized sector.

WORK-LIFE BALANCE AND ITS DETERMINANTS**1) SELF-MANAGEMENT**

Sufficiently managing one’s self can be challenging, particularly in getting proper sleep, exercise, and nutrition. Self-management is the recognition that effectively using the spaces in our lives is vital, and that available resources, time, and life are finite. It means becoming captain of our own ship; no one is coming to steer for us.

2) TIME MANAGEMENT

Effective time management involves making optimal use of your day and the supporting resources that can be summoned – you keep pace when your resources match your challenges. Time management is enhanced through appropriate goals and discerning what is both important and urgent, versus important or urgent. It entails knowing what you do best and when, and assembling the appropriate tools to accomplish specific tasks.

3) STRESS MANAGEMENT

By nature, societies tend to become more complex over time. In the face of increasing complexity, stress on the individual is inevitable. More people, distractions, and noise require each of us to become adept at maintaining tranquility and working ourselves out of pressure-filled situations. Most forms of multi-tasking ultimately increase our stress, versus focusing on one thing at a time.

4) CHANGE MANAGEMENT

In our fast-paced world, change is virtually the only constant. Continually adopting new methods and re-adapting others is vital to a successful career and a happy home life. Effective change management involves making periodic and concerted efforts to ensure that the volume and rate of change at work and at home does not overwhelm or defeat you.

5) TECHNOLOGY MANAGEMENT

Effectively managing technology means ensuring that technology serves you, rather than abuses you. Technology has always been with us, since the first walking stick, flint, spear, and wheel. Now, the rate of change is accelerating, brought on by vendors seeking expanding market share. Often there is no choice but to keep up with the technological Joneses, but you must rule technology, not vice versa.

6) LEISURE MANAGEMENT

The most overlooked of the work-life balance supporting disciplines, leisure management acknowledges the importance of rest and relaxation- that one can’t short-change leisure, and that “time off” is a vital component of the human experience. Curiously, too much of the same leisure activity, however enjoyable, can lead to monotony. Thus, effective leisure management requires varying one’s activities.

UNORGANISED SECTOR AN OVERVIEW

Unorganised sector is characterized by excessive seasonality of employment (especially in the farm sector), preponderance of casual and contractual employment, atypical production organizations and work relations, absence of social security measures and welfare legislations, negation of social standards and worker rights, denial of minimum wages and so on. Poor human capital base (in terms of education, skill and training) as well as lower mobilization status of the work force further add to the vulnerability and weaken the bargaining strength of workers in the informal sector. Thus, the sector has become a competitive and low cost device to absorb labour, which cannot be absorbed elsewhere, whereas any attempt to regulate and bring it into more effective legal and institutional framework is perceived to be impairing the labour absorbing capacity of the sector.

- ❖ The unorganized workers are subject to exploitation significantly by the rest of the society. They receive poor working conditions especially wages much below that in the formal sector, even for closely comparable jobs, i.e. where labour productivity are no different. The work status is of inferior quality of work and inferior terms of employment, both remuneration and employment.
- ❖ Primitive production technologies and feudal production relations are rampant in the unorganized sector, and they do not permit or encourage the workmen to imbibe and assimilate higher technologies and better production relations. Large scale ignorance and illiteracy and limited exposure to the outside world are also responsible for such poor absorption.
- ❖ The unorganized workers do not receive sufficient attention from the trade unions.
- ❖ Inadequate and ineffective labour laws and standards relating to the unorganized sector.
- ❖ The problems of women workers revolve around issues such as unequal wages, lack of maternity benefits and childcare facilities and discrimination at the workplace. Barring a few, erstwhile trade unions were disinclined to take up issues concerning women union members in the days when they had sizeable strength. Today, there are few women workers left to mobilize into unions.
- ❖ The term 'unorganised' is often used in the Indian context to refer to the vast numbers of women and men engaged in different forms of employment. These forms include home-based work (for example: rolling papads and beedis), self-employment (for example: selling vegetables), employment in household enterprises, small units, on land as agricultural workers, labour on construction sites, domestic work, and a myriad other forms of casual or temporary employment.
- ❖ Workers engaged in the unorganised sector do not have the benefit of several laws such as the Minimum Wages Act or the Factories Act. They are also not covered by statutory welfare measures such as maternity benefits, provident fund, gratuity, etc, all of which were put in place after intense struggles by the Indian working class in the pre- as well as post-Independence period.
- ❖ The term 'unorganised' is often used interchangeably with the term 'informal', or employment in the informal sector. Strictly speaking, 'informal' is used to denote those forms of enterprise that are not governed by any legal framework (for example, registration under Company Laws). Although it is quite logical that an 'informal' enterprise will employ 'informal'/'unorganised' labour, it must be remembered that 'formal' enterprises also have 'unorganised' employees.
- ❖ The use of contract workers to run canteens or do housekeeping and gardening, employing teachers on a clock-hour basis, and 'outsourcing' jobs such as data entry are some examples that may unravel the complex nature of employment in the unorganised/informal sector in the country. What is important is this: whether in terms of the legal status of the enterprise or the employment relations, workers in this sector are the most disadvantaged section of workers in India.
- ❖ Unorganised sector work is characterized by low wages that are often insufficient to meet minimum living standards including nutrition, long working hours, hazardous working conditions, lack of basic services such as first aid, drinking water and sanitation at the worksite, etc. Even a cursory glance will identify several such occupations, including agricultural labour, construction workers on building sites, brick-kiln workers, workers in various service industries ranging from transport and courier services to the hospitality industry.

It is widely acknowledged that the informal sector in India suffers from a low productivity syndrome, compared to the formal sector. The prominent features of the sector are lower real wages and poor working / living conditions.

REVIEW OF LITERATURE

Mrs. G. Kanthi Sree (2013) found the procedures and Facilities of Work life balance and the perceptions of respondents on specific areas of work life in selected units at Hyderabad district. Managing and organizing both work and life of employees systematically and strategically in any public or private sector units have led to enhanced productivity in the long run.

Kamala Kanta Mohapatra (2012) analysed the degree of vulnerability of the women workers in informal sector in India. Findings show that poverty is a multidimensional concept implying not only lack of adequate income, but a host of other facts such as lack of choice, sense of powerlessness, vulnerability, and lack of assets, insecurity and social exclusion. Highly visible percentage of women workers continue to live a life full of subsistence, compromises and most of their own access in terms of right to life is subsidized. The most important determining factor to such in access and denial primarily evolves out of poor literacy and lack of awareness resulting in self-exclusion from the mainstream opportunities.

Dave Vandana (2012) conducted a study on Women Workers in Unorganised Sector. The study focused on female construction workers, agriculture workers and domestic workers. The objective of this study was to know the socio-economic, working and living conditions of workers. Workers faced problems like disparity in wages where female workers were paid less. Working hours were not fixed and harassment at work place was common.

Surbhi Kapur and Prasana Kumar Sethy (2014) tries to make an attempt to understand the research related to the working and living conditions of workers in the unorganised sector and identify the gaps for further research.

R.Hemalini et.al (2010) had an in-depth understanding of the work life of women bidi workers and throws light on the problems and issues. Women have contributed to the bidi sector right from its inception till date and also for the continuous improvement of the sector. The working hours are very high, and they spend 14- 16 hours a day earning income to support their families. The wages they receive is less than the wages set by the minimum wages act. The women were less aware on the claims against health insurance, loan allowance provident fund which adds benefit to the bidi sector.

Satinder Singh (2013) provided an overview of various aspects of Work-Life Balance through the review of existing literature. The literature identifies its effect on various quality life conditions i.e. Job Satisfaction, Work Stress, Career Growth, Turnover, Absenteeism, Appreciation and competitive environment in context with Work-life Balance and its practices/policies.

STATEMENT OF THE PROBLEM

Unorganized sector workers are those who do not have any job security, income security or social security and are therefore extremely vulnerable to exogenous shocks. The problems of women workers in general and in the unorganised sector in particular deserve special emphasis and focus in view of their marginalized position within the class of workers. Even when women are not employed in the sense of contributing to the national output, a considerable share of their time is consumed by socially productive and reproductive labour. It is important to recognize that women workers who are forced to work in the unorganised sector are often from the poorest sections. Poverty traps them into working in the least protected and most low paid jobs. Maternity benefits and childcare, which are crucial for their mental and physical well-being, are denied, because of which they often lose their jobs. Pension and a minimum insurance cover for unorganised sector workers remain dreams. There is no special policies and schemes social policy to protect the rights of women workers in the in the unorganised sector. This study mainly focused on whether the works of women affect their personal life or not and how they control or balance their work with personal needs and obligations to the family.

OBJECTIVES

1. To ascertain the work-life balance of unorganised women workers.
2. To identify the problems of women workers with regard to work life balance.
3. To identify the determinants of Work Life Balance of Women workers in the unorganised sector.

RESEARCH DESIGN & METHODOLOGY

AREA UNDER STUDY

The sample was selected from various categories of workers from unorganised sector including Anganwadi workers, Tailoring workers, Construction workers, Coolies and Beauticians etc from the Malappuram district of Kerala.

SAMPLING TECHNIQUE AND SAMPLE SIZE

Unorganised women workers were the population for this study, which is very large. So 150 Female workers were purposefully selected from casual workers, midwives, domestic workers, Lady tailors, self employed and others for administering interview schedule.

DATA COLLECTION METHOD

Data is collected through primary as well as secondary sources. Through primary source the data is collected through interview schedules from female employees. Secondary sources consist of books, periodicals, newspapers and online resources.

DATA ANALYSIS AND FINDINGS

The responses related with the women workers satisfaction related with personal needs, job satisfaction, child care, family commitments, leave provisions, working hours and refreshments were collected through interview schedules and the major findings are summarized in the table1 with help of tabulation using five point Likert scale.

TABLE 1: LEVEL OF SATISFACTION OF WORK AND LIFE BALANCE (FREQUENCY/PERCENTAGE)

SL. No	Level of Satisfaction → Work /Life Balance ↓	Highly Satisfied		Satisfied		Average		Dissatisfied		Highly Dissatisfied	
		F	%	F	%	F	%	F	%	F	%
1	Work and personal needs	9	6	10	7	32	21	86	57	13	9
2	Satisfy both job and my family	14	9	22	15	69	46	28	19	17	11
3	Reasonable work to balance my daily family life	8	5	37	25	72	48	26	17	7	5
4	Work and care of children	11	7	19	13	33	22	53	35	34	23
5	Time(hours) spend at work	12	8	16	11	26	17	59	39	37	25
6	Balancing your work and family commitments	11	7	22	15	39	26	50	33	28	19
7	Refreshment drinks/snacks in a day	6	4	20	13	23	15	67	45	34	23
8	Work and leave provisions	12	8	12	8	13	9	75	50	38	25

Source: Primary data from the women workers response

It is found that unorganised women were dissatisfied work with personal needs (57%) i.e. they difficult with very lower income for meeting their financial needs and 50% of workers responded that they don't get the leave that organized workers have, unless they may loss their job. Most of the responses from self employed women, lady tailors and household workers have a little bit satisfaction higher than the others in their personal needs, child caring and family commitments, which shown in figures under highly satisfied category. But the casual and construction workers have daily wages and they were suffer with their personal needs and leave vacancy because of long working hours and lower remuneration. On the whole, women workers satisfaction level with balancing their life and job were very low excluding self employed women entrepreneur with higher income.

LIMITATIONS AND FURTHER SCOPE OF THE STUDY

This study focused widely on all the categories of workers, Comparative study of workers in the different categories of unorganized sector was excluded. The male unorganised workers and their problems regarding work life balance were excluded from the study. There is also a scope for studying the comparison of workers in the both organized and unorganised sectors and their works and personal life imbalances.

CONCLUSION

It is widely acknowledged that the informal sector in India suffers from a low productivity syndrome, compared to the formal sector. The prominent features of the sector are lower real wages and poor working / living conditions. Predominance of informal employment has been one of the central features of the labour market scenario in India. Further, the sector is characterized by excessive seasonality of employment (especially in the farm sector), preponderance of casual and contractual employment, atypical production organizations and work relations, absence of social security measures and welfare legislations, negation of social standards and worker rights, denial of minimum wages and so on. This study also revealed that the respondent women workers try maximum to get their work smoothly without affect it to their child care, family obligations and personal and financial needs, even then the circumstances sometimes compel them to get imbalances. Thus, the unorganised sector has needed strong policies of its own for having social security, common wage system, leave provision and uniformity in the working hours focused to women in particular and unorganised workers in general.

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PROBLEMS AND CHALLENGES OF MICRO SMALL AND MEDIUM ENTERPRISES AND MICROFINANCE RELATED ISSUES

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ABSTRACT

The government of India has enacted the micro, small and medium enterprises development (MSMED) act, 2006. The contribution of small and medium scale sectors in the economic empowerment of any nation cannot be ignored by any means. They contribute immensely in the gross domestic product (GDP) of the economy. This sector nurtures budding entrepreneurs and incubates innovation at its most rudimentary level. The MSMEs sector contributes significantly to value addition, employment generation, export and overall growth of the nation's economy. The MSME sector is responsible for about 40 per cent of the export and 45 per cent of the total manufacturing output of the country. The microfinance institution concentrately helps the micro and the small enterprises of the nation. These institutions help enterprises not only financially but by also giving training to them and by giving technical assistance which help these enterprises to grow. The micro and small enterprises have very few options with them for financing; one of them is microfinance institutions. These institutions help them with great effort and training skills which is required for the initiation of Micro and small enterprises which ultimately helps in the growth of GDP of an economy and employment generation in a country. In this paper we will discuss about the role of microfinance institutions for the growth of micro, small and medium enterprises and suggest some measures through MFIs can cater to the needs of micro, small and medium enterprises in a much large scale.

KEYWORDS

micro enterprises, microfinance.

INTRODUCTION

Money makes the world goes round and it causes the world of micro, small and medium enterprises (MSMEs) to spin even faster. Finance is a quintessential requirement of any business and the need for the same for the micro and small enterprises cannot be stressed enough. On one hand an uninhabited finance can make the business blossom whereas a constrained one can make your business struggle. Many promising business has failed to get the ground because of the lack of finance, which is a big disappointment. According to Mr. Uday Kumar Sharma secretary, ministry of MSME "bankers have maintained that MSME lending is growing 20-22% year-on-year, even though the overall demand for credit appears to far outstrip the credit flow"

One though must understand as to why MSMEs have to struggle for finance considering that there many sources available for availing finance. Sources include banks, large organization, merchants among others. MSMEs generally have no or very little track record which acts as a bottleneck in their way to getting reasonable access to credit. Banks while lending MSME ask for collateral credit which is not easy for MSME. Even the finance which are available from organizations are able to get it is charged at exorbitant rates which are not always rational.

Micro, small and medium enterprises, what differentiates them is the amount of investment made on these enterprises. Micro, small and medium enterprises are classified in two classes: manufacturing enterprise and service enterprise.

Manufacturing enterprises are those which are involved in manufacturing products for selling to any other industries. Manufacturing enterprises are defined in terms of investment in plant and machinery.

Service enterprises are those which are engaged in providing or rendering services and are defined in terms of investment in equipment.

IN MANUFACTURING ENTERPRISES

Enterprises	Investment in plant and machinery
Micro enterprises	Does not exceed twenty five lakh rupees
Small enterprises	More than twenty five lakh rupees but does not exceed five crore rupees
Medium enterprises	More than five crore rupees but does not exceed ten crore rupees

IN SERVICE ENTERPRISES

Enterprises	Investment in equipment
Micro enterprises	Does not exceed ten lakh rupees
Small enterprises	More than ten lakh rupees but does not exceed two crore rupees
Medium enterprises	More than two crore rupees but does not exceed five crore rupees

The object of micro, small and medium enterprise development (MSMED) act, 2006 is to facilitate the promotion and development and enhancing the competitiveness of micro, small and medium enterprises and for matters connected therewith or incidental, under this act, a micro or small or medium enterprises engaged in providing or rendering services may file the memorandum to the authority at discretion.

OBJECTIVES OF THE STUDY

1. Role of microfinance institution for the growth of micro, small and medium enterprises in India.
2. Critical analysis of policies towards micro small and medium enterprises.
3. Analysis of challenges facing for financing micro, small and medium enterprises.
4. Suggestion for improving MSME in large scale through MFIs.

RESERVATION FOR MANUFACTURING

Reservation of items for exclusive manufacture in MSME sector statutorily provided for in the industries act, 1951, has been one of the important policy measures for promoting this sector.

The reservation policy has two objectives:-

- Ensure increased production of consumer goods in small scale sector
- Expand employment opportunities through setting up of small scale industries.

Non-MSME units can undertake manufacture of reserved items only if they take 50% export obligation.

20 items are exclusively reserved for manufacture in MSME sector.

Reserved items according to the third All India census of registered MSME units (2001-02) accounted for:-

- Registered units producing reserved items- 8.56%

- Unregistered units producing reserved items-5.05%
- All units producing reserved items-5.61%

There is no regulation or restriction on marketing of the reserved items by large industries.

The major benefit for MSMEs is the reservation policy, which reserves certain items, for exclusive manufacture by these enterprises, thus, protecting their interests, impetus to the society by generating employment opportunities. The Government has put in place policies and has reserved three hundred fifty (350) items for purchase from MSMEs, under the Government Stores Purchase Programme. To encourage the small-scale units, the SEZs are required to allocate 10 per cent space for the small-scale units. Under the MSMED Act, protections are offered in relation to timely payment for goods and services by buyers to MSMEs. Furthermore, the Government has been encouraging and supporting the sector through policies for preferential access to credit, preferential purchase policy, etc. It has been offering packages of schemes and incentives through its specialized institutions in the form of assistance in obtaining finance; help in marketing; technical guidance; training and technology upgradation, etc. Further, an enterprise, whose post-issue face value does not exceed INR 25,00,00,000 (Rupees Twenty Five Crores only), is entitled to certain exemptions from the eligibility requirements under the ICDR Regulation.

The list of items exclusively reserved for production by MSEs is limited to twenty (20) items. Some examples of reserved items are pickles and chutneys, bread, mustard oil, ground nut oil, exercise books and registers, wooden furniture and fixtures, candles, laundry soap, safety matches, fireworks, agarbattis, glass bangles, steel almirahs and stainless steel and aluminum utensils. Though reserved exclusively for MSMEs, these items can also be manufactured by Large/Medium units provided they undertake to export a minimum of 50 per cent of the new or additional annual production of the MSE reserved items within a maximum period of three years from the date of commencement of commercial production of such reserved items.

POLICY PACKAGE FOR SME 2005-06

- The ministry of Small scale industries has identified 180 items for dereservation.
- Small and medium enterprises were recognized in the services sector, and were treated on par with SSI in the manufacturing sector.
- The corpus of the credit guarantee fund was raised from Rs.1132 crore from march 2006 to Rs.2500 crore in five years.
- Credit guarantee trust from small industries (CGTSI) was advised to reduce the one time guarantee fee from 2.5 per cent to 1.5 per cent for all loans.
- Insurance cover was extended to approx. 30,000 borrowers, identified as chief promoters, under the CGTSI. The sum assured would be Rs.200000 per beneficiary and the premium will be paid by CGTSI.
- The emphasis was laid on cluster development model not only to promote manufacturing but also to renew industrial towns and build new industrial townships. The model is now being Implemented, in nine sectors including khadi and village industries, handloom, handicraft, textiles ,agricultural products and medicinal plants.

BANK'S TARGET FOR MSME SECTOR

As per the policy packaged announced by the Government of India in august-05 for stepping up credit to MSME sector, Government of India (GOI) asked banks to fix self set targets for growth in advances to MSME sector in order to achieve a minimum 20% year on year growth in credit to MSMEs.

SUB-TARGETS FOR MSME SECTOR

In order to ensure the sufficient credit is available to Micro enterprise within MSE sector the RBI vide their master circular dated 1st july 2010 on "lending to micro,small and medium enterprises sector" has directed as follows:

OUT OF TOTAL CREDIT TO SMALL ENTERPRISES SECTOR

40%	Credit to the micro (manufacturing) enterprises having investment in 'plant machinery' up to Rs. 5.00 lacs and micro (service) enterprises having investment in equipment up to Rs. 2.00 lacs.
20%	Credit to the micro (manufacturing) enterprises having investment in 'plant machinery' above Rs. 5.00 lacs and up to Rs. 25 lacs, and micro (service) enterprises having investment in equipment above Rs. 2.00 lacs and up to Rs. 10.00 lacs.
Thus, 60% of the small enterprises advances should go to the micro enterprises.	

Further, as per prime minister's high level task force recommendations the share of micro enterprises in MSE lending needs to be increased to 60% in a phased manner viz. 50% in the year 2010-11, 55% in the year 2011-12 and 60% in the year 2012-13. It would be mandatory for the public sector banks to achieve this target.

The banks should achieve annual growth in the number of micro enterprises account of 10% every year.

It will be seen that the government of India is very keen to ensure that the credit need of micro and small sector are given priority and adequate financial assistance is made available to micro & small sector. The credit needs of the sectors can be met within the discretionary powers given to the branch managers and regional managers.

Thus in order to fulfill the sub target field level functionaries will have to pay attention to the credit need of micro & small sector. Special credit camps may also be arranged at various centers to step up finance to micro & small sectors.

STRATEGY TO ACHIEVE THE TARGET

To achieve the set target, bank proposes to move simultaneously into the following directions.

- Focused attention will be given to activate branches to sanction credit proposal more in numbers. As per the directives given in the policy package for setting up advance to MSME sector, each semi-urban and urban branch has to sanction at least five new MSME proposals every year.
- Presently bank has identified 95 branches for intensifying finance to MSME sector. Few more branches will be added, keeping in view the overall manpower position. Such branches will be called MSME branches.
- MSME branches will be given all support service such as training, skill of credit appraisal etc. MSME branches are expected to contribute sizable growth in MSME sector.
- Emphasis should be given to the efficient credit delivery system. The advance should be made available within minimum time. Guidance/assistance may also be extended in completing bank formalities necessary for availing loans. Counseling services may be given to the entrepreneurs for their new as well as existing projects.
- Our banks have entered into tie up arrangements with the following companies by signing MOUs:
 - TVS motors for financing auto rickshaws/ three wheelers for carrying passengers/goods.
 - Tata motors for financing commercial vehicles/equipments (other than three wheelers)
 - Bajaj auto for financing commercial vehicles.
- Our bank has entered into MOU with CRISIL and DUN & Bradstreet information services for carrying out DUE DILIGENCE exercise of MSME borrowers.

INITIATIVES TO AUGMENT CREDIT FLOW TO MSME SECTOR

POLICY INITIATIVES

- ⇒ Separate lending policy for financing MSME sector which will be renewed every year.
- ⇒ Discretionary powers modified.
- ⇒ Competitive rate of interest.
- ⇒ Simplification of forms and documents, standardization of appraisal system.
- ⇒ Adequate and timely finance.
- ⇒ Specialized delivery channels.
- ⇒ Specific business models.
- ⇒ Flexibility in takeover norms.

⇒ Relaxations in financial ratios in line with loan policy.

PRODUCT INITIATIVES

- ⇒ Special schemes to extend finance at competitive rate of interest are formulated.
- ⇒ Dena Laghu Udyami Credit Card and Dena Artisans Credit Card are introduced with simplified credit delivery system for small borrowers /artisans.
- ⇒ MOUs and tie ups with various companies.

ROLE OF MFIS IN GROWTH OF MICRO, SMALL AND MEDIUM ENTERPRISES IN INDIA

MSME are the drivers and engines of growth, promoting equitable socio-economic development worldwide. Although MSME have an immense potential to play a larger role in globally competitive industries, the lack of inclusive growth models, concerted efforts by governments and the private sector, and the scarcity of financial resources bound them. As we have discussed earlier micro enterprises are the one whose investment in plant machinery in manufacturing unit does not exceed Rs 25 lakh and investment in equipment in service sector does not exceed Rs 10 lakh. In the early stages of business life cycle, small firms in developing countries often depend on informal sources of funding and have basic needs, such as managing cash flow through short term loans and basic saving accounts. Ownership and management are mostly the same with simple financial recordkeeping, often separate for the business and household. Finally their capital base is often small; while starting capital is generally provided from their own savings and borrowings from relatives and friends.

MFIS INCREASINGLY HELPING MICRO AND SMALL ENTERPRISES

MFIs have become a real boon for this MSME specially these micro and informal sector enterprises. These sectors are generally unbanked sectors of enterprise populations. It is to be noted that financial inclusion has become an important topic in the development agenda, as there is a direct link between access to credit for MSME and economic growth and development. Poor entrepreneurs can achieve their dreams only through financial inclusion. Microfinance emerged as noble substitute for informal credit and an effective and powerful instrument for poverty reduction. Many financial service providers serve micro and small enterprises in developing countries, including commercial banks, co-operatives, MFIs and others. These providers have different capacities and motivations, and target different specific sub segments within the small business landscape. Larger financial service providers, including commercial banks that want to serve small businesses, tend to focus on firms that are larger and formal. On the other MFIs usually focus on firms which are small and informal. Most MFIs are looking at small enterprise segments because they offer additional business growth opportunities. Another motivation is the MFIs desire to continue serving small number of growing micro clients. Despite a recent directive from RBI to the banking sector that funds up to Rs 5 lakhs should be made available to micro, small and medium enterprises without collateral security, many MSME still found it difficult to raise fund in emergencies.

CHALLENGES IN FINANCING MICRO SMALL AND MEDIUM ENTERPRISES

MSMEs are collectively the largest employment generation sectors in developing countries, yet their viability can be threatened by a lack of access to such risk-management tools as savings, insurance and credit, their growth is often stifled by lack of access to credit, equity and payment services. Access to financial services can therefore boost job creation, raise income, reduce vulnerability and increase investment in human capital. MSMEs account for a significant share of employment and GDP around the world, but, when they have limited access to finance, the economy suffers a series of negative consequences: economic and social opportunities are restricted, enterprise creation and growth are restrained, household and enterprises are more vulnerable to threats and payments are more costly and unsafe. MSME face certain distinct challenges because of their very nature. One of the biggest is the stiff competition from the large and the established players in the markets and the other is the imports. These make it necessary for MSMEs to innovate and either introduces a product or services to fill the void created by bigger players, or reduces cost and streamline processes to enable them to be on a more level playing field against bigger players. However MSMEs innovation is often restricted by two types of challenges- strategic and operational.

STRATEGIC

INTELLECTUAL PROPERTY RIGHTS (IPR)

The effective implementation IPRs in India has always remained a contentious issue. Weak implementation of legislation usually impacts micro and small scale industries, especially those that are innovation-driven. Their innovation helps them develop products and services before others. However, ineffective legislation and implementation drastically cut down lead time, thereby negating the ability of MSMEs to effectively monetize their innovation.

HIGH COST OF CREDIT

The fundamental basis of any innovation driven enterprise is research. R&D frictions well when there is continuous flow of funds. In the current Indian economic scenario, cheap funds are difficult to come by. With the RBI reiterating that costs of funds will remain high for a while to curb inflation, this will continue to remain a challenge for the sector. Another reason for the high cost of credit has been the high risk perception among banks about this sector and the high transaction costs for loan appraisal. While the quantum of advances from public sector banks to small and medium enterprises has increased over the years in absolute terms, from Rs.46,045 crore in march 2000 to Rs.1,85,208 crore in march 2009. For the same period the share of credit to the MSME sector in the net bank credit (NBC) has declined from 12.5% to 10.9%. MSME sector are unable to provide collateral to banks are hence denied access to credit, making it harder to get loans.

OPERATIONAL

LOWER TECHNOLOGY LEVELS

The MSME sector in India, with some exceptions, is characterized by low technology levels, a huge drawback in emerging global market. As a result, the sustainability of a large number of MSMEs will be in jeopardy amidst competition from imports.

This hinders the growth of innovation driven companies which do not belong to IT sector, where effective technology will sort out most process road blocks and allows to concentrate on their core business of innovation.

INSUFFICIENT INFRASTRUCTURE

To ensure MSME competitiveness, it is essential that the availability of infrastructure, technology and skilled manpower is in tune with global trends. MSME are located in old industrial estates are functioning within urban areas or functioning in unorganized manner in rural areas. The state of infrastructure, including power, water, roads etc. in such areas is poor and unreliable. While these acts are threat to MSMEs, the biggest impact is felt by their research arms as they don't have the firepower to be able to innovate.

LACK OF SKILLED MANPOWER

Although India has a large pool of human resources, the industries continues to lack skilled manpower required for manufacturing, marketing, servicing etc. Also there is a lack of a culture of research. Even premiere technological institutes do not produce the quantity and quality of world class research expected of them. This leads to serious dearth of competent researchers in organization.

DELAYS IN SETTLEMENT

Large scale buyers usually of long settlement lead times when they deal with MSMEs owing to their limited bargaining power in the market. This hurts the ability of MSMEs to divert funds to their apex requirement and R&D.

SUMMARY OF CHALLENGES IN FINANCING OF MSME SECTOR

The supply of formal finance to the MSME sector is constrained by multiple challenges on both demand and supply sides. The demand side is constrained by factors such as limited access to collateral that directly affects the access of finance, Limited capacity of the entrepreneurs that indirectly had an impact on the access of finance. The supply side is constrained by internal institutional challenges such as changes in macroeconomic scenario.

Summary of challenges that constraint financing to the MSME sector:

Demand side	Supply side
Factors that directly impact financing	Internal factors that constraint supply
Inadequate access to debt financing	Limited information on enterprises in the sector
Limited information on financial sources and products	High cost of servicing high frequency, small size transaction in branch banking code
Inadequate collateral	Poor historic performance of the sector- high NPA
Limited access to alternative sources of finance	
Factors that indirectly impact financing	External factors that constraint supply
Inefficiency in business operations; limited entrepreneur capacity	Changes in macroeconomic environment
Inadequate access to infrastructure	Changes in legal and regulatory environment
Inadequate market linkages	
Inadequate access to technical assistance	

A variety of independent studies suggest that very few small enterprises are aware of government initiatives to support small enterprises. According the SME annual survey (2004), which sampled over 2500 SME and focused specifically on SME perceptions of government support, over 60% of the business were aware of the SETAs, 45% of the businesses were aware of the Industrial development corporations (IDC)

RECOMMENDATION OF THE GOVERNMENT TO IMPROVE THE MSME SECTOR

The Committee notes that the major problems for the MSMEs relate to the Availability and cost of credit, marketing support, improving productivity, Technology/skill up gradation, infrastructure and the institutional framework for MSMEs. The Committee also notes that there are issues related to specific products like Chemicals, Plastic, Leather, Handicrafts, Textiles and Agricultural Products and specific markets. On each of the issues the Committee has made suggestions for immediate implementation and for the medium term.

The major recommendations of the Committee are as follows:

AVAILABILITY AND COST OF CREDIT

An additional interest subvention of 2% for those exporters who repay on a timely basis; reduction of the spread on foreign currency credit to LIBOR + 2%; automatic increase in foreign currency limits due to rupee depreciation; banks to aim for at least 40% export credit to MSMEs, targets for banks to increase MSME borrowers by 10% annually until 2017.

MARKETING SUPPORT

Enhancement of budget and scope under MDA/MAI schemes; greater focus on brand building and trade fairs; double income tax deduction for marketing expenses; support for E-Commerce.

PRODUCTIVITY/TECHNOLOGY/SKILL UP GRADATION

Modification in labor laws to enable more overtime hours and employment of women in night shifts with necessary safety; enhancement of technology up gradation schemes with both capital subsidy and interest subvention; setting up of research/resource/product development centres and linkages with the technical institutions and CSIR laboratories.

INFRASTRUCTURE FOR MSMEs

24*7 facilities for export consignments at major air cargo/sea port complexes; enhancement of ASIDE scheme and development of MSME clusters near Highways/Rail Corridors.

INCENTIVES/TAXES RELATED ISSUES

A differential corporate/income tax regime for MSME exporters; separate ECGC policy for MSMEs to reduce costs; removal of service tax on conversion of export proceeds remittances and a host of issues which will reduce transaction costs in exports.

INSTITUTIONAL FRAMEWORK

Constitution of a Standing Committee of Secretaries to resolve policy and implementation related issues; greater coordination at the ground level between Customs and DGFT offices.

SECTOR SPECIFIC ISSUES

Based on the suggestions received from sector export councils/associations, the Committee recommends a cess of 0.1% on the production of chemical and Plastics, for creating a fund for technology up gradation for the two sectors; additional budgetary support for handicrafts sector, enhancing the support under Integrated Leather Development Scheme; calibrate the exports of cotton yarn; avoid unintended exclusions of fabric items; amendment of APMC Acts for enabling direct purchase of horticulture/vegetable items from farmers by exporters; greater infrastructure support (testing labs, pack houses) for processed agriculture exports.

ENABLING BUSINESS ENVIRONMENT

The government shall:-

- Provide a better and more conducive business environment for MSME sector.
- Keep simplifying the business regulatory environment.
- Develop web-enabled common application gateway.
- Introduce timelines defined in respect of all clearances.
- Enhance the quality of human resource through training and skills development packages.
- Promote pooling of common services and functions (common facility centre) under cluster approach for the benefit of small players.
- Strengthen participation of and support to SHGs and co-operatives in the production and marketing in micro enterprise sector with special focus on handicrafts and village industries.
- Encourage joint ventures with private sector in the entire value chain of the MSME sector.
- Setup technology facilitation centre involving technological institution and experts for technology up gradation and transfer support to MSME.
- Setup adequate number of industrial estates for providing basic infrastructure to MSME.
- Facilitate setting up MSE clusters in each district of state.
- Create marketing infrastructure and support through setting up haats/parks and facilitation participation of state's MSME sector in fairs/expo/exhibition.

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CORPORATE GOVERNANCE AND RECENT CORPORATE GOVERNANCE FAILURE

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ABSTRACT

We consider corporate governance to be a key element when we talk about the success of a company but in the same time if this system fails due to different reasons, the financial, social, political consequences can be very serious. In order to understand the importance of this system we tried to explain and define the notion of corporate governance being inspired by the studies already made in this field. In the second part of the paper we pointed out the structure of a company when good corporate governance practices are embraced. In the Third part of the paper we focused out attention on some resounding financial scandals from all over the world and then analyzed the causes that led to failures. Least but not last we took a close look to the failure or corporate governance and the reasons that this happens. The conclusions express our point of view regarding failure and we agree that in most of the cases, no matter the system of corporate governance, the country in which the company activates or the stakeholders involved in the business, human nature, the power of money and control are too hard to overcome.

KEYWORDS

Benefits, control, corporate governance, ethics, failure.

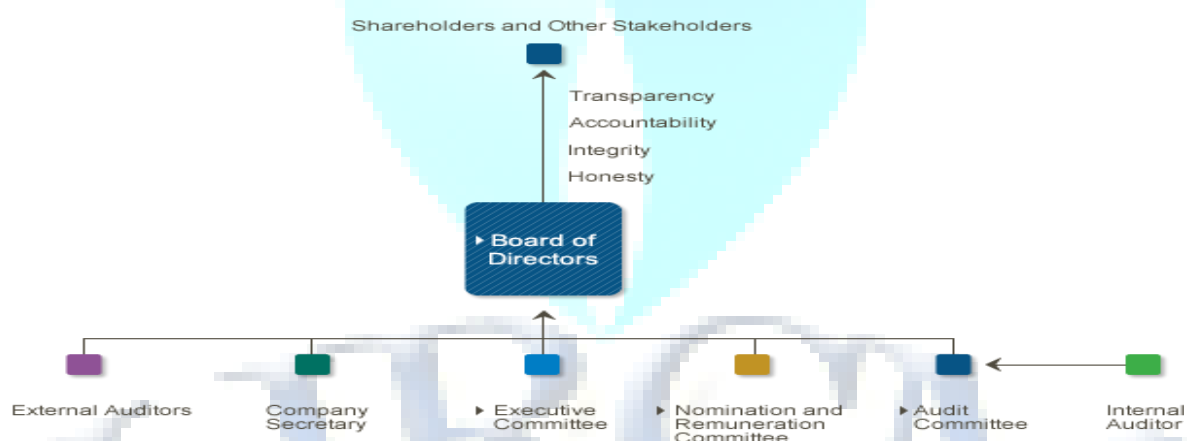
INTRODUCTION

Corporate governance is a multi-faceted subject. An important theme of corporate governance is to ensure the accountability of certain individuals in an organization through mechanisms that try to reduce or eliminate the principal-agent problem. A related but separate thread of discussions focuses on the impact of a yet other aspects to the corporate governance system in economic efficiency, such as the stakeholder view and the corporate governance models around the world.

DEFINITION OF CORPORATE GOVERNANCE

The system of rules, practices and processes by which a company is directed and controlled. Corporate governance essentially involves balancing the interests of the many stakeholders in a company - these include its shareholders, management, customers, suppliers, financiers, government and the community. Since corporate governance also provides the framework for attaining a company's objectives, it encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure.

"Corporate Governance can be defined as a set of system and processes which ensure that a company managed to the best interests of all the stakeholders, the set systems that help the task of corporate include certain structural and organizational aspects, the process that helps corporate governance embrace how things are done with in such structure and systems" By L V Iyer.

CORPORATE GOVERNANCE STRUCTURE

Corporate governance is the overall control of activities in a corporation. It is concerned with the formation of long term objectives and plans and the formal structure (organization, system and people) to achieve them. At the same time, it entails making sure the structure functions to maintain the corporation's integrity and responsibility to its various constituencies. The structure includes the board of directors, top management, shareholders, creditors and others. Role of these stakeholders is crucial in guaranteeing responsible corporate performance.

RECENT CORPORATE GOVERNANCE FAILURE IN COMPANIES

Reported to the current business environment, in which when we are pronouncing word success, the first ideas that come to mind, although sometimes unintentionally, are those relating to force, most of all, financial strength, even if it is achieved at the cost of breaking the rules. Derivatives of these rules, words such as "standards", "principles" or "control" creates disorder, worries, superficial or deep, those who were committed to "transact" holding or acquiring the image of dizzying profits because such an objective requires often ignoring or even violating their game, with any risk, regardless of consequences, making it extremely difficult governance of an entity on any scale, from medium to enterprise giants. Thus, seemingly inexplicably, star companies cannot made payments, in a capitalist world where management errors in terms of decision, administrator's indifference and complicity of auditors have created "cocktails" with devastating effects, difficult or sometimes impossible to annihilate. To support the statements made above are considered necessary to illustrate a few resounding cases in field of corporate governance and their interpretation in terms of the factors that influence corporate governance, mechanisms and tools that establish its principles.

LEHMAN BROTHERS

The collapse of Lehman Brothers [9] seen by a lot of people, a corporate governance failure, not a failure of financial markets, in September 2008, was the biggest bankruptcy in the corporate history of the USA, and the event that conducted to the largest and worst financial crises of the last decades. It became true as a consequence of a fatal error like combination of intricate accounting rules, complex derivatives, greed, excessive leverage and the complacency of rating agencies. Although it happened at a distance of seven years, it can be discovered amazing similarities between Enron and Lehman, the misbehavior of top management. Lehman's equivalent of the Enron's pre-pay transactions is the Repo 105, a fascinating term that is going to become the new example of how to fool analysts and investors. Originally, repos serve a very desirable objective of making money (they would be otherwise inactive) by circulating, lending and investing it. Repo 105 transactions doubled between late 2006 and May 2008, were known inside the company, exceeded the firm's self-imposed limits and typically happened at the end of each quarter, when financial information had to be released.

Through these transactions, Lehman Brothers managed to reduce leverage on the right-hand side of the balance sheet and, at the same time, reduce assets on the left-hand side. They used repos reportedly for financing reasons, but accounted for them as asset disposals. These Repo proceeds amounted to about \$50 billion by September 2008 – which is more than the amount of General Motors outstanding bonds when it went bankrupt in 2009.

And the most resonant similarity with Enron is appearance of the name of a large audit firm, Ernst & Young, "they didn't approve the Accounting Policy", it rather "became comfortable with the Policy for purpose of auditing financial statements". Two of the Lehman's financial directors were in the past engaged in collaboration with Ernst & Young. And in the last year of complete financial reporting, Lehman Brothers was the 8th largest customer for E&Y, and the fee paid by LB was about \$185 millions.

Worrying is that we are not trying to learn from history and not to repeat the same mistakes and those from Lehman Brothers walked the same steps of collapse as Enron did. They were not taken down by ill-intentioned short sellers and market manipulators; the company was bankrupt well before September 2008.

SATYAM

Satyam is another case of a resounding failure in corporate governance, this time in India [17]. It is a failure that occurred with the fourth largest software company from the country. This is not the first time that companies promoted by family groups defraud the investors. But Satyam has a different face because the Chairman himself admitted the fraud and wrote to the Board of Directors and the Capital Market Regulator about the manipulations, which have made all regulatory frameworks a mockery. Accounting manipulations, to which they appeal, consisted of understatement of liabilities and inflated cash balance. Satyam reported a net profit of Rs. 649 cores whereas the real profit was only Rs.61 cores. Although financial statements were prepared in accordance with Indian GAAP, IFRS and U.S. GAP, in 2008, the year that we reference, have been audited by the PWC only those drawn in concordance with Indian GAP. Another important fact to note is that in the Board of Satyam were present two teachers from two major schools of business, Mr. Rammohan Rao was from the Hyderabad Indian Business School, which is the leading business school in India, Mr. Krishna Paleppu was from the famous Harvard Business School, that with all their skill and competence, allowed the commit of such errors. The company's corporate governance statement for 2007 shows that an audit committee was functioning overseeing the financial reporting and disclosure process as also the ensuring the sufficiency, correctness and credibility of the financial statements. But more seriously, like in Enron and Lehman Brothers cases, PWC has slowed to hide the fraud, not all the audit tests that were required in those cases were applied, or had been partially applied. Satyam episode pulled down the stock market indices heavily.

Satyam lost over 70 per cent in the market. The fate of over 50,000 employees of Satyam is in doldrums. The investors who had great faith in Satyam lost heavily in this game. The clients have already expressed their reactions by blacklisting the company and Ramalinga Raju's was resigned from the Board.

The table below is a summary of the most resonant cases of failure of corporate governance in recent years, in addition to the causes that led to these failures, another interesting thing to note is that most cases have occurred in the USA .

TABLE 1: RESONANT CASES OF CORPORATIVE GOVERNANCE FAILURE

No.	Company Name	Country	Observable Causes of Failure
1	Enron	USA	Inflated earnings
2	WorldCom	USA	Expenses booked as capital expenditure
3	Tyco	USA	Looting by CEO, improper share deals
4	Global Crossing	USA	Inflated corporate profits to defraud investors
5	Royal Ahold	Netherlands	Earnings overstated
6	Parmalat	Italy	False transaction recorded
7	Wal-Mart	USA	Weaknesses in internal controls have led to government investigations and class action lawsuits by employees.
8	Xerox	USA	Accelerated revenue recognition

(Source: "Reason for Corporate Governance failures", by Shruti Mehta & Rachana Srivastvaare)

APPROACHES AND DISCUSSIONS ON THE CASES OF CORPORATIVE GOVERNANCE FAILURE

A presentation of only a few cases shows an important number of similarities in the company's actions, or negligence allowed by the persons responsible for management, which inevitably led to failure, which brings together a complex financial failures, image failures or ethical failures for the company, as individual cases, but certainly for the sector in which it operates. Behind those scandals are a number of common factors, including:

- Management incompetence
- Non-observance of the procedures stipulated in internal regulations
- Insufficient attention paid to risk management
- Inconsistent distribution of duties and responsibilities
- Inefficiency of internal audit
- Ignorance showed to the signals provided by external audit
- Influencing the external auditors to express an audit opinion inconsistent with reality.

Trying to carry out a more detailed analysis could be said that the boundaries within which all this factors could be grouped, is organizational culture, motivational element that differentiates the business entities, the principles and values which they lead. Analysis of the influence of culture on corporate governance has led to the identification of three groups of individuals, distributed as for Anglo-Saxon countries, with major U.S. and United Kingdom exponents, continental European countries, like Netherlands and Italy, and the third group represented by Asian countries, having as an exponent mainly Japan. In the U.S. and UK a significant number of large national companies are listed on stock exchanges, financial markets shows a high degree of liquidity, and ownership and control rights are frequently exchanged. In Japan and Germany, instead, major banks, insurance companies and Government held the prevalent system of management, and many companies have reference shareholders and private law, which has the effect of limiting in the number of hostile takeovers.

Starting from the notion of corporate governance, following and analyzing the two types of governance, given the strong poles of this sphere, the U.S. and Great Britain, as well as Japan, have defined some mechanisms through which big companies follow the basic principles. Although, most likely in developing these mechanisms, those who have kept it in mind conceived the signals received from the practice, and the classification they tried to do was based on those habits that would be the basis of strong economy, we kept the probability that after folding the resounding failure analysis on the cases presented above, classification according to the importance of these principles could become a little surprise.

Introducing the first factor "Discipline of the capital market", is not accidental, taking into consideration the fact that most failures occurred precisely in areas where capital markets have an important influence. But there may appear the question: "This refers to the order on financial markets or the rules imposed by them?" For a delimitation of these two spheres, should be provide the role played by minority shareholders. They can refuse new equity subscriptions, or even

to sell the shares they hold, which may lead to deteriorating market share price. A low stock price will turn the company into an attractive takeover target. Although the direct connection between the failures and the discipline imposed is not directly observable, we could make an analogy with an octopus that spreads its tentacles for protection, and to conquer at the same time.

This accounting fireworks in most cases, *temporary transfer of money out of balance sheet* also called practice Repo 105 (Lehman Brothers) [9], *costs masking and the production of higher income than in reality* (Adelphia Communications), *reporting operating expenses as capital costs* (WorldCom, Enron), are only the hidden or masked peaks of the relationships between key players, investors, managers and representatives of the entities, audit and consultation offices, which manifest temptation to play a dual role. Thus, developed banks keep an important number of shares that allows them to exercise significant control sometimes even global. As owners of capital, they automatically are receiving rights to have persons appointed by them in the management bodies of companies, which can block the will of strategic decisions or to share them in the interest concerned by the banks, remembering here about the system called "Insider". Therefore, some other involuntary conscious management board members are simple pawns, taking upon themselves the responsibility, but making games of others.

To present a more credible situations in the past two decades in particular, so before the notion of corporate governance to be used widely, the entities have used the services of audit, internal and external alike, but mainly to second one, following through this, consolidation, repositioning, image growing and brands consecration, just in terms of ideas that these opinions expressed independently by competent and integral specialists, are independent, uninfluenced and equidistant from the partners. Cases of Enron or Lehman Brothers seem to be in opposition to the principles stated above, while statutory audit would have to represent a mechanism aimed at ensuring the enforcement and strengthening corporate governance principles, the purpose was opposition expectations. All these weak links, the imposition by lenders of certain people in management boards to influence decisions, appearance on key management positions of persons employed in the past at the largest audit companies, the deformation of reality by presenting false audit reports, can lead to two ways of explaining the phenomenon, incompetent persons involved in the process of government, or their involvement in the betrayal of ethical principles, in our opinion is the thread that binds together all other ingredients, ethical principles once regarded should strengthen, to weld components for achieving positive results.

What exactly is the role of codes of ethical conducts, does not the non-observance contributing to their failure, triggers all the failures in corporate governance? Ethics in business is not just the current international conventions and statements; it must be represented in the first by reasonable actions and decisions, but more importantly the professional desire to achieve these actions. We presented above cases in which companies set standards of conduct and agree to comply, but suffer failures caused by corrupt temptations that show. Of course, adherence to ethical standards will not always guarantee that societies will keep every time right thinking, but here the reverse may be available, there are companies that have experience in neglecting ethical principles, but now they have implemented sound systems of governance. The most important thing in a corporatist system, without which it would be impossible to implement and maintain ethical principles, is the leadership position. Only the leadership must establish through its actions moral skills that will govern the activity.

Presented in the Table 2, we find the most common scenarios that companies face when it comes to implementing corporate governance principles based on ethical actions.

TABLE 2: CORPORATE GOVERNANCE AND ETHICS

		CORPORATIVE GOVERNANCE FRAMEWORK	
		Weak	Strong
ETHICAL	Weak	I Goal – Focus on overcoming systemic corruption	II Goal – Focus on building an ethical organization
	Strong	III Goal – Focus on improving corporate governance framework	IV Goal – Focus on compliance, disseminating best practice experience

(Source: *The moral compass of Companies: Business ethics and Corporate Governance as Anticorruption Tools*, John D. Sullivan)

Of course the ideal situation is depicted in quadrant IV, but even if found in any of the other three cases, companies can take steps to reach the ideal position. Ethics, principles that govern companies from outside, and the solutions given by external supervisors, directs the development of corporate governance so that this does not serve only entity in particular but also for society as a unit. After determining the involvement of principles underlying corporate governance in triggering cases of failure of large companies have tried to establish a hierarchy of "guilt" of those, presented in Figure 3.

FIG. 4: CLASSIFICATION OF CORPORATE GOVERNANCE PRINCIPLES



Source: Own processing (adapted after "Reason for Corporate Governance failures", by Shruti Mehta & Rachana Srivastvaare)

As you can see, in our opinion, the most important principle which was broken, starting from the bottom of the pyramid, was complying with the rules of ethical conduct. We have to become concerned that very few times *ethics is seen as the pillar structure* for a healthy management system, though, especially ethics is one that most often lead to corporate behavior – both the management and the subordinates, regardless of country, sector of the economy or business size. Placing on the second level the *board's nominations* has as a foundation the structure of governance types and mechanisms to make used by shareholders to influence managers' decisions and thus to marginalize their decision-making power. Statutory audit, discipline imposed by capital markets or laws governing the system of corporate governance are factors that influence the process outside the company, but that may be as toxic as the fraudulent use of the first two principles. The most conclusive proof is the support given by consulting firms in masking errors or stimulates the production of their conscious.

CONCLUSIONS

A transparent and timely communication between those who are involved in decision making process must be the first tool that can prevent cases of failure. The link between information and fraud prevention must go beyond the particular mode of corporate governance chosen, organizational structure and control mechanisms applied. People are more important than processes, so one of the main goals is to encourage the diffusion of advanced practices, which lead not only to defend the interests of investors but also to ensure social stability, improving the quality of human capital and promoting authentic values [10]. Financial crises detached from economic crises about we heard last year can head us on two ways, namely, accounting fraud can be attributed to excessive control or lack of control, external standards provided by the company or by internal regulations [2]. Highlight the close links between fraud and corporate governance is relevant again. These items mentioned are really important, in idea that the regulations remain ineffective if there is not a tandem with organizational culture,

supported by strong ethical principles, to point out the priorities, transparency of accounting information and efficiency of exercised control. Removing conflicts of interest is the safest way to ensure the correct functioning of control systems.

As possible ways to avoid future cases of collapse may be the following:

- Separation of powers of the Chairman and CEO. Each has to activate on its own pathway, otherwise we could reach a situation of excessive concentration of power and control capabilities of the supervisory board to be diluted.
- Integrity and missing of conflict of interest between managers, that should not target capital gains from the position they occupy, rather than wage remuneration they deserve.
- The existence of a strict flow of information so that decision-makers, have to receive timely and adequate information to perform their duties.
- Drawing concrete tasks and functions, especially in management teams, where decisions require a sustained effort and a great responsibility.

Finally we have to ask a question, that has to be answered by everyone interested in this field of activity, "What is the value of corporate governance principles declared by the companies?" Although here have been treated just a few of the many cases of corporative governance failure, we attend to believe that we managed to emphasize the main ideas, which are the interpretation and point of view of the authors, and as a solution to eliminate or at least to reduce the differences between the three main types of corporate governance, we would see a set of standards and requirements that include features of all types of governance factors, namely an attempt to globalize the management techniques.

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