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- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

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**MAPPING PROFITABILITY OF PUBLIC SECTOR ENTERPRISES WITH SPECIAL REFERENCE TO BHEL**

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**ABSTRACT**

*This paper aims to access the position of BHEL from the year 2004 to 2014. To evaluate the profitability of the company, relevant ratios were used and statistical tools like mean, standard deviation, coefficient of variation, minimum, and maximum were applied, and to test the significant relationship between the relevant variable, the variables were tested with the help of correlation and regression analysis (t-test). In hypotheses testing, most of the hypothesis showed a statistically significant relationship between two variables. Hence it was concluded that the overall performance of Bharat Heavy Electricals Limited regarding profitability was sound during the study period, the company's market is growing, and it was earning an acceptable return on invested capital, and it has good future opportunities for growth.*

**KEYWORDS**

profitability, paper companies, profit margin, operational performance, correlation analysis, regression analysis.

**JEL CLASSIFICATION**

C12, C14, C16, G32.

**INTRODUCTION**

Profitability is a shallow goal, if it doesn't have a real purpose and the purpose has to be share the profits with others"  
**Profitability** is the ability of a business to earn a profit. A **profit** is what is left of the revenue a business generates after it pays all expenses directly related to the generation of the revenue, such as producing a product, and other expenses related to the conduct of the business' activities. Profitability is an indication of the efficiency with which the operations of the business are carried on. Poor operational performance may indicate poor sales and hence, poor profits. A lower profitability may arise due to a lack of control over expenses. Bankers, financial institutions, and other creditors look at the profitability ratios as an indicator of whether or not a firm earns substantially more than it pays interest for the use of borrowed funds and whether the ultimate repayment of their debt appears reasonably certain. Owners are interested to know the profitability as it indicates the return which they can get on their investment. The profitability ratio measures the profitability or the operational efficiency of a firm. There are two groups of persons who may be especially interested in the analysis of the profitability of a firm. There are:

- I) The management which is interested in the overall profitability and operational efficiency of the firm; and
- II) The equity shareholders who are interested in the ultimate returns available to them.

Both of these parties and any other party such as creditors can measure the profitability of the firm in terms of the profitability ratios. Different profitability ratios have been suggested to access the profitability of the firm from different angles. The performance of the firm can be evaluated in terms of its earnings with reference to a given level of assets or sales or owner interest, etc. broadly, the profitability ratios are calculated by relating the returns with the I) sales of the firm; II) assets of the firm; and III) the owners' contribution.

**PROFILE OF BHARAT HEAVY ELECTRICALS LIMITED (BHEL)**

Embarking upon the 50th Golden Year of its journey of engineering excellence, BHEL is an integrated power plant equipment manufacturer and one of the largest engineering and manufacturing company of its kind in India engaged in the design, engineering, manufacture, construction, testing, commissioning and servicing of a wide range of products and services for the core sectors of the economy, viz. Power, Transmission, Industry, Transportation (Railway), Renewable Energy, Oil & Gas and Defence with over 180 products offerings to meet the needs of these sectors. Establishment of BHEL in 1964 was a breakthrough for upsurge in India's Heavy Electrical Equipment industry. Consistent performance in a highly competitive environment enabled BHEL attain the coveted 'Maharatna' status in 2013. BHEL also has a widespread overseas footprint in 76 countries with cumulative overseas installed capacity of BHEL manufactured power plants nearing 10,000 MW including Malaysia, Oman, Libya, Iraq, the UAE, Bhutan, Egypt and New Zealand.

The high level of quality & reliability of BHEL products and systems is an outcome of strict adherence to international standards through acquiring and adapting some of the best technologies from leading OEM companies in the world together with technologies developed in our own R&D centres. Most of our manufacturing units and other entities have been accredited to Quality Management Systems (ISO9001:2008), Environmental Management Systems (ISO14001:2004) and Occupational Health & Safety Management Systems (OHSAS18001:2007).

- **Expansion/ Modernization Project:** Public sector undertaking BHEL is expanding its limited presence in the solar power equipment industry by setting up a solar photovoltaic cell manufacturing plant at Sakoli, in Bhandara district of Maharashtra. Coming up at an investment of Rs 2,731 crore, the project is BHEL's largest investment in the power plant equipment manufacturing segment. Maharashtra government, while clearing the project, granted it the "Mega Project" status and extended all special incentives that go with the status. MIDC has already secured 480 acre for the plant. BHEL intends to execute the project in two phases. In the first phase, the power equipment giant will be setting up a fabrication plant with an investment of Rs 500 crore. And the solar cell plant will be set up in the second phase. The state government has assured special status to both the phases. Manufacturing solar power equipment is not a new venture to BHEL. The company presently manufactures apparatus for solar lanterns, photovoltaic cells, water heating systems etc, at its Bangalore plant. The Sakoli plant will catapult BHEL into a larger player in this segment. Apart from manufacturing photovoltaic cells, modules and solar panels, the plant will also manufacture solar wafers. Solar or silicon wafers are key components of solar photovoltaic cells. The wafers are currently imported as they are not domestically manufactured. As BHEL's initiative will result in import substitution, the company will also be entitled to avail subsidies under the National Clean Energy Fund (NCEF).

**OBJECTIVES OF THE STUDY**

- 1) To analyze the profile of Bharat Heavy Electricals Limited (BHEL).
- 2) To evaluate the profit margins in relation to sales.



- 3) To examine the profitability in relation to investment.
- 4) To examine the profitability in relation to total assets.

## SCOPE OF THE STUDY

For the present study, one of the leading large size public sector companies was considered for analysis. The scope covered under the present study is ten years, beginning from 2004 to 2014.

## REVIEW OF LITERATURE

Almazai (2009) in his study titled "Analysis Profitability Ratios of Jordanian Phosphate Mines Company (2001-2007)" examined the profitability ratios by using times series analysis over the period from 2001-2007. The study constructed a theoretical model consisting of independent variables (gross profit margin, operating profit margin, net profit margin, earning per share return on total assets, and return on equity) and dependent variable (performance of the company) to examine the relationship between the variables. The study found that there was a positive relationship between dependent variable (gross profit margin, operation profit margin, net profit margin, and return on equity) and dependent variable (performance). The authors suggested that financial statement analysis must be used to reduce risk and uncertainly by using tools and techniques to evaluated and project the future performance of firm.

Chandra, chouhan, and Goswami (2012) enquired the relationship between profitability and working capital analysis of information technology companies. In their study, they found a statistically significant relationship between capital and profitability of all the selected companies. The positive direction of the relationship in all significant cases connotes that growth in working capital will result in increased profitability.

Abuzar (2004) observed the relationship between profitability and liquidity for sample firms in Saudi Arabia. The researcher took cash gap and current ratio as a measure of liquidity. Using correlation and regression analysis, a negative relationship was investigated between liquidity and profitability, where current ratio was taken as a measure of liquidity. At the company level, it was observed that the cash gap (cash conversion cycle) is more important as a measure of liquidity than the current ratio as a measure of liquidity that affects profitability. At the industry level, it was observed that size had a significant effect on profitability.

Haslem (1968) used operating profit ratio to measure the effect of management, size, location, and time on profitability and found that all variables related to profitability.

Lazaridis and Dimitrios (2006) looked into the relationship between corporate profitability and working capital management using listed companies on the Athens stock exchange. They discovered that a statistically significant relationship existed between profitability and the cash conversion cycle. They concluded that the business can create profit for their companies by correctly handling the cash conversion cycle and keeping each component of the cash conversion cycle to an optimum level.

Mohamed and Abdul (2007) also considered the relationship between cash conversion cycle and its components by taking a sample of 94 firms listed on the Karachi Stock Exchange for a period of six year from 1999-2004. The outcome of the study was that the cash conversion cycle is negatively related to net operating profit, which is a measure of profitability. A similar relationship was observed for the collection period, inventory turnover in days, and average payment period.

Rajagam and Selvaraj (2012) studied the relationship between liquidity and profitability and risk and profitability. In this study, the researchers applied Spearman's Rank correlations to test the significant relationships. The study revealed that the Tamil Nadu Newsprint and Papers Limited (TNPL) maintained an overall control over the liquidity position of current assets, and all the techniques of liquidity management were satisfied during the study period. In testing of the hypotheses, the researchers observed that there was no significant relationship between liquidity and profitability and also, there was an insignificant relationship between risk and profitability.

Pandey (2012) evaluated the relationship between capital structure and profitability of IFCI Ltd. During the study period from 2005 to 2011, profitability was measured on the basis of EPS and return on assets had declined, which showed that the financial structure of the company failed to increase the profitability. For the testing of the hypotheses, correlation and multiple regressions were used. There was a negative correlation between loan fund and EPS, which meant that funds had failed to enhance the profitability of the company. Due to inefficient capital mix and lack of favorable impact of working capital on IFCI's profitability, negative correlation results were observed. In this study, insignificant regression results were obtained, and it made clear that the working capital was not favorably influencing the profitability of the company.

Singh (2012) made an investigation for the relationship between capital and profitability in the information technology and telecom industry in India. He used the correlation and regression analysis. He investigated that the working capital turnover is positively related with ROCE (return on capital employed), it means that we accept that more working capital returns will result in higher return on capital employed, which is a measure of profitability. The results of the regression analysis showed that the coefficient of working capital turnover is positive, which means that working capital turnover affects the profitability of the firm positively. However, day's inventory was negatively related to profitability.

Zabiulla (2011) in his study entitled "Analysis of profitability Ratios of Selected of FMCG Companies in India" used profitability variables like gross profit margin, net profit margin, operating profit margin, return on total assets, return on capital employed, and return on net worth, and earnings per share. In this study, he applied statistical tools like average and f-test and one-way ANOVA to test the significant relationship between selected profitability variables, and the present study was conducted to examine the profitability ratios of selected FMCG companies in India. The study found that ITC Ltd. Recorded the highest values of GPM, OPM, and NPM against its peer companies. Britannia Industries Ltd. showed the highest EPS. An upward movement in ROTA was found in Colgate Palmolive (India) Ltd., generated significant higher returns on the capital employed by the investors.

## RESEARCH METHODOLOGY

- Method of Data Collection: The research is present entirely based upon secondary data and the data was collected from the official directory of the Bombay Stock Exchange, Capita line Plus corporate database and money control.
- Time Period of the Study: The selected study unit focuses on a number of profitability variables during the period from 2004 to 2014, covering a time period of ten years.
- Selection of the Sample: The sample was drawn from the list of companies coming under the public sector industry listed on the Bombay Stock Exchange. For the present study, one out of the nineteen large size public sector industry listed at the Bombay Stock Exchange, which is Bharat Heavy Electricals Limited (BHEL) sit.
- Statistical Tools: for the purpose of statistical analysis, SPSS 20.0 was used, and applied mean. Standard deviation. Coefficient of variations minimum, maximum, Pearson's, Kendall's, and Spearman's correlations F test & graphical analysis is done with the use of MS excel .

## LIMITATIONS OF THE STUDY

This study had the following limitations:

- 1) The selected unit, BHEL is a public sector company based in different states of India.
- 2) The study used the secondary data from the published annual reported of BHEL and the study is limited to ten years from 2004 to 2014.
- 3) The study covered only one out of all large size public sector companies in India.

## HYPOTHESIS

The following hypothesis was framed to conduct the analysis and evaluate the profitability results of BHEL:

- H01: There is no significant relationship between operating profit margin and net sales.
- H02: There is no significant relationship between net profit margin and net sales

- H03: There is no significant relationship between net profit and total assets.
- H04: There is no significant relationship between net profit and net worth.
- H05: There is no significant relationship between ROCE and net sales.

**DATA ANALYSIS AND INTERPRETATION**

This section presents the results of the profitability ratios and discussion based on them. The financial ratios like gross profit margin, net profit margin, operating profit margin, earning per share, ROCE, ROTA, and RONW were used and the significant relationship between them were tested by using the mean, standard deviation, minimum & maximum and f test.

**HYPOTHESIS 1**

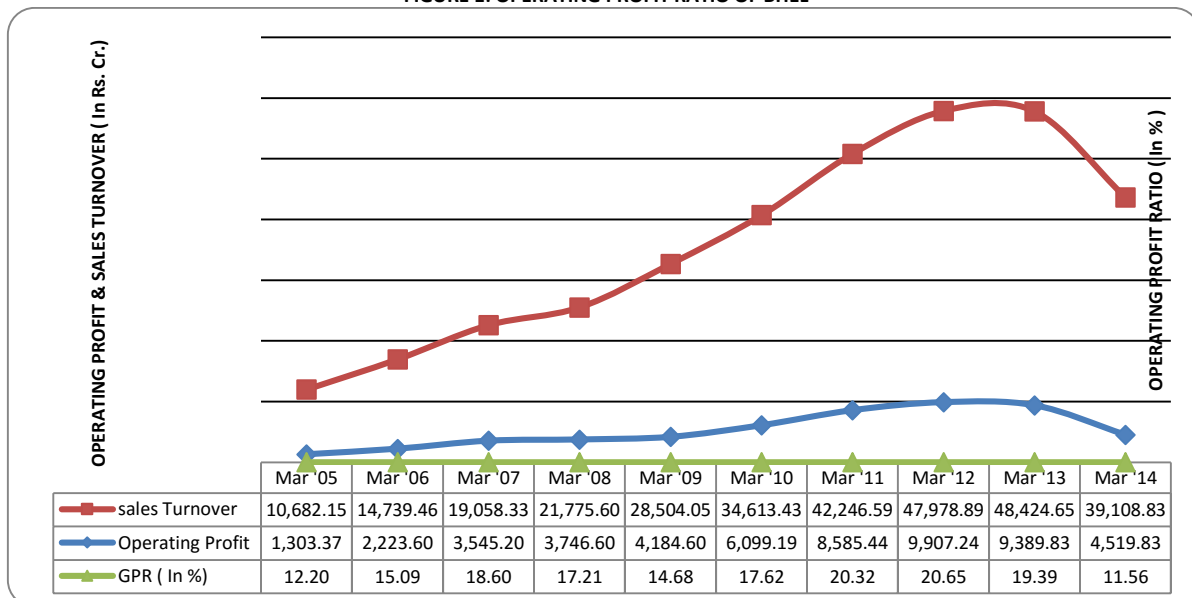
**Ho:** There is no significant relationship between operating profit margin and net sales.

**Ha:** There is a significant relationship between operating profit margin and net sales.

**TABLE 1: OPERATING PROFIT RATIOS OF BHEL**

YEAR	Operating Profit	sales Turnover	GPR (In %)
Mar '05	1,303.37	10,682.15	12.20
Mar '06	2,223.60	14,739.46	15.09
Mar '07	3,545.20	19,058.33	18.60
Mar '08	3,746.60	21,775.60	17.21
Mar '09	4,184.60	28,504.05	14.68
Mar '10	6,099.19	34,613.43	17.62
Mar '11	8,585.44	42,246.59	20.32
Mar '12	9,907.24	47,978.89	20.65
Mar '13	9,389.83	48,424.65	19.39
Mar '14	4,519.83	39,108.83	11.56
Mean	5350.49	30713.19	16.73
S.D.	3021.09	13774.04	3.23
Variance	9127015.93	189724151.13	10.45
Minimum	1303.37	10682.15	11.56
Maximum	9907.24	48424.65	20.65

**FIGURE 1: OPERATING PROFIT RATIO OF BHEL**



On the basis of Table 1 & figure 1, it is observed that operating profit ratio of BHEL showed average progress or the period from 2004-05 and 2013-14, the lowest ratio (11.56) was observed in the year 20013-14, and the highest ratio (about 20.65) was evidenced in the year 2011-12. The coefficient of variance was 10.488 percent. The average operating profit was 16.7315 percent during the study period. The figure 2 shows the operating profit ratio of BHEL and it can be seen that it fluctuated from the year 2004 to 2014. The net sales increased gradually year by year upto 2012-13 but got a slowdown in the year 2013-14, when the sales fell from the figure of the previous year to reach Rs. 39,108.83 crores.

**TABLE 2: CORRELATION RESULTS**

Correlations	Results
Pearson's Correlations	0.941**
Kendall's Correlations	0.911**
Spearman' Correlations	0.976**
**Correlations is significant at 0.01 level(2-tailed)	
** Correlations Correlations is significant at 0.05 level(2-tailed)	

Source: Secondary – Computed

The table 2 exhibits the correlation results of the operating profit margin and net sales of BHEL. The Pearson correlation, Kendall's and Spearman's correlation were used to test the second hypothesis at 0.01 level and 0.05 level between operating profit margin and net sales with  $r = 0.941, 0.911,$  and  $0.976$ , which is high and positive. Therefore there was a relationship between operating profit and net sales during different business cycle of BHEL.

TABLE 3: ANOVA ANALYSIS – OPERATING PROFIT & SALES TURNOVER

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	72745887.408	1	72745887.408	61.929	.000 <sup>b</sup>
	Residual	9397255.993	8	1174656.999		
	Total	82143143.401	9			

a. Dependent Variable: operating Profit

b. Predictors: (Constant), sales Turnover

From table 3 mentioned above results, it can be seen that the calculated F value is 61.929 & p value is (.000). On the basis of p value we can reject the null hypothesis and the alternative hypothesis is accepted. Therefore, there was a significant relationship between operating profit and net sales.

**HYPOTHESIS 2**

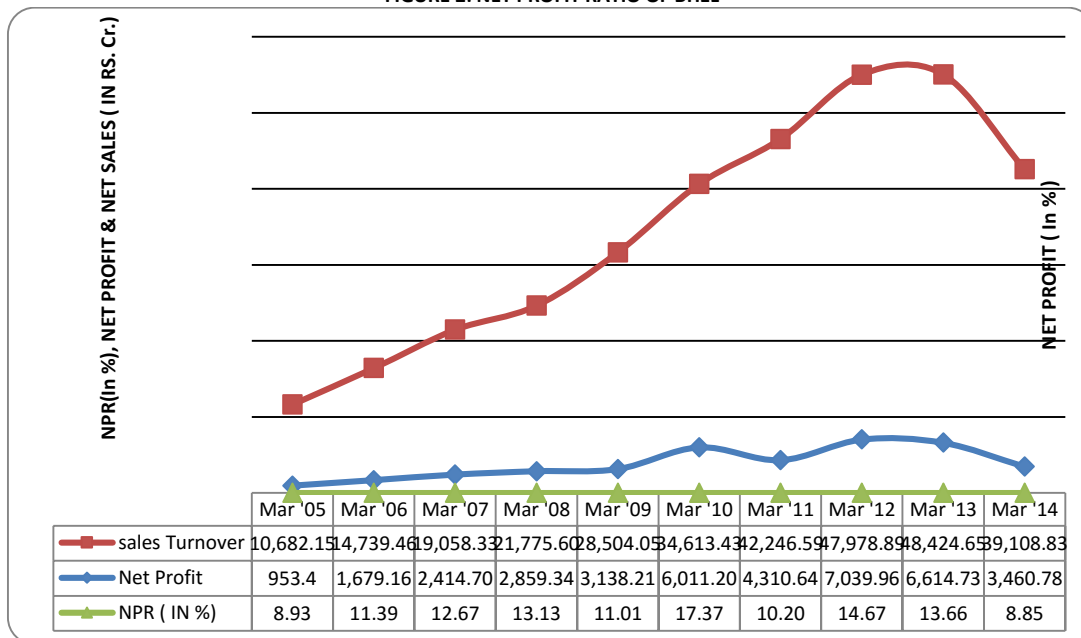
Ho: There is no significant relationship between net profit margin and Sales turnover.

Ha: There is a significant relationship between profit margin and Sales turnover.

TABLE 4: NET PROFIT RATIOS OF BHEL

Year	Net Profit	sales Turnover	NPR (IN %)
Mar '05	953.4	10,682.15	8.93
Mar '06	1,679.16	14,739.46	11.39
Mar '07	2,414.70	19,058.33	12.67
Mar '08	2,859.34	21,775.60	13.13
Mar '09	3,138.21	28,504.05	11.01
Mar '10	6,011.20	34,613.43	17.37
Mar '11	4,310.64	42,246.59	10.20
Mar '12	7,039.96	47,978.89	14.67
Mar '13	6,614.73	48,424.65	13.66
Mar '14	3,460.78	39,108.83	8.85
Mean	3848.212	30713.1980	12.19
S.D.	2095.09	13774.04	2.67
Variance	4389443.10	189724151.13	7.115
Minimum	953.4	10682.15	8.85
Maximum	7040.0	48424.65	17.37

FIGURE 2: NET PROFIT RATIO OF BHEL



It can be observed from the Table 4 & figure 2 that the net Profit ratio of the company was volatile during the study period. This ratio was above the standard norms of 12%. The lowest NPR percent was observed in the year 2013-14, where it was 8.85 percent, and the highest value was observed during the year 2010-11, when it was 17.37 percent. With the exception of 2001-02, 2002-03, and 2003-04, for all other years of the study period, the average NPR stood at 12.1880 percent. The coefficient of variation was 7.115 percent. It showed a fluctuating trend during the study period and a poor performance was observed for only a few years in the last.

TABLE 5: CORRELATION RESULTS

Correlations	Results
Pearson's Correlations	0.920**
Kendall's Correlations	0.867**
Spearman' Correlations	0.952**
**Correlations is significant at 0.01 level(2-tailed)	
**Correlations Correlations is significant at 0.05 level(2-tailed)	

Source: Secondary – Computed

The table 5 indicates the correlation results of net profit margin and sales. The Pearson's correlation, Kendall's and Spearman's correlation were used to test the third hypothesis at 0.01 level of significance between net profit margin and sales with  $r = 0.920, 0.867,$  and  $0.952$  respectively, which is high and positive. Therefore, there was a significant relationship between net profit margin and net sales during different business cycle of BHEL.

TABLE 6: ANOVA ANALYSIS OF NET PROFIT & TOTAL SALES

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	32169536.621	1	32169536.621	35.084	.000 <sup>b</sup>
	Residual	7335451.237	8	916931.405		
	Total	39504987.858	9			

a. Dependent Variable: Profit After Tax

b. Predictors: (Constant), Sales Turnover

From table 6 mentioned above results, it can be seen that the calculated F value is 35.084 & p value is (.000) which is significant at 5% level of significance. On the basis of p value we can reject the null hypothesis and the alternative hypothesis is accepted. Therefore, there was a significant relationship between net profit and net sales.

**HYPOTHESIS: 3**

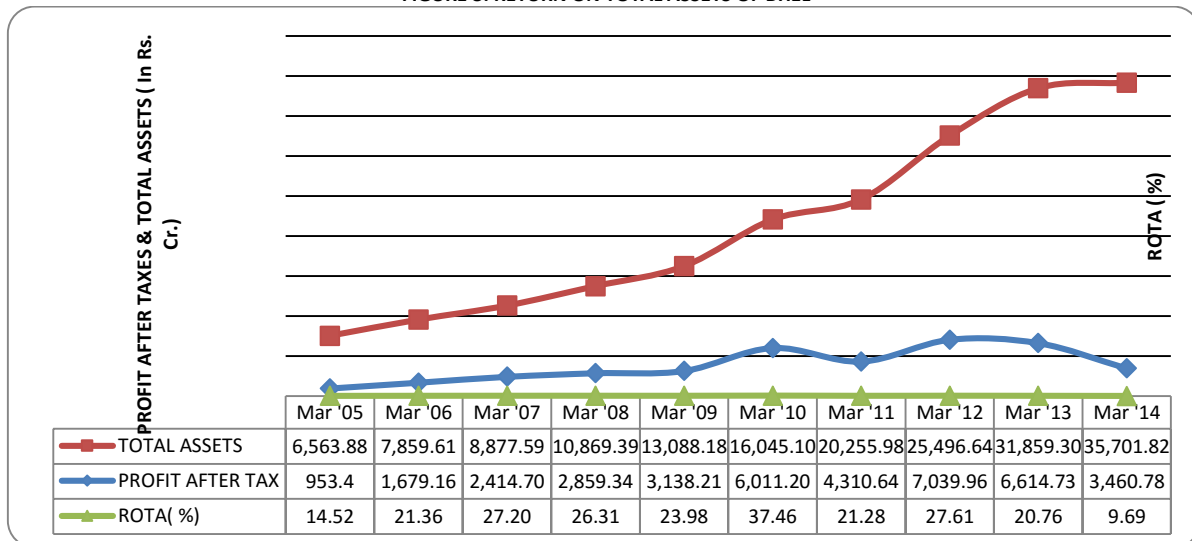
**Ho:** There is no significant relationship between profit after tax and total assets.

**Ha:** There is a significant relationship between profit after tax and total assets.

TABLE 7: PROFIT AFTER TAX & TOTAL ASSETS RATIOS OF BHEL

YEAR	PROFIT AFTER TAX	TOTAL ASSETS	ROTA (%)
Mar '05	953.4	6,563.88	14.52
Mar '06	1,679.16	7,859.61	21.36
Mar '07	2,414.70	8,877.59	27.20
Mar '08	2,859.34	10,869.39	26.31
Mar '09	3,138.21	13,088.18	23.98
Mar '10	6,011.20	16,045.10	37.46
Mar '11	4,310.64	20,255.98	21.28
Mar '12	7,039.96	25,496.64	27.61
Mar '13	6,614.73	31,859.30	20.76
Mar '14	3,460.78	35,701.82	9.69
Mean	3848.21	17661.75	23.02
Std. Deviation	2095.09	10334.43	7.59
Variance	4389443.09	106800385.59	57.72
Minimum	953.4	6563.88	9.69
Maximum	7040.0	35701.82	37.46

FIGURE 3: RETURN ON TOTAL ASSETS OF BHEL



**Return on Total Assets:** The Table 7 & Figure 3 provides the results of return on total assets. The highest value of ROTA was 37.46 percent in March 2010, and the least value was about 9.69 in March 2014 and the mean value was observed at about 23.0186 percent and the coefficient of variation was 57.726 percent. Hence, the ROTA showed a fluctuating trend over the study period. The Figure 3 depicts the return on total assets of BHEL. The total assets gradually increased and fluctuated during the study period from a minimum of Rs. 6563.88 cr. to the maximum of 65,701.82 cr. whereas the ROTA fluctuated at a minimum value of 14.52 % to a maximum of 37.46%.

TABLE 8: CORRELATION RESULTS

Correlations	Results
Pearson's Correlations	0.828**
Kendall's Correlations	0.600**
Spearman' Correlations	0.794**
**Correlations is significant at 0.01 level(2-tailed)	
**Correlations Correlations is significant at 0.05 level(2-tailed)	

Source: Secondary – Computed

The Table 8 demonstrates the correlation results of profit after tax and total assets. The Pearson correlation, Kendall's, and Spearman's correlation were used to test the fourth hypothesis at the 0.01 level of significance between net profit margin and total assets with  $r = 0.828, 0.600,$  and  $0.794$  respectively, which is high and positive in case of Pearson's correlation and low and positive in Kendall's and Spearman's correlation. Therefore, there was a significant relationship between net profit margin and total assets during the period of study.

TABLE 9: ANOVA ANALYSIS OF PAT AND TOTAL ASSETS

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17837891.697	1	17837891.697	6.586	.033 <sup>b</sup>
	Residual	21667096.161	8	2708387.020		
	Total	39504987.858	9			

a. Dependent Variable: Net Profit

b. Predictors: (Constant), Total assests

From table 9 mentioned above results, it can be seen that the calculated F value is 6.586 & p value is (.033). On the basis of p value we can reject the null hypothesis and the alternative hypothesis is accepted at 10 % level of significance. Therefore, there was statistically significant relationship between profit after tax and total assets.

**Hypothesis 4**

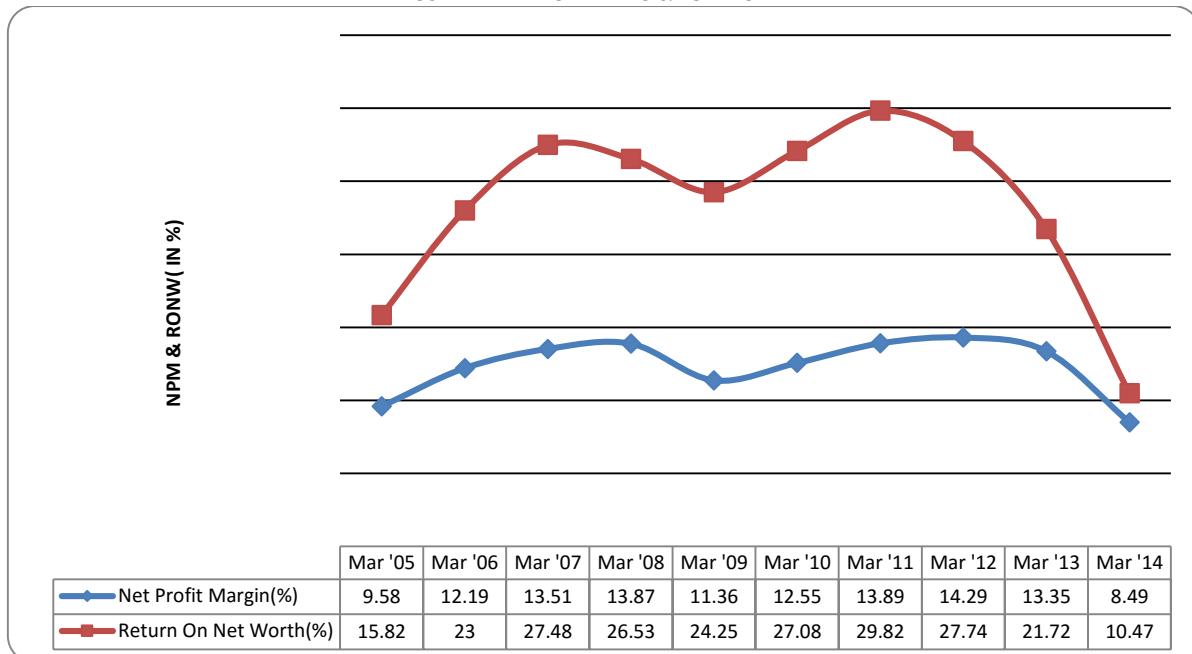
**Ho:** There is no significant relationship between net profit ratio and return on net worth.

**Ha:** There is a significant relationship between net profit ratio and return on net worth.

TABLE 10: NET PROFIT RATIO & RETURN ON NET WORTH OF BHEL

Year	Net Profit Ratio (%)	Return On Net Worth (%)
Mar '05	9.58	15.82
Mar '06	12.19	23
Mar '07	13.51	27.48
Mar '08	13.87	26.53
Mar '09	11.36	24.25
Mar '10	12.55	27.08
Mar '11	13.89	29.82
Mar '12	14.29	27.74
Mar '13	13.35	21.72
Mar '14	8.49	10.47
Mean	60.95	23.39
Std. Deviation	34.83	6.04
Variance	1213.25	36.49
Minimum	14.14	10.47
Maximum	122.80	29.82

FIGURE 4: NET PROFIT RATIO & RONW OF BHEL



From the above table 10 & figure 4 show the profitability ratios of BHEL during the study period. It has been observed that the value of Net Profit Margin fluctuated during the study period. The mean value of Net Profit Margin was 60.95, and the coefficient of variation was 1213.257 percent, which shows that the highest variation was observed in the study period. The minimum value of Net Profit Margin was 8.49 percent, observed in the last year, and the maximum value of Net Profit Margin (14.29 percent) was attained in the year 2011-12. RONW could be observed from the table 10 that the return on net worth ratio fluctuated during the study period. The average RONW was evidenced to be 23.39, and the years 2002-03, 2003-04, 2007-08, and 2008-09 attained the above average. A low coefficient of variation was observed during the study period. The table 10 also shows that the RONW of BHEL fluctuated from 10.47 to 29.82. The figure 4 exhibits the Net Profit Margin, RONW, for BHEL during the study period.

TABLE 11: CORRELATION RESULTS

Correlations	Results
Pearson's Correlations	0.913*
Kendall's Correlations	0.689**
Spearman' Correlations	0.855**
**Correlations is significant at 0.01 level(2-tailed)	

Source: Secondary – Computed

The table 11 explains the correlation results of net profit margin and return on net worth. The Pearson’s correlation, Kendall’s and Spearman’s correlation were used to test the fifth hypothesis (Table 11 and figure 5) at the 0.01 level of significance between net profit margin and net worth with  $r = 0.913, .689, .855$  at 0.01 level, which is high and positive. Therefore, there was a significant relationship between net profit margin and net worth during different business cycles of BHEL.

**TABLE 12: ANOVA ANALYSIS OF NET PROFIT RATIO AND NET WORTH**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	28.639	1	28.639	39.83	.000 <sup>b</sup>
	Residual	5.752	8	.719		
	Total	34.392	9			

From table 11 mentioned above results, it can be seen that the calculated F value is 39.83 & p value is (.000). On the basis of p value we can reject the null hypothesis and the alternative hypothesis is accepted. Therefore, there was a significant relationship between net profit ratio and net worth.

**HYPOTHESIS 5**

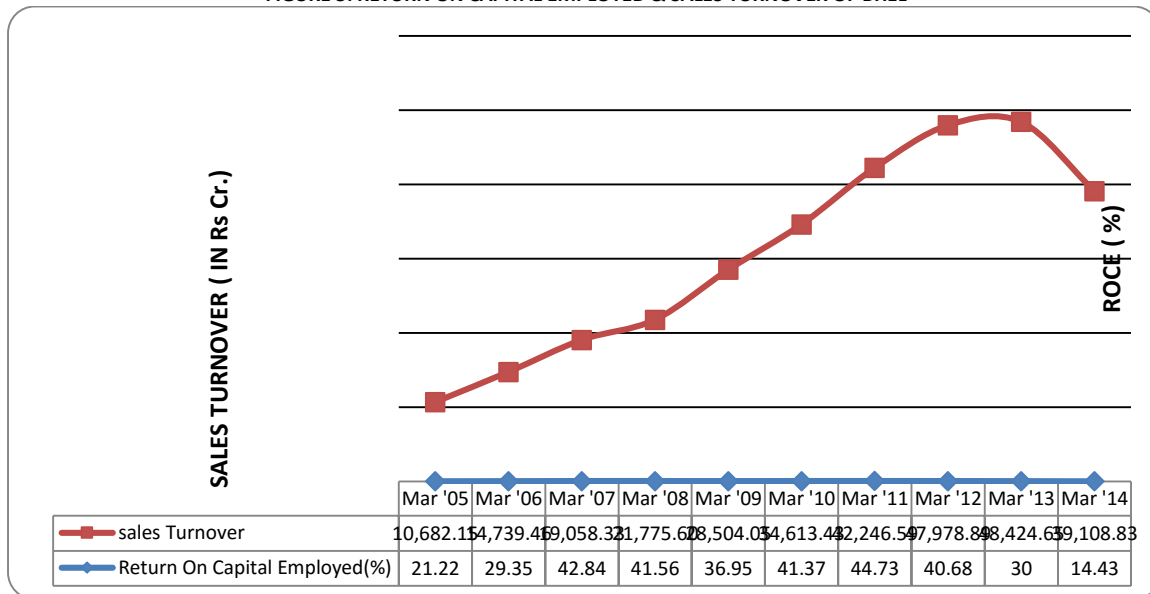
**Ho: There is no significant relationship between ROCE and sales Turnover.**

**Ha: There is a significant relationship between ROCE and net sales.**

**TABLE: 13 RETURN ON CAPITAL EMPLOYED & SALES TURNOVER OF BHEL**

Year	ROCE (%)	Sales Turnover
Mar '05	21.22	10,682.15
Mar '06	29.35	14,739.46
Mar '07	42.84	19,058.33
Mar '08	41.56	21,775.60
Mar '09	36.95	28,504.05
Mar '10	41.37	34,613.43
Mar '11	44.73	42,246.59
Mar '12	40.68	47,978.89
Mar '13	30	48,424.65
Mar '14	14.43	39,108.83
Mean	34.313	30713.198
S.D.	10.225	13774.039
Variance	104.559	189724151.13
Minimum	14.43	10682.15
Maximum	44.73	48424.65

**FIGURE 5: RETURN ON CAPITAL EMPLOYED & SALES TURNOVER OF BHEL**



From table no. 13 & figure 5 shows the relationship between ROCE & Sales Turnover of BHEL. The ROCE was minimum in the year 2013-14 (14.43%) and was maximum in the year 2010-11 (44.73%), whereas the sales turnover was minimum in the year 2004-05 (10,862 cr.), and was maximum in the year 2012-13 (48,424 cr.). The ROCE and Sales turnover fluctuated during the study period.

**TABLE 14: CORRELATION RESULTS**

Correlations	Results
Pearson’s Correlations	0.147
Kendall’s Correlations	0.067
Spearman’ Correlations	0.152
**Correlations is significant at 0.01 level(2-tailed)	
**Correlations Correlations is significant at 0.05 level(2-tailed)	

Source: Secondary – Computed

TABLE 15: ANOVA ANALYSIS- ROCE AND SALES TURNOVER

Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	20.227	1	20.227	.176	.686 <sup>b</sup>
	Residual	920.803	8	115.100		
	Total	941.030	9			

a. Dependent Variable: Return On Capital Employed (%)

b. Predictors: (Constant), sales Turnover

The table 14 indicates the correlation results of ROCE and net sales. The Pearson's correlation, Kendall's and Spearman's correlations were used to test at 0.01 level of significance between ROCE and Net sales with  $r = 0.147$ ,  $0.067$ , and  $0.152$  respectively, which is quite low. Therefore, there was no relationship between ROCE and net sales during different business cycles of BHEL. From the above results, it is clear that the calculated value (-)  $.176$  &  $p$  value is  $.686$  is less than the table value, which is not significant at all. Hence, the null hypothesis is accepted. Therefore, there was no relationship between ROCE and net sales.

## FINDINGS AND SUGGESTIONS

Ratio analysis enables stockholders, lenders, and the firm's managers to evaluate the firm's performance. It can be performed on a cross – sectional or a time – series basis. To achieve the main purpose of this study, a time- series analysis was used to find the profitability ratios of the Bharat Heavy Electricals Limited (BHEL). The results are as follows:

- 1) Operating profit margin ratio represents the pure profit of the company, it increased positively upto the year 2014 but in the last year it went down as per the given data, which is not a good indication of the public sector industries performance.
- 2) Net profit margin ratio, which measures how profitable a company's sales are after deducting all expenses, interests, taxes, and preferred stock dividends grew from 8.93% to 17.37% in the year 2014 but falls down after that period.
- 3) Return on net worth – which measures the returns earned on the common stockholders' investment in the firm – increased drastically from 15.82 % (2005) to 29.82% ( March, 2011) & after that it has declined sharply to 10.49% in the year 2014. This indication reflects the mixed performance of the management on the invested financial resources.
- 4) ROCE measured the overall profitability of BHEL, and it ranged between 21.22% (March, 2005) to higher level of 44.73% but after that declined regularly and drastically it has fallen to 14.43% in year 2014.
- 5) The overall performance of BHEL regarding profitability was good till 2011-12 and in the year 2013 -14 it is falling drastically with respect to operating profit, net profit, RONW and ROTA. The company's customer base has been growing, and it has been earning an acceptable return on invested capital. Hence, it has good future opportunities.

## CONCLUSION AND RECOMMENDATIONS

Operating profit, which represents the profits earned from producing and selling products, was also low as compared to the sales volume of the company. Therefore, the company needs to reduce its expenses to be able to pay its debts and gain more earnings after taxes.

Earning taxes, which are available for common stockholders, were also low as compared to the sales volume of the company. This is due to the effect of high expenses on the costs of goods sold and other expenses. These factors need to be controlled by following accounting and financial policies.

Finally, though the company is a profitable one and has good future opportunities, it has to look carefully at controlling the costs of goods sold and reduce its expenses to avoid facing difficult conditions in the future.

**As far as the above analysis is concerned though BHEL is one of 'Navratnas' in PSUs, its profitability was good and impactable upto the year 2012 but after it in the years 2013 & 2014 its profitability graph falls down that is producing a threat in front of the public sector enterprises of India.**

## SCOPE FOR FUTURE RESEARCH

Future studies can investigate the relationship among profitability variables in the small, medium, and large size companies of the public sector industries in India and other countries. Furthermore, the studies can be extended to a model which will explain how: i) sales of the firm; ii) assets of the firm; and iii) the owners' contribution influences the profitability of a firm.

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## INFLUENCE OF JOB SATISFACTION ON LIFE SATISFACTION AMONG IT PROFESSIONALS: A STUDY CONDUCTED IN FOUR CAPITAL CITIES OF SOUTH INDIA

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### ABSTRACT

*Man is made of made of mind and matter. The over burden in the industry will decrease the satisfaction of the employee in the industry and also it will affect his personal life satisfaction. This is an attempt to find out how the job and life satisfaction is interrelated in the IT Industry. Job satisfaction is an attitude of individuals towards their jobs which results from their view of the jobs and the extent to which there is a good fit between the individual and the organization. Life Satisfaction is an attitude of mind. The term denotes both 'contentment' and 'enjoyment' of one's life. The IT sector continues to be a net employment creator — likely to add 230,000 jobs in fiscal year 2012, thus providing straight employment to about 2.8 million, and indirectly employing 8.9 million people. The study is trying to find out the relationship between the life satisfaction and Job satisfaction. The study used the questionnaire method where the IT professionals were questioned on job satisfaction and life satisfaction. The targeted group comprises of IT/ITES, BPO sector. The respondents are from top level, middle level, and lower level. The sample size is 200 taken from the infinite population. Models tested are displayed in figure 1 in which it is presented by the relationship between Job satisfaction and life satisfaction.*

### KEYWORDS

job satisfaction, life satisfaction, it industry, job stress.

### 1.0 INTRODUCTION

**A**braham Maslow had developed the five-level Hierarchy of Needs. He identified the higher order needs, such as self-actualization, has play a major role in the life of human being. Man is made of made of mind and matter. The life of a person is intermingled with both work and family. There is a felt need to have the balance between the integration of family needs and career requirements. Happiness is the ultimate end of a person in work or in the family. The characteristics of the software services industry in India and the nature of the work pose some unique challenges for professionals in the industry. The software industry in India is characterized by a project-oriented organization and as the industry has matured, more complex and strategic projects have been outsourced to India. Software professionals are faced with an environment of uncertainty and instability with consequent pressures to work longer hours. The over burden in the industry will decrease the satisfaction of the employee in the industry and also it will affect his personal life satisfaction. This is an attempt to find out how the job and life satisfaction is interrelated in the IT industry.

### 2.0 REVIEW OF LITERATURE

#### 2.2.1 JOB SATISFACTION

The pleasant emotional state arising from the self evaluation of one's job or job experiences is called job satisfaction. Vroom (1964) defined job satisfaction as the positive perception of an individual's work and work role. Locke (1976) defines job satisfaction as a delightful or positive emotional state arising from the evaluation of one's job or job experiences. According to Lawler (1990), job satisfaction refers to employee's emotional feelings about the rewards they have received on the job. Hsiao and Kohnke (1998) defined job satisfaction as one's emotional response to a job that comes from the person's prospect of the job and the reality of the job situation. The Model proposed by Timothy A. Judge et.al (2002) proposed that there are four core self-evaluations that determine one's outlook towards job satisfaction: self-esteem, general self-efficacy, locus of control, and neuroticism. This model states that higher levels of self-esteem and general self-efficacy and having an internal locus of control leads to higher job where as lower levels of neuroticism lead to higher job satisfaction.

#### 2.2.2 FACTORS DETERMINING JOB SATISFACTION

The factors determining job satisfaction can be generally categorized into two: intrinsic factors and extrinsic factors (Buitendach and De Witte, 2005). Extrinsic factors consist of remuneration, working condition; working hours, job security, work group, work itself, supervision etc. The intrinsic factors include personality, values, recognition, advancement etc. Studies on job satisfaction have also identified certain factors of satisfaction which includes personal or demographic variables like age, gender, tenure etc. Vroom(1964) stated that job satisfaction is based on people's beliefs about the possibility of their effort will lead to (expectancy) performance multiplied by the probability that performance leads to rewards (instrumentality) and the value of perceived rewards (valence). The principle of expectancy theory is the linkages between performance and rewards, effort and performance, and rewards and individual goal. Luthans (1995) acknowledged that the Extrinsic factors are those factors beyond the control of the employee. All aspects of the job and organization can affect the job satisfaction of employees. There are four primary factors that lead to increased job satisfaction. They are mentally challenging work, equitable rewards - line with their expectations, supportive working conditions, and supportive friendly colleagues (Robbins, 1996). National Business Research Institute, Inc. (2007) identified six factors that influence Job Satisfaction. They are authority, opportunity, stress, leadership, work standard and reward. When these factors increase job satisfaction also increases and when they decrease then job satisfaction decreases. Thus it is the responsibility of the organization to see that the employees are adequately provided with these factors. Bergh and Theron (2000) stated Job design can be seen as an important factor influencing how employees feel and react to their job, which will affect t their performance and job satisfaction. According to Wood et al (2004), job design can be described as the planning and specifications of job tasks and the designated work settings where they are to be achieved. Long, Anthea (2005) investigated issues of job satisfaction and gender. The study found out that women are significantly happier in work than their male counterparts.

Sharbrough, et. al (2006) Identified the specific relationship between the use of language and communication competence, communication satisfaction, job satisfaction, and leaders' perceived effectiveness establishes a straight link between communication, leadership, and job satisfaction.

Franěk Marek et.al (2008) did their study on the working environment. They found out that the environment and the job satisfaction are closely related. Environment Fit model literature and concluded that the Person-Environment Fit is positively related to job satisfaction. There is a very high positive relationship between Emotional Intelligence and job Satisfaction, EaliasAbi et.al (2012). There is also a significant relationship between transactional leadership style and

employees' job satisfaction. Javed Hafiz Ali et.al (2014). Job satisfaction reflects the employee's feelings towards the work and the organization as a whole (Javier and Deligero, 2014).

### 2.2.3 LIFE SATISFACTION

Life satisfaction is the sum of happiness and well-being and it may be assessed in terms of positive affect and satisfaction with relations with others and with achievements, realizations, self-concepts, and self-perceived ability to cope with day today life. Life satisfaction is a favorable attitude of one's whole life rather than the current feelings. Life satisfaction has been evaluated in relation to economic background, educational qualification, experiences, and family.

Jeremy Bentham (1969) The founder of the moral philosophy of utilitarianism viewed happiness as a end result of option among alternative courses of action. His moral dictum is *choosing the action that leads to the greatest happiness of the greatest number*. Happiness is the end result that people experience as a result of action by oneself and others. Russell (1975), another utilitarian philosopher and ethicist, asserted that people who have delight from experiencing others being happy become happy too. Life satisfaction is a cognitive judgmental process. It depends upon a comparison of one's situations with what is thought to be fitting standard. It can also view as there is a low discrepancy between the perception of life and accomplishment the higher the life satisfaction. Horwitz & Emmons (1985). The CASIO model (Frisch, 2006) suggests that satisfaction (the perceived gap between what one wants and has) with one's particular area of life is made up of four factors: the objective Circumstances or Characteristics of an area; the person's Attitude about, perception, and interpretation of an area in terms of his or her wellbeing; a person's assessment of achievement in an area based on the application of Standards of fulfillment or achievement; and the value or Importance a person places on an area for overall happiness or well-being. These four components, combined with a fifth concerned with Overall satisfaction in other areas of life that are not of immediate concern, make up the CASIO model for increasing satisfaction and happiness.

(Kapteyn A. 2009) tried to explain the determinants of global life satisfaction, with the help of both self-reports and responses to a battery of vignette questions. When the preliminary conclusion is drawn it appears that the four domains social contact and family, health, job or daily activities and income provide an inclusive explanation of global life satisfaction. The social report 2010 admits that overall life satisfaction is a pointer of subjective wellbeing. A number of factors may influence overall life satisfaction. The key factor are health, education, employment, income, personality, family and social connections, civil and human rights, levels of trust and altruism, and opportunities for democratic participation. Economists have become interested in the potential of measures of subjective wellbeing to provide insights into the determinants of wellbeing or utility.

### 2.2.4 VARIOUS STUDIES ON JOB SATISFACTION AND LIFE SATISFACTION

**Shimon L. (2000)** General objective of the study was to empirically test a reciprocal model of job satisfaction and life satisfaction. 827 employees working in 34 car dealerships in Northern Quebec (56% responses rate) were surveyed. Correlation analysis was done to the questionnaire. The result was drawn with chi square and ANOVAs. Results indicates that the relationships between job and life satisfaction of which 49.2% of all individuals have spillover, 43.5% compensation, and 7.3% segmentation type of relationships. Results, nonetheless, are far richer and the model becomes much more refined when social demographic indicators are taken into account.

**Timothy A. Judge (2005)** this study tested a model explaining how the core self-evaluations (i.e., positive self-regard) concept is associated to life and job satisfaction. The self-concordance model, which focuses on motives underlying objective pursuit, was used as a descriptive framework. Data were gathered from 2 samples: (a) 183 university students (longitudinal measures of success and life satisfaction were used) and (b) 251 employees (longitudinal measures of success and job satisfaction were utilized). In both studies, the core self-evaluations concept was positively connected to goal self-concordance, meaning that individuals with positive self-regard were more expected to chase goals for intrinsic and identified reasons. Furthermore in Job satisfaction study 1 and study 2 life satisfaction goal self-concordances was related to satisfaction. This study showed that it is possible not only to become happier through one's goal achievement, as other studies have showed (see Sheldon & Houser-Marko, 2001), but also that it is possible to become more satisfied with one's job through opting the right goals.

**Yannis G. and Thomas L. (2012)** The relation between job and life satisfaction has attracted significant interest across a number of disciplines, consist of organizational psychology, management, sociology and economics. Using data from the European Values Survey (EVS), the study examine the association between job and life satisfaction across Europe. The data collected from 30 countries from the 1999–2000 waves of the EVS. The EVS is a large-scale, cross national survey on basic human values offering a rich source of secondary data on individual values and beliefs across Europe. Quota sampling is applied whereby quotas are assigned based on occupation and region, sex, age, using the census data as a guide to the distribution of each group in the population. Questions are asked to the respondents' attitudes towards the significance of work and about the subjective evaluation of their job and life satisfaction. The results of this complementary analysis are broadly consistent that there is a strong positive correlation between job and life satisfaction, consistent with the spillover hypothesis. Data analysis has shown that predictors of the job–life satisfaction relationship vary across cultures.

**Nirmala.N (2013)** Information Technology (IT) sector is one of the fastest growing sectors and it gives opening for employment of more number of women employees. Work life balance entails attaining balance between professional and personal life. India has witnessed extraordinary growth in the field of Information Technology. This paper attempts to identify the various factor which helps to maintain work life balance among women employees in IT sector. The objective of the study was to examine the job satisfaction of women employee's in the IT sector. It has major influence on maintaining equilibrium between professional life and the personal life responsibilities. The research was conducted among working women in IT firms in Mysore city. Work life balance reduces friction between official and household life. As the p value equals there is no significant difference between the balanced work and life and job satisfaction. The reason being both are complementary to each other. If the work and life is balanced, job satisfaction would be high.

**Mishra V. (2014)** This paper uses a new exploratory strategy proposed to illustrate how causation between job satisfaction and life satisfaction can be established with cross-sectional data. The report estimates in which, alternatively, job satisfaction and life satisfaction are the dependent variables. The study found out that there is a positive relationship between the single composite measure of job satisfaction and life satisfaction. The main finding is that there is a positive relationship between life satisfaction and each of the nine facets of job satisfaction

### 2.2.5 IT AND ITES: LEADING SERVICES SEGMENT

India's technology and BPM sector (with hardware) is predictable to have produced US\$ 146 billion in returns during FY15 compared to US\$ 118 billion in FY14, consists of a growth rate of 23.72 per cent. The role of the IT sector to India's GDP is 9.5 per cent in FY15 from 1.2 per cent in FY98. TCS is the leader, contributing for about 10.1 per cent of India's total IT & ITeS. (www.ibef.org 2015) This sector has also plays a key role in employment generation. The IT sector continues to be a net employment creator — likely to add 230,000 jobs in fiscal year 2012, thus providing straight employment to about 2.8 million, and indirectly employing 8.9 million people. The present study is focusing on the four emerging IT hubs in South India. They are Bangalore, Chennai, Hyderabad, Thiruvananthapuram.

Bangalore is admired as the Silicon Valley of India and the IT Capital of India. Bangalore seems to be a global information technology hub and prime software exports from India are done through Bangalore. The major Indian IT companies like Infosys and Wipro are headquartered in Bangalore. Many top firms like Intel, Texas Instruments, Bosch, Yahoo, SAP labs, Continental and many more have their country headquarters here. There are 5000 companies in Bangalore which is more than 35% of all the IT companies present in India.

Hyderabad the capital city of Telungana well-known as theHITEC City or Cyberabad, and is a major international information technology hub, IT exporter and the biggest bioinformatics center of India. Microsoft has established its first development center in India and the leading software development center outside of their headquarters in Redmond, USA. It has become the first destination for the IT players in the world like Google, Amazon.com, Infosys, Accenture, Cognizant, Tata Consultancy Services, Wipro, Computer Sciences Corporation, Facebook, HCL, Cyient, IGATE, Capgemini, Polaris, , Dell, Deloitte, Tech Mahindra etc., Cybrabad accounts for 2000 IT companies.

Chennai stands at the third place as the exporter of IT and Information Technology Enabled Services (ITES) of India. The major Multinational companies having operation centers at Chennai are Amazon, eBay, Paypal, Cognizant,Accenture, Tata Consultancy Services, Wipro, Infosys, Verizon, L&T, Syntel HCL, Polaris, Patni, Capgemini and many major global service providers. The city has a international standard IT infrastructures with dedicated expressway nicknamed as IT expressways. Government and private entities play a major role in development of the IT Parks. The city's well-built industrial base also support for setting up of many major Research & Development centers in its vicinity.

**THIRUVANANTHAPURAM**

Thiruvananthapuram is the capital of Kerala. At present the economy receives major contributions from professionals in the fields of IT, and medical and biotechnology. There are 30,000 IT professionals employed in the Technopark. The city is the hub for the IT and ITES contributes 80 % of software exports from Kerala. From the inception of Technopark in 1995, Thiruvananthapuram has gradually developed into one of the high-flying IT hubs of India. Technopark contributes the revenue about Rs. 1200 crores.

**3.0 NEED FOR RESEARCH**

Indian IT sector is growing day by day. An increasing number of IT professionals have been finding it difficult to handle emotional stress, according to experts. Coping with stress and striving for mental health, welfare should be a matter of concern for all and not treated simply as a lifestyle problem of the 'IT phenomenon'. The IT phenomenon should give importance to the life satisfaction of the employee through the job satisfaction. The job ensures a quality lifestyle for the family and holds a lot fascination for onlookers, but the implications on health, especially due to increase in levels of stress, could be serious. The life satisfaction is a subject which should be explored in the IT industry. More than the work the employee has another dimensions in his life. These dimensions should be explored in the industry. This study is an investigation to the satisfaction of the employee. Particularly it tries to find out the relation between the Job and Life satisfactions of the IT industry.

**4.0 STATEMENT OF THE PROBLEM**

Man is motivated to achieve the goals. Job is an attempt to express the goal of an employee. The ultimate aim of the job is to get the life satisfaction. This is study tries to find out the influence of Job satisfaction on the Life satisfaction of the IT employees.

**5.0 OBJECTIVES OF THE STUDY**

Man is different from the machine and mind is different from matter. The role of life satisfaction is neglected in Organizational Behavior research in Indian IT industry. The study is trying to find out the relationship between the life satisfaction and Job satisfaction. This study is descriptive, exploratory and explanatory in nature.

**6.0 RESEARCH HYPOTHESES**

- H<sub>0</sub>: There is no influence of Job satisfaction on the life satisfaction of the IT employees in the four cities of south India.
- H<sub>1</sub>: There is a significant relation between the Job satisfaction and life satisfaction among the IT employees in the four cities of South India

**7.0 RESEARCH METHODOLOGY**

A research design may be regarded as the strategy the researcher will use to attain the objectives of the study. After careful consideration, it was decided to do a cross-sectional study which was descriptive, exploratory and explanatory in nature. Because of the lack of empirical information available on life satisfaction, especially in the context of the workplace, it was decided to use descriptive, exploratory and explanatory research because it enabled the researcher to identify, describe and explain the variability in different phenomena.

**7.1 DATA COLLECTION**

The study used the questionnaire method where the IT professionals were questioned on job satisfaction and life satisfaction. The targeted group comprises of IT/ITES, BPO sector. The respondents are from top level, middle level, and lower level. The sample size is 200 taken from the infinite population. The sample is collected from four major IT hubs in south India, namely, Bangalore, Chennai, Hyderabad, and Thiruvanthapuram. The questionnaire was distributed to 200 respondents. They were administered personally. Once the conceptual framework was established, the questionnaire was framed based on that. The questionnaire consists of 14 demographic factors, 36 questions on job satisfaction and 17 questions on Life satisfaction. The questionnaire containing each item on life satisfaction to the conceptual framework using a 5- point Likert scale (1= Strongly Disagree, 2= Disagree, 3= neither agrees nor disagrees, 4= agree, 5=Strongly agree). Another section of questionnaire contains each item on job satisfaction to the conceptual framework using a 6-point Likert scale (1=Disagree very much, 2= Disagree moderately, 3=Disagree slightly,4= Agree slightly, 5=Agree moderately, 6=Agree very much). The questionnaire is Job Satisfaction Survey, (JSS Paul E. Spector, 1994) which consists of 36 questions.

**7.2 DATA ANALYSIS**

**7.2.1 VALIDITY OF THE INSTRUMENT**

Academicsians, experienced professionals and research professionals as experts were used to establish content validity as well as the face validity of the instruments. For the life satisfaction scale is independently developed and the reliability is established. The job satisfaction scale has proven validity of the instrument. (Paul E. Spector, 1994).

**7.2.2 FACTOR ANALYSIS**

Factor Analysis was done on the questionnaire and separate factors for life satisfaction and Job satisfaction. The method used was principal component analysis with varimax rotation. For each factor, a summated scale was formed by combining all the variables loading highly on the factor and using the average score of the variables as a replacement variable. However, to ensure an appropriate sample size was obtained for the current study to enable factor analysis to be undertaken two criteria were considered:

1. Kaiser-Meyer-Olkin (KMO) sampling adequacy
2. Factor Loadings and the correlation between a variable and a factor (Hayes, 2002)

**7.2.3 REGRESSION ANALYSIS**

In statistics, regression analysis is a statistical process for estimating the relationships among variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables.

**7.2.4 STATISTICAL PACKAGE FOR SOCIAL SCIENCES (SPSS)**

The above analysis has been undertaken with Statistical Package for Social Science (SPSS) Version 20.

**7.2.5 AMOS**

To identify the effect the SEM model was used, using AMOS software, to build the relationship among the variables.

**8.0 RESULTS AND DISCUSSION**

The life satisfaction questionnaire is framed based on the previous literature. The questionnaire consisted of 17 questions and undergoes the following statistical tests for finding the factors. To ensure having an approximate sample size and to undertake the factor analysis the Kaiser-Meyer-Olkin (KMO) sampling adequacy on the Spiritual Quotient was identified.

**TABLE 1.1: KMO AND BARTLETT'S TEST<sup>a</sup>**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.888
Bartlett's Test of Sphericity	Approx. Chi-Square	1373.330
	df	136
	Sig.	.000

a. Based on correlations

The KMO statistics ranges between 0 and 1. A value of 0 indicates that the sum of partial correlations is large in comparison to the sum of correlations, which indicates diffusion in the pattern of correlation, and the factor analysis is inappropriate. A value close to one indicates factor analysis will yield distinct and reliable factors. The value should be  $\geq 0.5$  and are described between 0.5 and 0.7 as average; 0.7 and 0.8 as good, and 0.9 as great, and  $> 0.9$  as excellent. Therefore using Kaiser's scale, the sampling adequacy value of 0.888 for the life satisfaction is good. Bartlett's test of Sphericity compares correlation matrix to an identified matrix. The chi-square value is 1373.330 and the significance level is  $p \text{ value} \leq .05$ . It is significant. The factor loading has reduced the factors into six.

**The final Principal Component Analysis (PCA) of the six-factor solution with 17 items accounted for 70.595 %.** There are six factors of life satisfaction questionnaire:

- a. Meaning and direction of life accounts for 39.021% of the total variance with challenging life is given an important factor with a factor loading varying from 0.912-0.505.
- b. Self – esteem accounts for 8.774% of the total variance showing that in which “happiness” have a factor loading of 0.652.
- c. Family life accounts for 7.172% of the total variance showing with companionship and friendship as the important factor with loading of .896.
- d. Social interaction accounts for 5.599% of the total variance and shows one must have a social relationship for being positive with a factor loading of 0.864.
- e. Secure Job accounts for 5.307% of the total variance on security of job and income has the factor loading of 0.776.
- f. Standard of living accounts for 4.722 of the total variance on standard of living. The factor loading is .864.

**8.1 FACTORS RELATED TO JOB SATISFACTION**

The Job Satisfaction Survey, JSS is a 36 item, nine facet scales to assess employee attitudes about the job and aspects of the job. Each facet is assessed with four items, and a total score is computed from all items. (Paul E. Spector, 1994). To ensure having an approximate sample size and to undertake the factor analysis the Kaiser-Meyer-Olkin (KMO) sampling adequacy on the Organizational Success was identified.

**TABLE 1.2: KMO AND BARTLETT'S TEST**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.772	
Bartlett's Test of Sphericity	Approx. Chi-Square	2488.413
	df	630
	Sig.	.000

Therefore using Kaiser's scale, the sampling adequacy value of 0.772 for the Job satisfaction is good. Bartlett's test of Sphericity compares correlation matrix to an identified matrix. The chi-square value is 2488.413 and the significance level is  $p \text{ value} \leq .05$ . It is significant.

The final Principal Component Analysis (PCA) of the eight-factor solution with 36 items accounted for 71.367%. There are eight factors of Job satisfaction questionnaire:

- a. Recognition for a job well-done accounts 36.682% of the total variance showing need for the recognition having the factor loadings of .969.
- b. Meaningfulness of the work accounts 10.661% of the total variance showing the organization goals are important having the factor loadings of .713.
- c. Equitable compensation accounts 6.605% of the total variance showing 'the benefits received from the organization are fair' having the factor loadings of .737.
- d. Chance to do great work accounts 6.747% of the total variance showing the job can be done without much procedures having the factor loadings of .747.
- e. The healthy environment accounts 3.812% of the total variance showing good environment of recognition having the factor loadings of .634.
- f. The chance to work with interesting, motivated, responsible people accounts 3.418% of the total variance showing the likeness to the coworkers having the factor loadings of .821.
- g. The understanding managers account 2.829% of the total variance showing that there is a concern from the superiors having the factor loadings of .723.

**8.2 RELIABILITY TEST**

**TABLE 1.3: FACTORS AND THEIR RELIABILITIES**

Scale	Factors	Cronbach's Alpha	No. Of Items
One	Life satisfaction	.900	17
Two	Job Satisfaction	.905	24

**8.3 REGRESSION ANALYSIS**

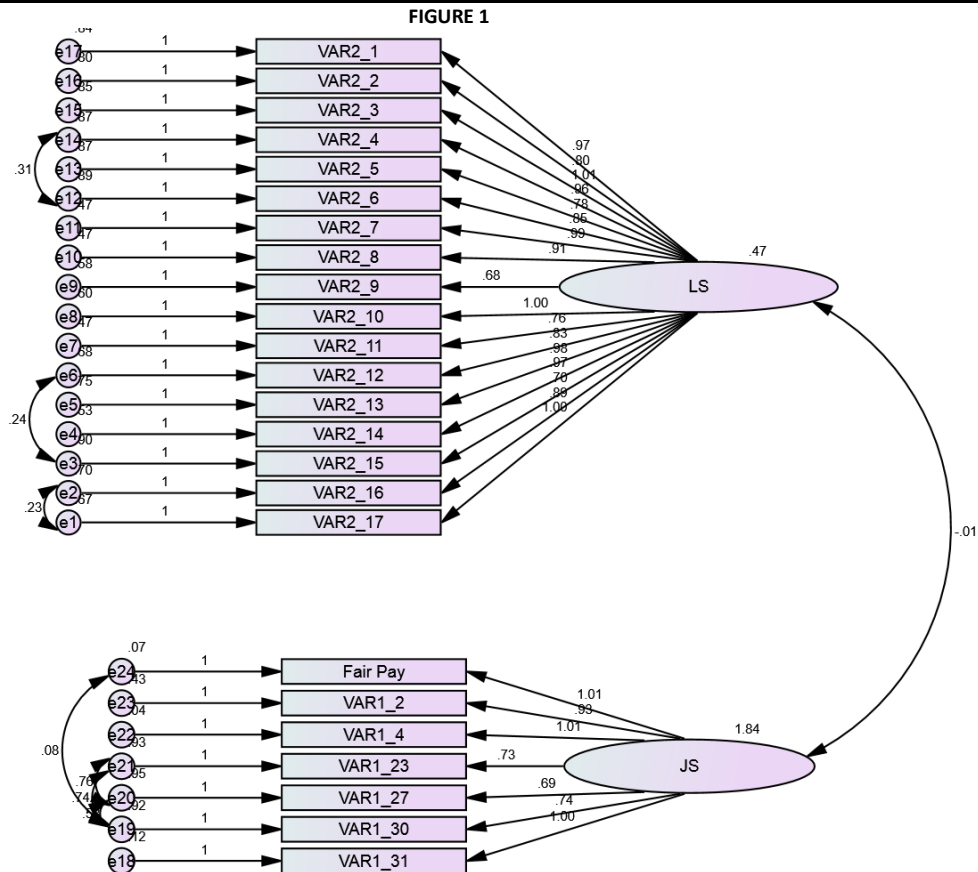
From this analysis, we can find the following results:

Job satisfaction has positive effect on the Life satisfaction

- 1. Job satisfaction ( $p \text{ value} = .000$  which is  $< .05$ ) has a significant influence on standard of living.
- 2. Job satisfaction ( $p \text{ value} = .0105$  which is  $> .05$ ), has no significant influence on Self-esteem and happiness.
- 3. Job satisfaction ( $p \text{ value} = .000$  which is  $< .05$ ) has a significant influence on family life and companionship
- 4. Job satisfaction ( $p \text{ value} = .004$  which is  $< .05$ ) has a significant influence on social interaction.
- 5. Job satisfaction ( $p \text{ value} = .002$  which is  $< .05$ ) has a significant influence on the secure Job.
- 6. Job satisfaction ( $p \text{ value} = .002$  which is  $< .05$ ) has a significant influence on the standard of living.

**8.4 STRUCTURAL EQUATION MODELING**

For further analysis and modeling exercise (SEM), the job satisfaction has been adapted to test the relationship of constructs variables between life satisfactions. Models tested are displayed in figure 1 in which it is presented by the relationship between Job satisfaction and life satisfaction.



**8.5 MODEL FIT SUMMARY**

Figure 1 gives the model fit summary.

- Job satisfaction influences substantially on the life satisfaction. A positive relationship is established between the variables of Job Satisfaction and life satisfaction. The model admits that the can job satisfaction increase the life satisfaction of an employee.
- Based on the structural equation modeling results after the deletion of problematic items, the model indicated a good fit between the data and the model ( $\chi^2/df = 2.044$ ; CFI= .931; TLI=. 922, RMSEA=.072) (Hair et al. 1998; Kelloway, 1998; Kline, 1998, MacCallum, 1996).

**9.0 FINDINGS AND CONCLUSIONS**

The study tried to find out the relation between the job satisfaction and life satisfaction. There are many studies which formulated the models which showed that the job satisfaction and life satisfaction are the two sides of the same coin. A meaningful job increases the happiness, positive affect and life satisfaction. The present study also copes with the other studies and found out that there is a significant relationship exists between the job satisfaction and life satisfaction. If there is a development in the job of an employee it will directly affect the life of the IT employees in the south Indian cities. The increasing number of research on the relationship between these variables suggests the expansion of paying attention to the role of life of a person in managing today's organization.

**9.1 SUGGESTIONS AND RECOMMENDATIONS**

This research could provide the ground for expansion of sentimental consequences of job satisfaction and meaning at work as the life satisfaction. The current exploration models also showed that satisfaction and meaning of work have an extensive power to sway happiness, positive affect and life satisfaction. A satisfied value oriented work will increase the capacities of the employee. The improvement in satisfaction can change the attitude and widen the altitude of the employee. If the employee is with high satisfaction the organization will have innovative business.

**9.2 LIMITATIONS**

Present study is limited to two hundred IT employees in five cities of south India. The sample size is relatively small. Hypothesis are tested with this limited number of sample collected within the time frame of six months.

**9.3 FUTURE RESEARCH**

It is suggested that future researchers may consider a wide design to establish causality and thus enhance the applicability of the findings. Further specific application of the activities can be identified which have greater impact on employee's job satisfaction. There are several unmeasured variables that may play a significant role in the relationship between job satisfaction and life satisfaction. Future research can examine these variables.

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## HUMAN RESOURCE MANAGEMENT IN RETAIL INDUSTRY WITH REFERENCE TO TRAINING IN RETAIL IN PMKVY AND UP GOVERNMENT SCHEME

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**NOIDA**

### ABSTRACT

*Retail is very fast growing and a big employer in India. Organised retail industry is now expanding its wings toward small towns and villages but facing deficiency of good trained manpower. Training of its manpower is time consuming and additional expenses for it. Our central as well as state governments are now focusing on skill development of person who want to build their career in retail and different streams. In this research paper researcher is focusing on Retail training program. Researcher try to find out the training needs and deficiency in training programs run by government.*

### KEYWORDS

employee turnover, GDP (gross domestic production), human resource management, retail, training.

### INTRODUCTION

#### WHAT IS HUMAN RESOURCE MANAGEMENT?

Human Resource Management includes the management of people in organizations from a macro perspective i.e. managing people in the form of a collective relationship between management and employees. This approach focuses on the objectives and outcomes of the HRM function. This means is that the HR function in modern-day organizations is concerned with the notions of people enabling, people development and a focus on making the "employment relationship" fulfilling for both the management and employees.

#### WHAT IS RETAILING?

Retailing is a distribution channel task, where one organisation buys products from supplying firms or manufactures products themselves, and then sells these directly to consumers. In majority of retail situations, the organisation, from whom a consumer buys, is a reseller of products obtained from others, and not the product manufacturer. However, some manufacturers do operate their own retail outlets in a corporate channel arrangement.

Retailers offer many benefits to suppliers and customers as resellers. Consumers, for instance, are able to purchase small quantities of an assortment of products at a reasonably affordable price. Similarly, suppliers get an opportunity to reach their target market, build product demand through retail promotions, and provide consumer feedback to the product marketer.

### REVIEW OF LITERATURE

Indian Council for Research in International Economic Relations (ICRIER) developed research report titled "Impact of organized retail on the unorganized sector" states that retail trade alone accounts for 41.83 percent job opportunities with 14.95 million employed in the sector. Establishments involved in retail trade claimed the highest percentage both in the rural (39.28 percent) and urban (45 percent) areas. It has been the most sought after activity amongst own account establishments with a share of 48.45 percent. In rural areas, 46.52 percent own account establishments were set up for retail trade while the percentage was 51.44 in Indian Council for Research in International Economic Relations (ICRIER), report on Indian Retail, New Delhi, 2008 urban areas. Retail trade along with manufacturing and social and personal service activities have emerged as the three major non-agricultural activities giving the maximum number of jobs, with a share of more than 72 percent of the total establishments. Manufacturing establishments followed retail trade with 8.32 million people employed. Social and personal service activities employed 7.35 percent during the review period.

**Indian Council for Research in International Economic Relations (ICRIER), report on Indian Retail, New Delhi, 2008.**

Kumar<sup>98</sup> explained that in India, next to agricultural field, most of the individuals are employed in the retail sector. Around forty million individuals are involved in retailing. It is also found that among them 50,000 people have been working in well-organized retail industries. He also defined well-organized retail industry as a large scale chain stores which are corporatized, apply modern-management techniques]. He also explained that the community based private sellers fall under the group of conventional retail sector. Organized retail sector mostly consists of superstores and hyper marts. These are found to be common in the urbanized nations. In accordance to MRI report<sup>99</sup>, the organized retail sector could get a turnover of around one thousand billion Indian rupees in 2012, if the existing performance is maintained.

**Kumar A., Kim Y.K. and Pelton L., Indian Consumer's purchase behaviour towards US versus local brands], International Journal of Retail and Distribution Management, Vol.37 No.6, pp.510-526, 2008.**

**99 MRI report, India's Growing Consumer Product and Retail Market.], Marubeni Research Institute, Sept., 2006.**

### NEED/IMPORTANCE OF THE STUDY

Retail is very fast growing industry in India. India has a vary huge potential in retail because of its large and young population. That's why several global leaders in retail are coming in India. It generate huge employment. But because of untrained man power retail industry suffers from large turn-over of its employees. In retail industry most of the man power needed in front line. These first line employees come from lower middle and lower class which need education to understand retail and be presentable in front line. Indian government and U.P. state government is trying to skill people who want to go in retail industry. It is necessary to check its practical implication and outcome of training. This research is focusing on these issues.

### STATEMENT OF THE PROBLEM

Find out more effective ways to train man power for retail industry.

### OBJECTIVES

1. To find out affectivity of retail training given by government
2. To suggest more additions to make this training more valuable.

### HYPOTHESIS

H0 – training given by government is not valuable.

H1- all participants are well educated.



## RESEARCH METHODOLOGY

This research paper is dedicated to all person working in organised retail sector. In this research work exploratory research design is being used. Data were collected from primary as well as secondary resources. Primary data were collected from retail trainee associates. As its very appreciable plan of central as well as UP state government in which persons from 16 to 30 years are trained about organised retailing. These are the persons who will be part of organised retailing. The trained personnel are must requirement of organised retailing.

The structured interview method used to collect data. Open ended questions were asked to participants. Interview of each participants lasted not less than 30 minutes. The study was conducted among 100 trainee associated of Central as well as U.P. government training program. Secondary data were collected from news-papers, Web links, books, published research papers etc.

## DATA ANALYSIS

1. Age: Most of the participants of training are below 22.
2. Education: most of the participants are pursuing schooling.
3. Family financial status: majority of the participants comes from lower middle and poor class.
4. General awareness: general awareness of participant is not bad.
5. English awareness: English awareness of participants is very poor.
6. Appearance: Appearance is also a much needed training factor for all participant.

## RESULTS & DISCUSSION

### I. RETAIL INDUSTRY IN INDIA

During the last few years, the Indian retail market has seen noteworthy growth in the organised segment. Major domestic players have entered the retail arena and have ambitious plans to grow in the future years across verticals, formats, and cities. For example, companies like Reliance, Tata, Bharti, Adani Enterprise, have been investing significantly in the booming Indian retail sector. Besides, a number of transnational corporations have also set up retail chains in association with big Indian companies.

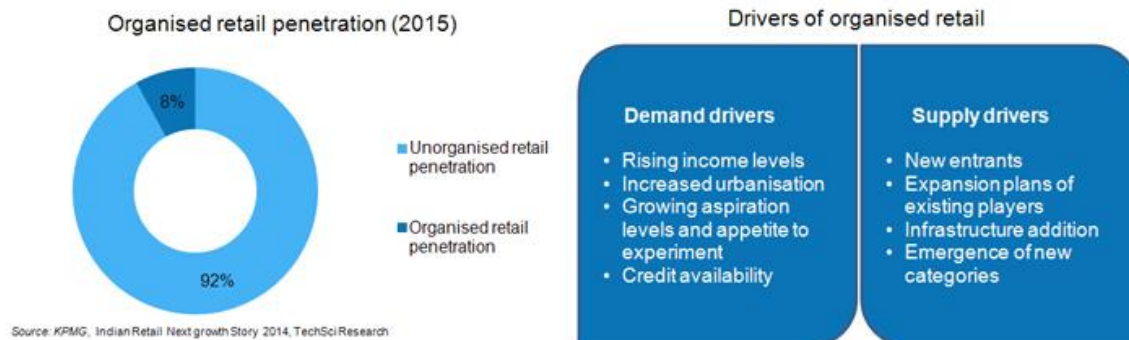
The Indian retail sector is highly fragmented and the unorganised sector has around 13 million retail outlets that account for around 95-96% of the total Indian retail industry. However, going forward, the organised sector's growth potential will increase due to globalisation, high economic growth, and changing lifestyle. Moreover, high consumer spending over the years by the young population (more than 31% of the country is below 14 years) and sharp rise in disposable income are driving the Indian organised retail sector's evolution. Even small towns and cities are viewing a major shift in consumer lifestyle and preferences, and have thus emerged as smart markets for retailers to expand their presence.

Although the growth potential in the sector is enormous, it is not without challenges that could slow the pace of growth for new entrants. Rigid regulations, real estate costs, high personnel costs, lack of basic infrastructure, shrinkage, and highly competitive domestic retailer groups are some such challenges. Additionally, resource constraints at shopping mall projects are also delaying completion and disrupting many retailers' entry strategies.

The Indian retail industry has arisen as one of the most dynamic and fast-paced industries due to the entry of several new players. It accounts for over 10 per cent of the country's Gross Domestic Product (GDP) and around 8 per cent of the employment. India is the world's fifth-largest global destination in the retail space.

"Statistically over 14 million outlets operate in the country and only 4 percent of them are larger than 500 sq.ft in size. India has about 11 shop outlets for every 1000 people. These are typically family owned and operated stores, which lack the scale to grow. Hence, the sector present a dire need of more investments towards its modernisation."

- 1) Manisha Bapna, Images Group



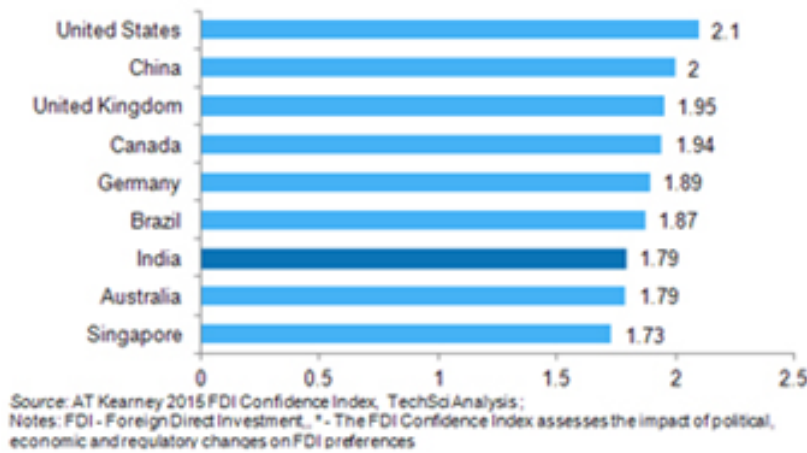
### II. GLOBAL POSITIONING OF INDIAN RETAIL

India was ranked fifth in 2012 on the Global Retail Development Index, by AT Kearney, highlighting it as one of the key foreign investment destinations worldwide. However, in 2013 the rank fell to fourteenth possible due to slow spending and general economic slowdown, along with policy concern over approval of multi-brand retail across several states in India. This trend is expected to reverse soon supported by factors such as improving demographics, rising disposable income level, expansion of organised retail sector into Tier 2 and 3 cities, changing consumer habits, etc. This could a wide window of opportunities for national and international players in the next five to ten years. Retailing has played a major role in the global economy. In developed markets, retailing is one of the most prominent industries.

Retail sector's high growth potential is attracting investor

1. India has occupied a remarkable position in global retail rankings; the country has high market potential, low economic risk, and moderate political risk
2. In market potential, India ranks eleventh (after United States, China, Canada, UK, Brazil, Germany, Austria and Mexico)
3. India's net retail sales are quite significant among emerging and developed nations; the country is ranked third (after China and Brazil)
4. Overall, given its high growth potential, India compares favourably with global peers among foreign investors

### FDI Confidence Index 2015



Source: www.ibef.org

### III. SIZE OF THE INDIAN RETAIL INDUSTRY

In 2007, the total Indian retail industry was valued at ₹ 13,300 billion (estimate), and the organised segment constituted 5.9% of the value at ₹ 783 billion. In the segment, the clothing and accessories sales had a majority share of 38.1% followed by the food and grocery segment at 11.5% and electronics segment at 9.1%. The organised retail industry grew at a CAGR of 33% during 2004-2007. Even though the organised retail segment has a minuscule share in the total industry, it has enormous potential considering the rising urbanisation, the efficient supply-chain, the readily-available retail space, and modern technology, which help in reducing consumer prices to a great extent.

### Indian retail market (at current market prices)

Segments	Total retail market (Rs billion)			Organised retail market (Rs billion)		
	2006	2007	Share in 2007	2006	2007	Share in 2007
Clothing & accessories	1,135	1,313	9.5%	214	298	38.1%
Food and grocery	7439	7,920	62.0%	58	90	11.5%
Footwear	137.5	160	1.1%	52	77.5	9.9%
Electronics	481	575	4.0%	50	71	9.1%
Catering services (F&B)	570	713	4.8%	39.4	57	7.3%
Home & office improvement	406.5	455	3.4%	37	50	6.4%
Telecom	216.5	272	1.8%	17.4	27	3.4%
Entertainment	380	456	3.2%	15.6	24	3.1%
Jewellery	602	694	5.0%	16.8	23	2.9%
Books, music & gifts	133	164	1.1%	16.8	22	2.8%
Watches	39.5	44	0.3%	18	21.5	2.7%
Pharmaceuticals	422	488	3.5%	11	15.4	2.0%
Beauty & wellness	38	46	0.3%	4	6.6	0.8%
<b>Total</b>	<b>12,000</b>	<b>13,300</b>		<b>550</b>	<b>783</b>	

Source: Images India Retail Report

### TASKS PERFORMED BY DIFFERENT CATEGORIES OF HUMAN RESOURCE IN A RETAIL FIRM

#### I. STRATEGIC MANAGEMENT TASKS PERFORMED IN A RETAIL FIRM

- 1) Develop a retail strategy
- 2) Identify the target market
- 3) Determine the retail format
- 4) Design organizational structure
- 5) Select locations

#### II. MERCHANDISE MANAGEMENT TASKS PERFORMED IN A RETAIL FIRM

- 1) Buy merchandise
- 2) Locate vendors
- 3) Evaluate vendors
- 4) Negotiate with vendors
- 5) Place orders
- 6) Control merchandise inventory
- 7) Develop merchandise
- 8) Budget plans
- 9) Allocate merchandise to stores
- 10) Review open-to-buy and stock position
- 11) Price merchandise
- 12) Set initial prices
- 13) Adjust prices

**III. STORE MANAGEMENT TASKS PERFORMED IN A RETAIL FIRM**

- Recruit, hire, and train store personnel
- Plan work schedules
- Evaluate performance of store personnel
- Maintain store facilities
- Locate and display merchandise
- Sell merchandise to customers
- Repair and alter merchandise
- Provide services
- Handle customer complaints
- Take physical inventory
- Prevent inventory shrinkage

**IV. ADMINISTRATIVE MANAGEMENT TASKS PERFORMED IN A RETAIL FIRM**

- Promote the firm, its merchandise and its services
- Manage human resources
- Distribute merchandise
- Establish financial control
- Increasing Workforce Diversity
- Workforce employing more minorities, handicapped people, and the elderly
- Older workers are more reliable than younger workers
- Cost effective as training and recruitment costs are low

**CHALLENGES FOR HUMAN RESOURCE MANAGER IN INDIAN RETAILING**

There is a rule in business that if you are not growing, you may be dying. But grow too rapidly and you may still find yourself on the fast track to the business graveyard. That will happen if you are not alert or constantly looking out for the speed bumps that will come your way when you are riding on a highway at top speed. Typically, the growth challenges relate to outgrowing the infrastructure, losing talented people, stretching the human capital resources too thin, attracting new competitors and flagging customer service.

These are challenges that face the retail industry in India today as it along on the fast lane. Being a labour intensive industry sector, workforce management has emerged as the single biggest task for human resources managers. Companies are being challenged to reorganise and adapt their employees to become more efficient. Sums up the key concerns for HR as hiring skilled talent, retaining critical talent and engaging and motivating employees.

ANALYSIS	
<p><b>Strength</b></p> <ol style="list-style-type: none"> <li>1) Impressive industry growth rate</li> <li>2) MNCs would bring in robust practices in the industry</li> <li>3) Industry encourages innovative HR practices to engage employees</li> <li>4) Institutes having retail market understanding being closely involved in the sector</li> </ol>	<p><b>Opportunity</b></p> <p>Potential to generate employment:</p> <ul style="list-style-type: none"> <li>• It accounts for around 8% of employment</li> <li>• Creation of 10 million jobs in 10 years. Second largest employer after agriculture</li> <li>• Attracts large pool due to minimum qualification requirement of 10+2</li> </ul>
<p><b>Weakness</b></p> <ol style="list-style-type: none"> <li>1. Deficiency of skilled and experienced professionals especially at the middle and the senior level management</li> <li>2. High attrition, around 50%, leading to focus on continuous recruitment</li> <li>3. Continuous need towards skill development of employees</li> </ol>	<p><b>Threat</b></p> <ol style="list-style-type: none"> <li>1. With the opening up of the sector, creation of enough skilled workers to cater to the demand is crucial</li> <li>2. Career progression is a challenge as a majority of the workforce is young and expects good progression</li> <li>3. Attractive compensation at all levels is a critical factor</li> </ol>

*Source: Deloitte secondary research*

In most companies, 80-90 per cent of the staff is employed at the front end. A majority of the staff that represents this front end - where the consumer actually interacts with the brand - is from economically weaker sections and needs thorough product knowledge and training to be able to understand the consumer needs and address them effectively. A senior executive at a popular apparel retail brand explains it well: "That branded dress you purchase from the store at a glitzy mall would cost the same as the monthly grocery bill that the sales person's family would run up. Imagine the disconnect!"

Also, retail is a thin margin business compared with other service industries where the rewards and dividends are far higher. So, the task of retaining key people becomes all the more difficult. Experts say most of the attrition happens in the first year when bulk of the training is imparted. Which means a lot of training money simply goes up in smoke.

The task of attracting the best people and keeping them happy is big enough to keep every HR head awake at night. Of course, players are learning the ropes and reacting fast. Here are some lessons from the recent experiences of the big boys in Indian retail.

Human resources involves the strategic planning and management of employees to create a productive and motivated workforce. The retail industry poses particular HR challenges because employees deal directly with your customers. You must consider both short-term and long-term HR objectives when addressing these challenges.

**I. HIGH TURNOVER**

Retail is infamous for having a high rate of employee turnover. This means employees routinely come and go, which poses several challenges. Training and developing are difficult, time consuming and constant if you constantly have to recruit and hire new people. It's also more difficult to build customer loyalty if customers keep seeing a new face every time they enter your store. You can address these problems by recruiting the right people and building a rapport with your employees. When you interview people, make sure you ask specific questions that relate to the type of work your employees do. Informal social outings and fun games at work can help build rapport.

**II. DIVERSITY**

A diverse workforce is typically regarded as a good thing. It helps a retailer better connect with its marketplace and usually leads to more and better ideas and results. However, a staff of people from widely varying demographic backgrounds might have trouble developing cohesiveness. From an HR vantage point, your challenge is to manage diversity to avoid major conflicts and promote a spirit of tolerance, teamwork and collaboration. Include diversity discussions in store meetings and encourage employees to discuss their differences. These techniques can go a long way toward building a more cohesive team.

**III. MISCONCEPTIONS**

To build a staff of competent, committed and motivated employees, retailers must overcome a number of common challenges and misconceptions about the work environment. Common concerns include long hours, no full-time jobs or benefits, low pay and no growth opportunities. You can overcome these challenges by going against the industry grain. Offer regular eight-hour work shifts at your retail business. Provide competitive pay and benefits to full-time employees. Even if your starting pay is modest, do your best to offer fast tracks to higher salaries and management positions when an employee has established a good track record with your business.

**IV. SEASONAL DEMAND**

Retailers often experience seasonal demand fluctuations. The holiday buying season, from "Black Friday" through Christmas, is well-known as the busiest shopping season of the year. Retailers often try to add temporary staff during these times. They often wind up with fewer skilled and trained workers who might not have the tools to best serve your customers. These workers can also alienate regular staff that must pick up the slack. Develop a plan to assimilate temporary workers during these seasonal periods. A store meeting at the start of the busy season is a good way to help temporary workers learn the system and get to know the regular staff.

**HOW TO MOTIVATE HUMAN RESOURCE IN RETAIL****I. USE OF TECHNOLOGY TO INCREASE EMPLOYEE PRODUCTIVITY**

1. Keeping Talent – Building Employee Commitment
2. Empowering Employees
3. Empowerment is the process of managers sharing power and decision-making authority with employees
4. Gives employees confidence
5. Provides greater opportunity to provide service to customers
6. Employees are more committed to firm's success
7. Creating Partnering Relationships with Employees
8. Reducing Status Differences
9. Promotion From Within
10. Balancing Careers and Families
11. Flex-time, job sharing

**II. MOTIVATING TALENT – ALIGNING GOALS**

- 1) Policies and Supervision
- 2) Indicate what employees should do
- 3) Behaviour Enforced by Managers
- 4) Incentives
- 5) Commission, Bonus, Stock Options
- 6) Organization Culture
- 7) The set of values, traditions, and customs of a firm that guides employee behaviour
- 8) Behaviour enforced by social pressure

**III. DEVELOPING TALENT – SELECTION AND TRAINING**

- Selective Hiring:
  - Recruit "the right people"
  - Simply seeking the best and the brightest may not always be the most effective approach
- Training:
  - Increasing investments in management training programs and developing leaders
  - Increasing attention to college graduates - Generation Y

**IV. WINNING THE TALENT WAR**

Retailers are engaged in a "war" with their competitors for talent – for effective employees and managers – who can effectively deal with the increased complexities of retail jobs (the use of new technologies, increased profit & loss responsibilities, increased global competition, a diverse workforce).

**LEGAL RESTRICTIONS ON HR PRACTICES IN RETAILING**

**Equal employment opportunity:** according to law there should be equal opportunity to all eligible candidate for job. There should be no restriction based upon religion, cast or any other basis.

**Compensation:** Minimum compensation is now being decided by government that has to be followed by allowed by all employers.

**Labour relations:** Labour relations are now become very complex, that it become very difficult to handle them. Good labour relations are base of growth of employer.

**Employee safety and health:** Employee health and safety is very concerned factor of any organisation. There are so many legal issues relating to employee health and safety.

**Sexual harassment:** Sexual harassment is a very serious and punishable offence according to Indian law. There are so many case seen recently about sexual harassment.

**Employee privacy:** Employee privacy is also a very important issues for employer. That is to be maintained.

**FINDINGS**

1. Indian retail industry need a large amount of man power.
2. Condition of employees working in retail is also not good.
3. The program run by government is very good and ambitious
4. Most of the participants comes from economically weaker section of society.
5. Most of the participants are below 12<sup>th</sup> standard.
6. It is assumed that training given by government is not valuable but it is not true hence this hypothesis is wrong
7. It is assumed that all participants are well educated but it is find that all participants are not well educated.

**RECOMMENDATIONS/SUGGESTIONS**

1. The program run by government is very good and ambitious
2. Training period should be increased.
3. Training curriculum is sufficient for trainees.
4. Dimensions of retail training should be increased.
5. More emphasis should be given to practical training.
6. Something more should be done to attract more trainees.

**CONCLUSIONS**

Retail industry in India has a very bright future. It has huge amount of customers to serve. To serve these customer this industry need lots of representatives. These representatives are not well trained that's why face too much difficulty to continue their job. To skilled these person who want to come in retail industry Indian Government and U.P. government are trying to give retail training. This a very good and effective effort of government. In the end of retail training, trainee can learn how to do well in his or her job of retailing.

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**LIMITATIONS**

1. Trainee associates does not like to share information.
2. Direct interview method is used in this research but many trainee fear to face interview.
3. This a new program that's why very little secondary data is available on the subject.
4. As it is a government owned program, attitude of people is not very good.

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**WORKING CAPITAL EFFICIENCY: A CASE STUDY OF ASSOCIATED CEMENT COMPANY LIMITED INDIA**

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**ABSTRACT**

*The present paper seeks to examine the efficiency of working capital management of the Associated Cement Company Limited during the period 1997-98 to 2004-05. The empirical findings suggest that all the working capital variables have a positive relationship with return on assets. The empirical findings suggest that leverage and assets structure have significant impact on profitability, while cash conversion cycle has a negative impact.*

**KEYWORDS**

working capital efficiency, profitability, regression analysis.

**INTRODUCTION**

Working Capital efficiency is a measure of how well a company balances money it is owed by customers on sales and money invested in inventoried goods against money it owes for acquiring the inventory. This relationship of paying for goods, owing for goods and waiting to be paid for goods is called the cash conversion cycle. The more efficient a company is at navigating the cash conversion cycle, the higher is its level of working capital efficiency. Almost all businesses must have cash on hand to fund short-term liquidity needs. This cash on hand is known as working capital. The amount of working capital a business has in relation to the need for it will affect the firm's creditworthiness in the eyes of lenders and, if it is a public company, affect investors' opinions of the company's financial health. If a company's working capital efficiency is high, that is if its business practices minimize the need for borrowed funds for short-term operational needs, it can make it easier for the business to borrow when necessary.

Businesses with large investments in permanent assets or firms that primarily provide services have less need for working capital than others. Working capital efficiency becomes very important for businesses such as retailers who must acquire an inventory of goods, owe vendors for that inventory and then are owed by customers who purchase the goods. This is particularly an issue for seasonal retailers who must invest heavily in inventory well in advance of their strongest sales season and yet might not be paid by customers for a matter of months.

Determining a company's working capital efficiency begins with measuring its cash conversion cycle. This is a matter of adding the average number of days between putting a product in inventory and selling it to the average number of days after a product is sold until payment for the sale is collected. From that, the firm subtracts the average number of days between acquiring a product to paying for it. That figure is the company's cash conversion cycle. Typically the higher the cash conversion cycle, which is the higher the average number of days to convert inventory to sales less the average number of days to pay cost of the sales, the lower the business' working capital efficiency rating. This represents a cost to the business, as working capital is either equity in the company that cannot be put to other uses if the firm is inefficient or it is debt, which is more costly the longer it is owed. For almost every business, a goal is to encourage managers at every step of the sales process to operate with a view toward efficient use of the capital. The less time goods are in inventory, the faster payments for sales are collected — the longer payments to vendors can be delayed, the better.

**OBJECTIVE OF THE STUDY**

To examine the working capital management efficiency of Associated Cement Company Limited, India.

**RESEARCH QUESTIONS**

This chapter attempted to provide answers to the following questions:

- Is a firm's leverage significantly related with its profitability?
- How does the size and growth of the firm influence the profitability?
- Does the profitability decline with cash conversion cycle?
- Whether fixed assets to total assets ratio related with profitability?
- Whether or not the working capital management efficiency influences the earning capacity of the firm?

**RESEARCH HYPOTHESIS**

Corresponding to these questions, the study shall be guided by the following null hypotheses:

- There is no significant relationship between Utilization Index of Working Capital Management and Profitability.
- There is no significant relationship between Performance Index of Working Capital Management and Profitability
- There is no significant relationship between Efficiency Index of Working Capital Management and Profitability
- There is no significant relationship between Cash Conversion Cycle and Profitability.
- There is no relationship between leverage, size, growth, fixed assets to total assets ratio and profitability of the firm.

**REVIEW OF LITERATURE**

**S.K. Chakaraborthy (1973)**, Opined that working capital is a segment of capital employed. Since return on the capital employed is an aggregate measure of the overall efficiency in concluding a business, in pointed out the excessive working capital would lower the capital turnover ratio and so bring down the overall return on capital employed. Similarly, too small amount of working capital, though it yields an immediate higher return on the capital employed over the succeeding periods. He need for a concerted credit management against the broader perspective of better working capital management and higher return on capital employed.

**Dr. Muthapathay (2004)**, the important of working capital in any industry needs no special emphasis. We are considered to belied-giving force to an economic entity. Every organization whether profit oriented is not irrespective of its size and nature of business needs requisite amount of working capital.

**Dr. Santanu Kr. Ghesh and Santhi Gopal Maji (2004)**, Their study to examine the efficiency of working capital management to best how fast the sample firms have been able to improve their respective level of efficiency in working capital management with respect to a target level. The existence of a very high degree of inconsistency in this matter clearly points out the need for adopting sound working capital management policies try this firms.

**Samilogu F. and K. Demirgunes (2007)**, this study was considered statistically significant relationship between from profitability and component of cash conversion cycle at length. They used a multiple regression model and standardized co – efficient model. They found that the inventory period and leverage affect firm profitability negatively, while growth affects firm profitability positively.



M.A. Zariyawati, M.N. Annur and A.S. Abdul Rahim (2009), Investigated the relationship between working capital management and profitability of the firm. The researcher used the cash conversion cycle as a measure of working capital management. This study has used a panel data of 1628 firm's years for a period of 1996 to 2006. The co-efficient results of pooled OLS regression analysis provide a strong negative significant relationship between cash conversion cycle and profitability of the firms. It is revealed that by reducing the conversion cycle, a firm's profitability can be increased.

**SPECIFICATION OF MODELS**

To analyze the determinants of working capital management efficiency, Return on Assets (ROA) is considered as dependent variable. The efficiency of working capital management have assed in terms profitability of the firm. In this study Utilisation Index of Working Capital (UIWCM), Perfomance Index of Working Capital Management (PIWCM), Efficiency Index of Working Capital Mangement (EIWCM) and Cash Conversion Cycle have been considered as independent variable with some control variables viz., Leverage, Size, Growth and Fixed Assets to Total Assets Ratio. The following regression models have been constructed to solve the issues raised earlier based on ordinary least square method. The regression model involving measures of profitability are stated as under:

The specification of the model is as follows:

$$Y_{[t1,t2]} = \alpha + \sum_{i=1}^n \beta_i X_i + \varepsilon$$

Where,

Y<sub>[t1,t2]</sub> is Return Assets.

X<sub>i</sub> is the vector of independent variables, and 'e' is the error term

In order to understand the efficiency of working capital management more precisely, the above equation is elaborated as follows:

- > ROA<sub>it</sub> = α' + β<sub>1</sub> (UIWCM<sub>it</sub>) + β<sub>2</sub> (LEV<sub>it</sub>) + β<sub>3</sub> (SIZE<sub>it</sub>) + β<sub>4</sub> (GROWTH<sub>it</sub>) + β<sub>5</sub> (FATA<sub>it</sub>) + μ<sub>t</sub>
- > ROA<sub>it</sub> = α' + β<sub>1</sub> (PIWCM<sub>it</sub>) + β<sub>2</sub> (LEV<sub>it</sub>) + β<sub>3</sub> (SIZE<sub>it</sub>) + β<sub>4</sub> (GROWTH<sub>it</sub>) + β<sub>5</sub> (FATA<sub>it</sub>) + μ<sub>t</sub>
- > ROA<sub>it</sub> = α' + β<sub>1</sub> (EIWCM<sub>it</sub>) + β<sub>2</sub> (LEV<sub>it</sub>) + β<sub>3</sub> (SIZE<sub>it</sub>) + β<sub>4</sub> (GROWTH<sub>it</sub>) + β<sub>5</sub> (FATA<sub>it</sub>) + μ<sub>t</sub>
- > ROA<sub>it</sub> = α' + β<sub>1</sub> (CCC<sub>it</sub>) + β<sub>2</sub> (LEV<sub>it</sub>) + β<sub>3</sub> (SIZE<sub>it</sub>) + β<sub>4</sub> (GROWTH<sub>it</sub>) + β<sub>5</sub> (FATA<sub>it</sub>) + μ<sub>t</sub>

Where

- UIWCM = Utilization Index of Working Capital Management
- PIWCM = Performance Index of Working Capital Management
- EIWCM = Efficiency Index of Working Capital Management
- CCC = Cash Conversion Cycle
- LEV = Leverage
- SIZE = Firm size
- GROWTH = Growth of the firm
- FATA = Fixed Assets to Total Assets
- ROA = Return on Assets

**MEASUREMENT OF VARIABLES**

The measurement of both dependent and independent variables used in the regression equation is discussed as under:

**DEPENDENT VARIALE**

The dependent variable used in the profitability model is ROA. The measurement of this dependent variable is discussed as under:

**RETURN ON ASSETS (ROA)**

The return on capital employed was measured by dividing Profit Before Interest and Tax (PBIT) by Total Assets. The total assets comprise net fixed assets plus total current assets.

It can be calculated with the formula,

$$ROA = \frac{PBIT}{Total\ Assets} \times 100$$

**INDEPNEDENT VARIABLES**

A brief discussion of the attributes that different theories of working capital and profitability have been given. These attributes are denoted as Utilization Index of Working Capital Management, Performance Index of Working Capital Management, Efficiency Index of Working Capital Management, Cash Conversion Cycle, Leverage, Firm size, Growth of the firm, Fixed Assets to Total Assets and Return on Assets.

**UTILIZATION INDEX**

Performance index represents the average overall performance in managing current assets. Utilization index indicates the ability of the firm in utilities its current assets as a whole for the purpose of generating sales. It an increase in total current asset is coupled with more than proportionate rise in sales. Degree of Utilization of these assets with respect to sales is said to have improved and vice versa. This ultimately reflects the operating cycle of the firm increasing the degree of utilization. Thus, a value of utilization index greater than one is desirable.

Utilization Index of Working Capital Management (UIWCM), was calculated by applying the following model:

$$UIWCM (it) = \frac{A_{t-1}}{A_t}$$

Where, A = current assets/sales.

**PERFORMANCE INDEX**

Performance index of working capital management represent average performance of various components of current assets. A company may be said to have managed its working capital efficiently if the proportionate rise in sales is more than the proportionate rise in current assets during a particular period. Numerically overall performance index more than, indicated efficient management of working capital.

The measure the working capital efficiency based on Performance Index of Working Capital Management' (PIWCM) calculated as:

$$PIWCM (it) = \frac{\sum_{i=1}^n \frac{W_{i(t-1)}}{W_{it}}}{N}$$

Where,

- I<sub>s</sub> = Sales index defined as: S<sub>t</sub> / S<sub>t-1</sub>,
- W<sub>i</sub> = Individual group of current assets,
- N = Number of current assets group,
- and
- i = 1,2,3, ..... n.



**EFFICIENCY INDEX**

This is the product of the performance index and the utilization index measure utilization efficiency of working capital management of the company.

The Efficiency Index of Working Capital Management (EIWCM) was calculated by multiplying the overall performance index of working capital management with the working capital utilization index. Thus,

$$\text{EIWCM (it)} = \text{UIWCM} \times \text{PIWCM}$$

**CASH CONVERSION CYCLE**

The cash conversion cycle (CCC) is used as a comprehensive measure of working capital management and is taken as another independent variable. It is a metric that expresses the length of time, in days that it takes for a company to convert resource inputs into cash flows. This metric looks at the amount of time needed to sale inventory, the amount of time needed to credit receivables and the length of time the company is afforded to pay its bills without incurring penalties.

**LEVERAGE**

This ratio is calculated by dividing the amount of debt by the amount of equity. The higher the D/E ratio, the higher the ROA and vice versa. Thus profitability is directly related with Debt/ Equity Ratio. That is ROA is an increasing function of D/E ratio.

**SIZE**

Natural logarithm of total assets used as proxy variable to measure the size of the firm.

**GROWTH**

Growth is pre-requisite for the survival of any firm. It helps the firm to increase the profits and benefits from the economics of sales. Growth rate is measured in this study by ratio of simple growth rate of sales of the firm.

**FIXED ASSET TO TOTAL ASSETS**

Fixed assets to total assets is the measure of efficiency of total assets in generating fixed assets. Total assets include sum of all cash, investments, furniture's, fixtures, equipment receivables, intangible and any other item of value owned by a company. The fixed assets include net block and capital work in progress. Actually, this is the sum of current assets and long-term assets, as the current asset is very important determinants of total assets.

**TABLE 1: REGRESSION RESULTS – ASSOCIATED CEMENT COMPANY LTD.**

Variables	Model 1	Model 2	Model 3	Model 4
Constant	130.236	93.093	130.184	180.076
	(1.584)	(1.211)	(1.729)	(0.983)
UIWCM	4.89			
	(1.229)			
PIWCM		14.169		
		(0.839)		
EIWCM			21.372	
			(1.586)	
CCC				-6.413
				(0.311)
Leverage	-21.977**	-19.039**	-22.680**	-18.064**
	(2.876)	(2.610)	(3.134)	(2.434)
Size	-34.593	-27.678	-35.602**	-30.581
	(1.985)	(1.675)	(2.182)	(1.246)
Growth	-0.002	0.004	0.053	0.0614
	(0.158)	(0.096)	(0.229)	(0.247)
FATA	22.832**	27.181**	28.396**	25.370**
	(2.719)	(2.889)	(3.379)	(2.582)
R <sup>2</sup>	87.8	86.8	88.9	85.9
Adjusted R <sup>2</sup>	81.0	99.4	82.7	78.1
F Test	12.958***	11.824***	14.368***	10.972***

Note: \* - Significant at 10% level, \*\* Significant at 5% level, \*\*\* Significant at 1% level

Table 6.1 discloses that, the adjusted R<sup>2</sup> is statistically significant in all the estimated regression models. The significant value of F proves that the relationship between the dependent variable (ROA) and Independent variables Viz., PIWCM, UIWCM, EIWCM, CCC, Growth, Capital Structure, Size and Ratio of Fixed assets to Total Assets are linear

It is evident from the estimated equation that the coefficient of UIWCM, PIWCM, EIWCM and CCC have the positive sign, which indicates that the efficiency of working capital management of Associated Cement Companies Limited have positive influence on the profitability but the relationship are not statistically significant. It is observed from the estimated  $\beta$  values that the company has utilized its current assets to generate sales. The model found a negative relationship between cash conversion cycle and Return on Assets signifies that when the firm shorten the length time between make payments and receive cash inflows, it will increase its profitability. To check control variables, all models in both the regressions show a positive relationship between Growth and Profitability. Capital structure of the firm relates negatively and significantly with profitability at 5 % level of significance. While, Size of the firm have a negative relationship with the profitability

**CONCLUSION**

This study had investigated the relationship between the working capital efficiency and profitability of ACCL from 1997-98 to 2011-2012. The study appears that there is a positive relationship between Working Capital Utilization Index (WCMUI), Working Capital Management Performance Index (WCMPI) and Working Capital Management Efficiency Index (WCMEI) and profitability measures (ROA). It is proved also a negative relationship between the cash conversion cycle (CCC) and profitability. This study had found a positive relationship between growth and profitability; it is suggest that the growing firms are earning more profit. The regression results had also revealed a significant negative relationship between Leverage (LEV) and profitability measure. This study reached to significant positive relationship between Fixed Assets Ratio (FATR) and profitability. After this analysis, the study recommends from the firms to manage their working capital efficiently to achieve the optimal profitability. Thus the firms can manage their working capital through reduce the length time between sell the goods and receive cash of sales, it can do that by accelerating its collections. And it also reduce the length time between convert the raw materials into finished goods to sell these goods through. On the other hand the firms should shorten the length time between purchase goods to pay their purchases. All these will lead to shorten the cash conversion cycle and then lead to achieve the optimal profitability.

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**A STUDY ON EMPLOYEES PERSPECTIVE TOWARDS TRAINING PROGRAM**

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**ABSTRACT**

*The 5 M's in Production are Men, Material, Machine, Mission and Money. Of all these people is the most essential factor in the process of production. It is the important resources of an organisation. The success of an organisation depends on the quality of manpower. Therefore human resources is considered to be the important and significant factor for the production. In present times training and development is one of the important activity for the development and retaining the employees. For organisational productivity, training assumes great significance. Though it is a type of education, training is job oriented. It is skill learning. Training has greater significance for the success of modern organisations. Core competencies and expertise give the organisation an edge over their competitors, and training plays a vital role in developing and strengthening these competencies. Change of technology demands that employees update their knowledge, skills, abilities and technical expertise. The present study indicates the employee's perspective towards the training program, their strong participation in it, and the quality of training program. The statistical tools like percentage analysis were used. For an effective participation of the employees in the training programme: designating an alternate employee for the employee taking training, with its active facilitation by the section manager; creating training programmes that enhance the knowledge/ skill set of employees; offering job-relevant training programmes, and its publication well in advance plays an important role.*

**KEYWORDS**

Training, development practices.

**INTRODUCTION****TRAINING AND DEVELOPMENT**

**T**raining has the distinct role in the achievement of an organisational goal by incorporating the interests of organisation and the workforce (Stone R.J. Human Resource Management, 2002). Training is the most important factor in the business world because training increases the efficiency and the effectiveness of both employees and the organisation. Training enhances the capabilities of employees.

Lawrence S. Kleiman defines training and development as planned learning experiences, designed to provide workers with the competencies needed to perform their current or future jobs.

Training is referred to as teaching specific job related skills and behaviour, whereas development is more general than training and more oriented towards individual development, besides fulfilling organisational needs. Development provides knowledge and understanding to individuals so as to enable them to function more effectively in an organisation through problem solving, interpersonal relations and decision making.

**LITERATURE REVIEW**

(Sujatha, Lakshmi, Selvakumar M, & Kumar, March- April (2013)) , focused more on the emerging need of training and development and its implications upon individuals and the employers. 108 employees were surveyed with the help of questionnaire which consists of questions related to pre training, training and post training. It was found that by identifying learning objectives trainees felt more achievement, came to know across a lot of new ideas, and were happy with the materials and facilities given for the trainees. It was found that Job effectiveness can be maintained with appropriate behavior or relationship among employees working in private banks.

(Aneesh & Vidyaswari, Dec 2014), examined the employee's perception towards training and development program, employee's satisfaction level about the training program, employees perception towards the training need identification systems and to understand the employees satisfaction regarding the trainer and training environment. It was found that the employees in the organization are satisfied with the training program conducted in the company. Most of the respondents are of the opinion that the quality of in-company programs was excellent but they had an opinion that that they have to increase the duration of training program in the company. After the training program the level of motivation, interpersonal relation, team spirit and confidence of employees has increased, but there was less improvement in intergroup relations.

(Venukumar, March 2012), he studied the impact of training and developing programmes in the field of operations where these type of programmes develops the individuals as well as organization, with a sample selection from the organization and as well as from the society. It was found how important in implementing the new trends in training and development in the department of operations and found that stress was a major obstacle for every individual and the organization and to sustain we need to manage it.

(Agarwal & Sarna, Sept 2012), have identified the training and development activities and various labour welfare provisions that contribute to the productivity of the FMCG company with the help of both primary and secondary data with a total number of 100 respondents. It was found that majority of employees were highly satisfied and motivated as a result of implementation of labour welfare provisions and usage of training development activities.

(Singh, Dec 2011), measured the impact of training on development i.e employee training relationship with development at workplace. They found that training was positively influence to develop both employee and organization by analyzing the 105 employees. The satisfaction was seen on content, pedagogy, trainer, presentation skills, knowledge of resource person, environment and many others. The respondents are highly satisfied with the additions occurred by the training programs are more valued for improved productivity.

(Verma & Goyal, 2011), examined the training and development practices in LIC and its impact on employee's productivity. Mean, standard deviation, Z test, correlation analysis and regression analysis were used to analyze the data, they observed that Training in LIC was average and no difference in the perception of the employees on the basis of gender, qualification, designation.

(Modak & Joshi, 2014), analyzed that training had significant effect on the productivity of employees of IT industry and organizational performance and improved the productivity of employees. It was found that training helped in enhancing communication, develop competence, generate healthy feedback, in determining reward objectives, defining tasks, make planning systematic, problem management etc.

## STATEMENT OF THE PROBLEM

Technical training is the process of teaching employees how accurately and thoroughly perform the technical components of their jobs. The Technical Training Programme provides assistance related to technical skills and knowledge training. Training is a systematic process to enhance employee's skill, knowledge and competency necessary to perform the job effectively. It impacts organisational revenue, competitiveness and performance. Unfortunately, the majority of the organisation not recognising the importance of training and its contents to increase their employee's productivity. This many lead to increase in the cost and high job turnover which pushdown the organisational profitability

A study is being conducted to know the employees perspective towards training program.

## OBJECTIVES OF THE STUDY

1. To find out the training methods & designs used
2. To study the effectiveness of training programme
3. To study the feedback of employees about the training programmes
4. To find effective participation of the employee in technical training programmes

## METHODOLOGY

Survey method used for collecting data was through Questionnaire. The sample size consisted of 100 respondents. Non probability convenience random sampling method was used to collect the data for the study.

### TOOLS FOR DATA COLLECTION

- Questionnaires were used to collect the primary data
- Secondary data was collected from books, reports & company's newsletters and websites etc.

## FINDINGS

From the analysis, the study brings to light some important findings regarding employees' perspective towards training program. Data collected through various manuals and information obtained through questionnaire revealed the following analysis-

1. Employees are happy that their suggestions are considered by the company.
2. Company organises training program once in 3 months, surveyed opined that training interferes with their performance to varying extent and training leads to positive change in work attitude
3. Surveyed rated the quality of the training provided as good, but they encountered a problem during training is insufficient time available for training. Majority of the respondents opined that the organisation does not release training calendar but conducts the training program and they participate in the training program.
4. Majority of the respondents opined that they show reluctance in taking the training courses because of: a) the training not being directly related to their job; b) good training courses not being offered; and, c) not being allowed by the employees' supervisor to take training due to urgent work at the time of training.
5. Respondents opined that a blend of classroom and shop floor training method is preferable and that the training topic should be more relevant to their job.

## RECOMMENDATIONS

In this research we review a lot of materials related to the variable uses in this research. In the light of this research and all the material which is being used, it comes to the decision that there should be a proper training and development program should be effectively implemented.

1. Proper steps should be taken in designing and implementing the training program.
2. The company should give adequate knowledge regarding the training program, topics and training techniques in the organisation.
3. Since most of the respondents opined that training program interfered with their normal duties or had insufficient time to attend training, management might want to consider assigning a backup employee (Employee B) when Employee A is in training
4. Management should strive to design a tentative calendar for training courses about a year in advance so that prospective employees can suitably plan their work schedules around it. This will also be extremely helpful to the section manager in planning backup employees for those who will be signing-up for training and in deputing the appropriate person for the training programme.

## CONCLUSIONS

Employees are the assets of any organisation. Making maximum utilisation of the assets is the core responsibility. And it's the responsibility to provide better opportunity for improving their performance. Training is very important for every organisation. It plays a important role in the betterment of employees and also increases the overall productivity of organisation. Training program has a positive effect on employee satisfaction and an organisation to compete with the challenging and changing world. If the training is planned can prove beneficial to the employees as well as for organisation. To the employees their goal will be fulfilled and thus productivity will increase. From that we can conclude that if we have a proper and effective training program, a positive effect can be seen in the learning and in the performance.

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**GROWTH AND OPPORTUNITIES OF JUTE DIVERSIFIED PRODUCTS EXPORTS IN INDIA**

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**ABSTRACT**

*Jute is one of the major industries in the eastern region of India, particularly in West Bengal. Jute – the golden fibre, is a natural, renewable, biodegradable and eco-friendly product that meets all the standards of safe ‘packaging’ in this era when the green marketing concept is gradually emerging in the globe. Government of India has given priority to the revival and development of the jute sector in its policy matrix. The steady decline in markets for traditional jute products forced the Governments and jute industry to take up programs for development of diversified jute products in the recent past. Besides attention is directed towards promotion of packaging material for conventional and new end-users with the emphasis on bio-degradable and eco-friendly attributes of jute as a natural fibre so that the jute industry does not depend primarily and mandatory packaging. The paper is an attempt to assess the growth and performance of diversified jute products in export market.*

**KEYWORDS**

jute, eco-friendly, product diversification, export.

**INTRODUCTION**

The jute industry occupies an important place in the national economy. It is one of the major industries in the eastern region, particularly in West Bengal. It supports nearly 4 million farm families, besides providing direct employment to 2.6 lakh industrial workers and livelihood to another 1.4 lakh people in the territory sector and allied activities. The production process in jute industry goes through a variety of activities, which include cultivation of raw jute, processing of jute fibres, spinning, weaving, bleaching, dyeing, finishing and marketing of both raw jute and its finished products. The jute industry in labour intensive and as such its labour-output ratio is also high. In spite of various difficulties faced by the industry, capacity utilization is around 75 per cent. The steady decline in markets for traditional jute products forced the Governments and jute industry to take up programs for development of diversified jute products over the last few years. International agencies and governments in both exporting and importing countries have supported research and development (R and D) efforts in developing new products from jute, a versatile and environment-friendly natural fibre. Commercialization of these products is expected to open up new possibilities of reviving the jute economy and to help to improve the economic conditions of farmers (including women) and workers in producing countries. Production and commercialization of value added jute products would create additional employment opportunities and assist in alleviating poverty in the jute producing countries. Hence, against this backdrop an attempt is made in this paper, to assess the growth and performance of diversified jute products in export market.

**DIVERSIFIED JUTE PRODUCTS****FLOOR COVERING**

From the conventional carpet backing cloth, jute has moved up the value chain and is being used to make attractive floor coverings. Consumer preference is also shifting away from synthetics to natural floor coverings. Jute woven and piled/tufted carpets have found a niche market. With some more attention to consumer preferences, improvements in dyeing and processing and market development, this segment is poised to grow. A traditional jute mat known as “Satranji” has also received much acclaim from the consumers and has a large market potential.

**HAND AND SHOPPING BAGS**

Travel bags, beach bags, fancy bags, ladies bags, school bags, shopping bags, carried bags and a range of different bags are available for use, that are made of jute. For shopping bags and similar other uses, attempts are also made for bag of jute/paper combination.

**DECORATIVE ITEMS**

Several decorative items, toys, wall hanging, paper, decorative bags, table lamps, furniture and many more is made from jute fabrics.

**OTHERS**

Table cloth, cushion covers, sofa covers, bed covers, curtain cloth, table mats, prayer mats, napkins, aprons, blankets etc. are made of jute or jute in combination with other textile fibres. Jute can replace cotton fabrics either by itself or as a blend with cotton for home textile applications. Attractive fabrics for use as upholstery and tapestry have already been developed and are in the market, albeit in small volumes. Jute handicraft items are attractive products, produced from jute fibre, yarn and fabric. These products vary from cushion covers to lamp-shades, from hats to footwear and from hand bags to fashion accessories. Some attractive items are candle holders, hand bags, jewellery boxes etc. considering the value addition and the employment such handicrafts offer, this segment can grow significantly. Being a biodegradable and renewable nature fibre, jute handicrafts and novelties are in great demand. Jute based handicrafts and novelties vary from toys, table lamp, wall painting, pencil box, and innumerable splendid gift items. They have a huge export potential.

**OBJECTIVES OF THE STUDY**

1. To Examine the Growth and Performance of the Exports of JDP from India.
2. To Analyse Opportunities of exports of JDP from India.

**METHODOLOGY**

The present study is mainly based on secondary data and information. The information were collected from various published sources. Such sources include books, journals, Jute Manufacturing Development Council (JMDC) Reports, National Jute Board (NJB) Reports, Indian Jute Mill Association (IJMA) Reports, Food and Agriculture Organization (FAO), Office of the Jute Commissioner, India government reports and publications, research articles, websites, newspapers etc. A statistical tool like Compound Annual Growth Rate (CAGR) was also used to make an indepth analysis to draw meaningful conclusions.

**ANALYSIS AND DISCUSSION**

**GROWTH AND OPPORTUNITIES OF EXPORT OF JDP**

Keen on boosting the market for jute products that was hit by recession, Jute Manufactures Development Council organised a buyers and sellers meet to spread awareness about the wide variety of eco-friendly jute products here on Thursday.

About 25 jute manufacturers from all over India displayed their products- from fibre and fabric to a host of life style and decorative products for the benefit of large retailers, distributors, local retail chains, export related government and hospitality organisations.

With awareness on eco-friendly products growing, jute is gaining acceptance as a convenient alternative to plastic carry bags while jute handicrafts, diversified products like floor-coverings, wall hangings, wide array of hand bags, suitcases and accessories have huge demand here and abroad, says Atri Bhattacharya, Secretary, JMDC and Executive Director, National Centre for Jute Diversification.

The jute industry had a turnover of Rs.5, 000 crore last year while the exports of jute and jute diversified products accounted for Rs.1, 200 crore.

The jute diversified products (JDP) with a tag line ‘surprisingly jute’ accounted for 36 per cent of total exports against that of 18 per cent five years ago. But the potential was still huge, Mr.Bhattacharya said.

To keep up with the demand for JDPs, the JMDC drew up plans to train 50,000 jute artisans, set up jute market yards exclusively to enable farmers sell their produce, develop R&D, technology upgradation and machinery modernisation under Jute Technology Mission, he said. ( THE HINDU, JULY 24, 2009)

Jute fibre is conventionally used in making of Floor Coverings, Hand & Shopping Bags, Wall Hangings, Gift Articles and Decorative Fabrics which contribute significantly to the national exchequer through import earnings.

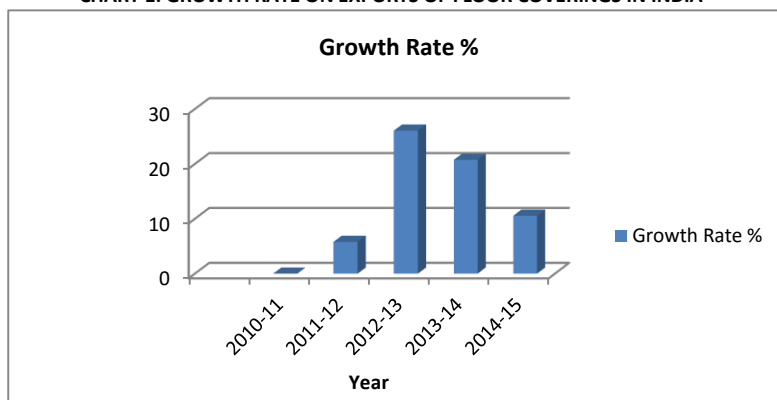
**TABLE 1: GROWTH RATE ON EXPORTS OF FLOOR COVERINGS IN INDIA**

Year	Amount (Rs./Million)	Increase/Decrease	Growth Rate %
2010-11	1342.36	-	-
2011-12	1420.05	77.69	5.79
2012-13	1789.91	369.86	26.05
2013-14	2160.99	371.08	20.73
2014-15	2388.99	228	10.55
Compound Annual Growth Rate		15.78	

Source: DGCI&S, Kolkata

Table1 shows the growth rate of JDP in India. The total number of floor coverings of JDP in India which has been increased from 1342.36 in 2010-11 to 2388.99 in 2014-15. The growth rate of floor coverings of JDP in India varied between 10.55 percent and 5.79 percent during this study period. The Compound Annual Growth Rate is 15.78 percent. The highest growth rate is 26.05 in 2012-3 during the study period.

**CHART 1: GROWTH RATE ON EXPORTS OF FLOOR COVERINGS IN INDIA**



Source: DGCI&S, Kolkata

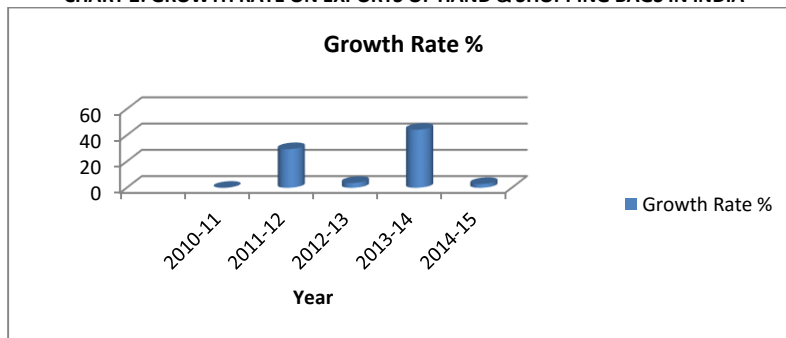
**TABLE 2: GROWTH RATE ON EXPORTS OF HAND & SHOPPING BAGS IN INDIA**

Year	Amount (Rs./Million)	Increase/Decrease	Growth Rate %
2010-11	1264.22	-	-
2011-12	1636.61	372.30	29.46
2012-13	1696.95	60.34	3.69
2013-14	2448.02	751.07	44.26
2014-15	2518.42	70.4	2.88
Compound Annual Growth Rate		20.07	

Source: DGCI&S, Kolkata

Table 2 shows the Growth Rate of numbers of Hand & Shopping bags of JDP in India. The number of Hand & Shopping Bags of JDP in India which has been increased from 1264.22 in 2010-11 to 2518.42 in 2014-15. The growth Rate of Hand & Shopping Bags of JDP in India varied between 2.88 percent during this study period. The Compound Annual Growth Rate is 20.07 percent.

**CHART 2: GROWTH RATE ON EXPORTS OF HAND & SHOPPING BAGS IN INDIA**



Source: DGCI&S, Kolkata

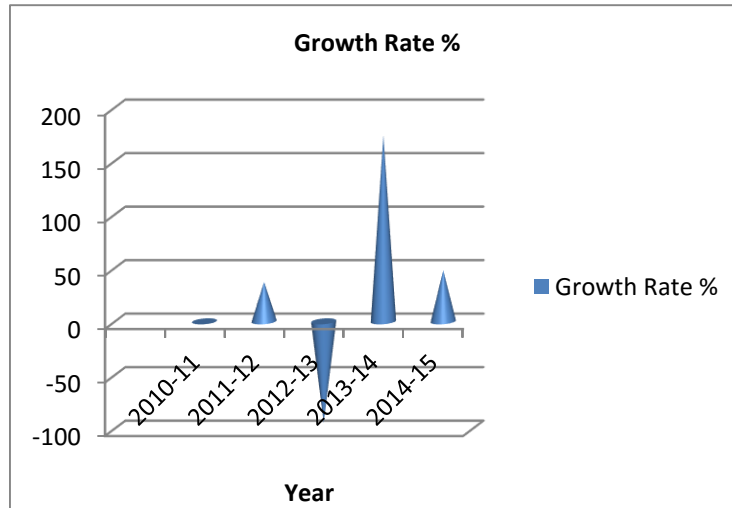
**TABLE 3: GROWTH RATE ON EXPORTS OF WALL HANGINGS IN INDIA**

Year	Amount (Rs./Million)	Increase/Decrease	Growth Rate %
2010-11	29.90	-	-
2011-12	40.97	11.07	37.02
2012-13	2.09	-38.88	-94.90
2013-14	5.73	3.64	174.16
2014-15	8.48	2.75	47.99
Compound Annual Growth Rate			41.07

Source: DGCI&S, Kolkata

Table 3 elucidates the Growth Rate of number of Wall Hangings of JDP in India. The number of wall hangings of JDP in India which has been increased from 29.90 in 2010-11 to 40.97 in 2011-12. The Growth rate of wall hangings of JDP in India varied between 37.02 per cent during this study period. The compound growth rate is 41.07 per cent.

**CHART 3: GROWTH RATE ON EXPORTS OF WALL HANGINGS IN INDIA**



Source: DGCI&S, Kolkata

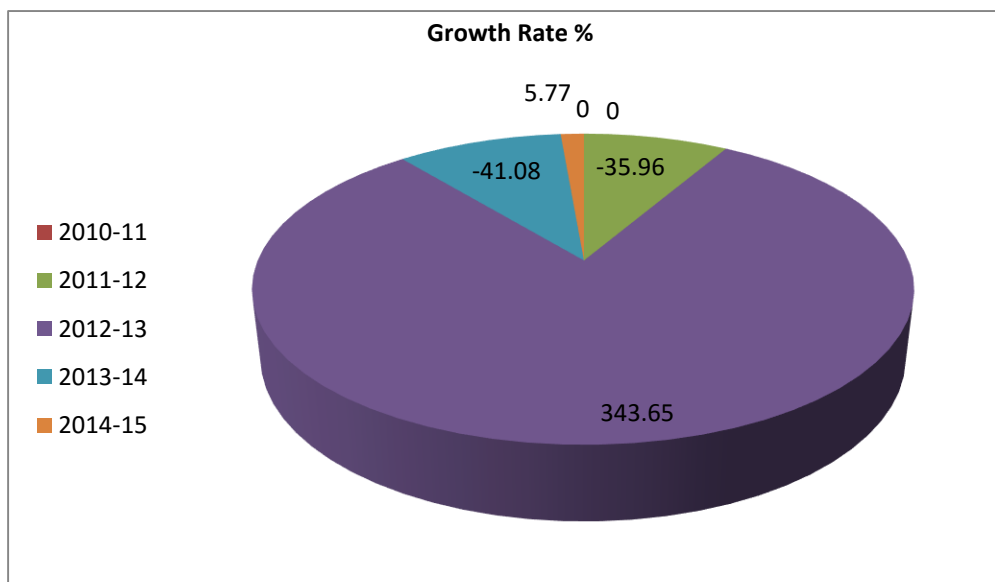
**TABLE 4: GROWTH RATE ON EXPORT OF GIFT ARTICLES IN INDIA**

Year	Amount (Rs./Million)	Increase/Decrease	Growth Rate %
2010-11	22.86	-	-
2011-12	14.64	-8.22	-35.96
2012-13	64.95	50.31	343.65
2013-14	38.27	-26.68	-41.08
2014-15	40.48	2.21	5.77
Compound Annual Growth Rate			68.10

Source: DGCI&S, Kolkata

Table 4 Narrates the Growth rate of number of Gift Articles of JDP in India which has been increased from 22.86 in 2010-11 to 64.95 in 2012-13. The growth rate of gift articles of JDP in India varied between -35.96 per cent and 343.65 per cent during this study period. The compound annual growth rate is 68.10.

**CHART 4: GROWTH RATE ON EXPORT OF GIFT ARTICLES IN INDIA**



Source: DGCI&S, Kolkata



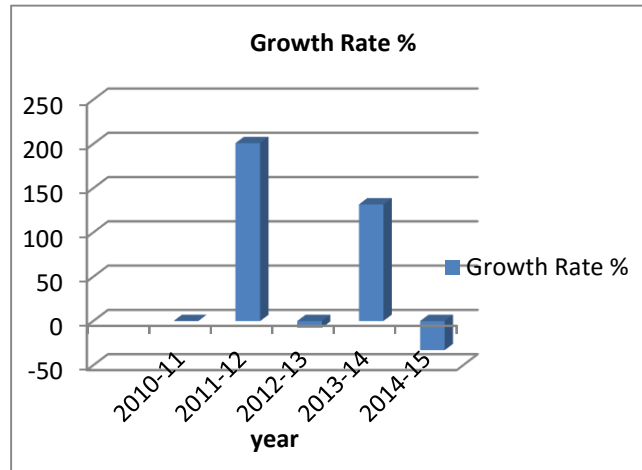
**TABLE 5: GROWTH RATE ON EXPORT OF DECORATIVE FABRICS IN INDIA**

Year	Amount (Rs. / Million)	Increase / Decrease	Growth Rate %
2010-11	28.61	-	-
2011-12	86.08	57.47	200.87
2012-13	79.59	-6.49	-7.54
2013-14	184.38	104.79	131.66
2014-15	123.71	-60.67	-32.90
Compound Annual Growth Rate 43.02			

Source: DGCI&S, Kolkata

Table 5 narrates the growth rate of number of decorative fabrics of JDP in India. The number of decorative fabrics of JDP in India has increased from 28.61 in 2010-11 to 123.71 in 2014-15. The growth rate of decorative fabrics of JDPs in India fluctuated trend. The compound annual growth rate is 43.02 per cent.

**CHART 5: GROWTH RATE ON EXPORT OF DECORATIVE FABRICS IN INDIA**



Source: DGCI&S, Kolkata

**TABLE 6: GROWTH RATE ON EXPORTS OF JDP FROM INDIA-CAGR ANALYSIS**

Export of JDP from India	Growth Rate			
	2012	2013	2014	2015
Floor Coverings	5.79	26.05	20.73	10.55
Hand & Shopping Bags	29.46	3.69	44.26	2.88
Wall Hangings	37.02	-94.90	174.16	47.99
Gift Articles	-35.96	343.65	-41.08	5.77
Decorative Fabrics	200.87	-7.54	131.66	-32.90

Source: DGCI&S, Kolkata

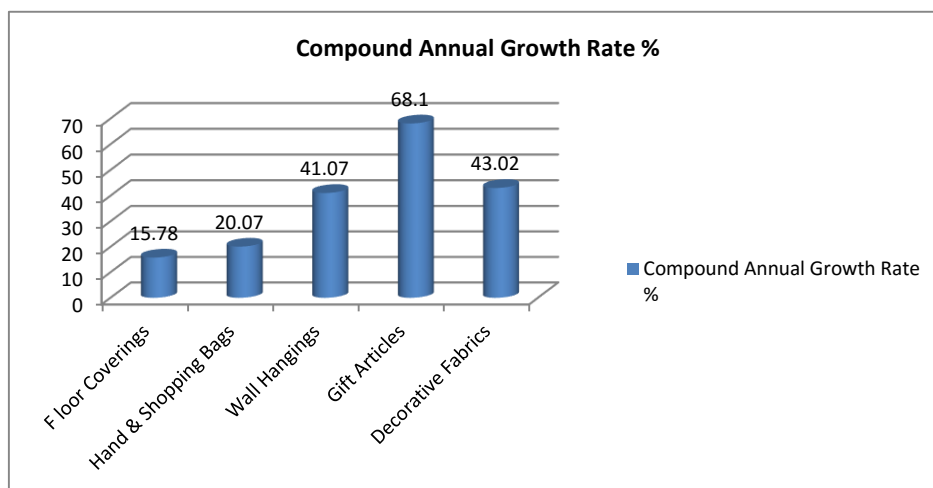
The above table illustrates the growth rate of export of Jute Diversified Products in India during the study period. The growth rate of exports of JDP was fluctuating trend from 2010-11 to 2014-15.

**TABLE 7: EXPORT OF JDP FROM INDIA – CAGR ANALYSIS**

Exports of JDP	Compound Annual Growth Rate %
Floor Coverings	15.78
Hand & Shopping Bags	20.07
Wall Hangings	41.07
Gift Articles	68.10
Decorative Fabrics	43.02

Sources: Combined Data

**CHART 6: EXPORT OF JDP FROM INDIA – CAGR ANALYSIS**



Source: DGCI&S, Kolkata



**FINDINGS**

- JDP in floor coverings shows that the total export was high in the year 2014-15 when compared to other years.
- JDP in hand & shopping bags shows that the total export was high in the year 2014-15 when compared to other years.
- JDP in wall hangings shows that the total export was high in the year 2011-12 when compared to other years.
- JDP in gift articles shows that the total export was high in the year 2012-2013 when compared to other years.
- JDP in decorative fabrics shows that the total export was high in the year 2013-14 when compared to other years.
- It was found that the growth rate of JDP showed a fluctuating trend from 2011-15

**CONCLUSION**

From the study it is observed that jute diversified products have a highly demanded export market. But because of low production and competition from other substitutes products like plastic, synthetic etc., has dilute the demand of jute diversified product in the global market. To retain its position in the market, a detailed research programme should be undertaken by government organizations like NJB, IJMA, IJIRA etc., in the areas of marketing and promotion of diversified jute products.

The Indian jute industry is having lots of opportunity by its side. It is not only one of the oldest industries of India but also one of the major employment generating sectors of the nation. Jute, the golden fibre, has a potential of reaching the height where it used to be in the past, but it is only possible through constant efforts by government and a proper follow up by the industry.

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**BABIES ARE OUR BUSINESS: PESTER POWER-THE CHOICE OF TODAY'S MARKETER**

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**ABSTRACT**

*The world belongs to kids. Kids today mean business. Children are becoming a formidable segment in the marketing world. Marketing to kids may be marketers passport to growth. Companies are using this segment to rake in profits. The marketers are relying on the kids to pester the parents to buy the product, rather than going straight to them. Pester power is the recent technique adopted by the advertisers now a days. There is a reason behind this type of advertising. The advertisers are focusing on the children in the ads. They knew that if children like the products then they will compel the parents to buy the products. They nag their parents to buy the product. If children like the product then the parents will never consider the features, quality or any other element but just buy the product. So the marketers are focusing on such advertising and earning huge amount of profits. The purpose of this paper is to highlight the reasons that lead marketers to give greater importance to children, how to explain this increased potential that children have on the existing market and strategies that marketers and companies use in order to reach this market. To this end we analyzed a series of articles, studies and research conducted on the subject, with implications in psychology, sociology, but especially in marketing. The results obtained show very interesting issues regarding children as consumers, prescribers and future consumers, which motivate marketers to give children greater importance and to build various targeting strategies.*

**KEYWORDS**

children, target market, pester power, purchase decision

**1. INTRODUCTION**

The child is born innocent, but quickly becomes prescriber and consumer. This is what the masters of marketing and communication understood and that is why, our kids, as angelic as they are, quickly become full participants, often at the expenses of their parents. Consumption is seen as a "link between generations" (Minot, F, 2002).

To effectively market to children, advertisers need to know what makes kids tick. With the help of well-paid researchers and psychologists, advertisers now have access to in-depth knowledge about children's developmental, emotional and social needs at different ages. Using research that analyzes children's behaviour, fantasy lives, artwork, even their dreams, companies are able to craft sophisticated marketing strategies to reach young people. For example, in the late 1990s the advertising firm Saatchi and Saatchi hired cultural anthropologists to study children engaging with digital technology at home in order to figure out how best to engage them with brands and products.

Children of different age groups - be it infants, toddlers, young children or adolescents, form an attractive segment for the marketers considering the age based segmentation Children are becoming a formidable segment in the marketing world for twofold reasons.

First, children in India and across the world constitute a huge market size as the population of children is increasing tremendously.

Secondly, the vast spending power they accumulate based on their discretionary income and the influence on the family purchases (Kennedy 1995; Kim and Lee 1997). Proponents of child-targeted marketing and advertising argue that due to their financial power, children comprise a separate target market from adults (McNeal 1987). The same author argues that marketers have to consider children not only as existing clients, as well as future clients, because prior to extend its family, the child is already customer. The higher he is, the more he uses. To expect him to be adult in order to address him, it is an error, because he is guided more by ideas that have marked him over youth, than by those that expected him to be mature to conquer him.

Indeed, a large number of brands consumed during childhood are still used when the child becomes an adult (Guest, 1964; Moore et al., 2002 cited in Hémar-Nicolas, V, 2012). Thus, they are often the target of campaigns aimed at forging brand loyalties at an early age (Moore et al., 2002 cited in Moore, E, 2004). This dominant position that has been given to the child is not born without artifice, as marketers have developed the necessary elements and focus on the most promising in order to create this new generation of children KINGS (Provenzano, C, 2004) who harvest sometimes what it sowed, since this dynamic pushed to the extreme, sometimes leads to inconveniences difficult to control

**2. CHILDREN AS THE TARGET MARKET**

Children are more gullible targets as they fall easy prey to the alluring marketing tactics. Most children love promotions, contests, free gifts, discounts, and prize draws. Various research studies have been conducted in the past to understand how marketers target children using different marketing strategies. According to Adkins (1999), author of the bestseller book *Cause-Related Marketing*, considering fairness in marketing to kids is extensively subjective and debatable. Business is particularly interested in the juvenile market due to various factors like increased spending power, increased independence in decision making at a young age, influence on own and family decisions, high amount of awareness in children and large influence by the mediated environment (Horgan, 2005). Marketers tend to en cash the kids' power of influence for their selfish motives. It is suggested that marketers demonstrate responsibility marketing to ensure the well- being of kids i.e. balancing commercial sell with the promotion of positive behaviour (Kurnit, 2005).

With the explosion of advertisements to children, responsible marketing is warranted in the society. Some advertisers believe that if it is legal to sell, it is legal to advertise. This raises many issues in the juvenile market particularly. Since children are easily vulnerable to pufferies in advertising, there should be some regulation balancing the commercial and the responsible intent behind advertising (Kurnit, 2005). It must be taken care that under any case, the well being of a child must not be restricted or endangered.

While a commercial may create desire for the product being advertised, the acquisition usually requires a child to make a request to a parent. Since a young child normally does not have the financial resources to purchase a product, she/ he is dependent on the parents to fulfil their wishes. The behavioural measure most widely used is the frequencies of requests made to parents for advertised items (Hite and Eck, 1987) which the child uses for producing pester power.

**3. MARKETING STRATEGIES TARGETING CHILDREN**

From the choice of a fast food restaurant to what is stocked in the refrigerator, from the colour and the maker of a family auto to the destination of the family vacation, and from major appliances to the choice of a new home, children have been found to exercise an important and decisive impact on these decisions (Cook, 2000; McNeal 1992; Seiter, 1993). Children are targeted not only for products relevant to them but also for big ticket items like automobiles, computers,

home appliances etc. In a rush to attain 'share of heart' and 'share of mind' and eventually 'share of wallet', marketers are leaving no stone unturned to reach children. They introduce product innovations or reposition their current offerings to tap children and thereby en cash their influential capacities on family purchase decisions. Some companies also conduct elaborate research in collaboration with psychologists to better understand children's psyche and consumer behaviour. It is observed that kids accompany their parents almost everywhere- be it shopping for groceries or durables. The result of the survey "Parental Attitudes towards Family- friendly Establishments" (Leigh, 2007, p. 132) revealed that 75% of the respondents deliberately seek out establishments that have child accommodation facilities. Hence, it was suggested that retail outlets try to create family-friendly environments by widening the aisles or adding carts/prams or having other rides /play area so that parents can do more shopping and stay loyal to them.

Many retailers are now trying to target advertising messages to children in the shopping carts instead of mothers. The logic is that the child taking a ride is a captive and sometimes, stimulation-hungry and restless, thereby ensuring good amount of attention to the marketing cues like the brochures, catalogs, logos, brand names, offer displays, promotional material etc (Rust, 1993).

Advertising messages supported by jingles, emotional appeals or promotional campaigns are used to allure children. Marketing industry, at national and international level, holds illustrations of campaigns targeting children:

- Many top-notch apparel players have entered branded kidswear market in the spree to "Catch them young". Some international players like Benetton, Pantaloon and Reebok have also roped in characters like Pucca, Ben10 and Power Rangers to tempt the young customers. Weekender has made an agreement with Walt Disney and Warner Bros., whereby they can make use of some of their famous cartoon characters in their apparel. Their collection 'Toon World' uses characters like Mickey and Minnie Mouse as well as Tom and Jerry to attract children (<http://www.article-emporium.com>). Raymonds has also introduced Zapp kids wear for the children in the age of 4-14 years. Merchandise licensing is a new trend among retailers with Reebok striking a deal with Cartoon Network for animated properties such as Ben 10, PowerPuff Girls, Johnny Bravo and Dexter for its kids-wear brand 'Reebok Junior' (Saini, 2009, <http://retailer.franchiseindia.com>).
- McDonald's has a 'Happy Meal' on its menu which is a meal consisting of a burger, fries, soft drink and a toy. The range of toys frequently changes to keep the excitement alive among kids and often become more sought after than the original food stuff. McDonald's TV advertising in Australia that offered My Little Pony toys with children's Happy Meals has won the unenviable "Pester Power" award from The Parents Jury network. The advertisement offered My Little Pony and Action Man giveaways with the Happy Meals, with the pony or action man changing from week to week encouraging return visits ('Pester power' award for McDonald's My Little Pony ads, 2006).
- Pester power has played a major role in attracting non-traditional advertisers such as car and technology companies (Hyundia) to Cartoon Network as they find more kids influencing decisions these days in the purchase of products which are not directly used by them. (Varghese, 2002)
- The Hoodibabaa campaign for Bajaj's Caliber 115 cc forward is an animation commercial created by Lowe Mumbai. This is the first time that an animation film has been made for the rather 'serious' motorcycle category with an objective to leverage pester power of the children (Gupta, 19 August, 2003).
- Multi action Surf is currently running a 'Colour Your Future' contest, offering scholarships to kids for studies abroad. Its heritage brand of Surf, which was relaunched on the Kids stain platform last year, has stretched its equity to the kids' market by aptly launching a scholarship which will be in the form of Rs 1 lakh and Rs 5 lakh fixed deposits. It has been trying to woo the average middle- class Indian family to become loyal to its brands. Since brands like Hamam, Surf and Clinic address the family, getting a scholarship is an achievement for them and once they get it they are bound to be loyal to the brand for the rest of their lives (BusinessLine, Aug 28, 2003, <http://thehindubusinessline.in>).
- ICICI has launched a special account for kids in association with Cartoon network. This is to cater to demanding kids by catching them young by issuing them personalized debit cards (Soni and Upadhyaya, 2007).

**4. WHY MARKETERS TARGET CHILDREN?**

Retailers and manufacturers have two sources of new customers, those whom they can persuade to change from their competitors and those who have not yet entered the market. Those who switch are less likely to be loyal than those who are nurtured from childhood. Marketers pay special attention to children, and the latter are considered by the formed as the most vulnerable audiences of the society because they enjoy advertisements to the maximum. Industry spending on advertising to children has explored in the past decade, increasing from a mere \$100 million in 1990 to more than \$ 2.5 billion in 2005. The repetition of TV ads leaves a mark on the young minds. Previous researches showed that children are more likely to make requests for products which are frequently consumed by them, such as breakfast cereals, snacks or sweets, or for products that are of particular interest to them, such as toys or those with special offers. Marketers are targeted them as future consumers, by making them conformable with brand name. A child makes his first brand and category choice in school canteen, when he is hardly four or five makes it clear the impact TV advertisement on brand recognition of children (Mizerski, 200544). Children initially take advertisement as entertainment and being innocent and gullible; force their parents for product purchase. This called a 'Nag Factor'.

Parents today are willing to buy much more for their kids due to certain factors, such as smaller family size, dual incomes and postponing children until later in life. All this mean that families have more disposable income. Also, a sign of guilt plays a role in spending decisions as time-stressed parents try to substitute material goods for less time spent with their kids. Moreover, due to the fact that children personal spending is also on rise marketers are showing great interes in this segment. The research facts that children under 12 years of age spend an estimated \$25 billion and, through their parents, may influence another \$200 billion of spending per year (Strasburger, 200145); Adolescents spend an estimated \$140 billion a year on food and beverages and one of the latest estimates on spending by children in the US suggesting that children of 12 years and under spend \$27.9 billion of their own income, while they influence approximately \$249 billion of their parents' finances

(Lawlor and Prothero, 200346) provides a solid ground for the marketers to target the children. They are discovering that there's lots of money to be made by treating children like teenagers. The marketing industry is forcing children to grow up quickly.

**TABLE 1: LIST OF SOME PRODUCTS ADVERTIZED BY MARKETERS TARGETING CHILDREN AND YOUTHS**

Beverages	Cold drinks	Mobile phones	Snacks
Bicycles	Cookies	Mosquito killer	Soaps
Bike	Cosmetics	Nail paints	Soda
Biscuits	Dolls	Noodles	Sports item
Body creams	Detergents	Note books (stationery)	Telecom services
Body spray	Fast food	Pen	Face Wash
Born vita/Horlicks	Garments	Pencils	Tours
Cadbury	Googles	Perfumes	Toys
Candy	Hair colour	Rain coats	Umbrella
Cartoon network	Huggies	Sanitary Napkins	Video games
Chocolates	Ice-cream	School bags	Watches
Pens	Jeans	Shampoo	Water parks/fun parks
Coaching classes	Medicines	Shoes	Website

The present study has been conducted with the understanding of the above- mentioned facts and of all the audience, children deserve special attention because they are most likely to accept the ideas television advertising promotes.

It is not just the children in the US that are targets of the advertisers, but children in virtually every country of the world (Chan, 200047; Cheng, 20022; Kline, 199548). Rose (1999)49 estimates that there are over 200 million children from five to 14 years of age in the countries of Japan, South Korea, and the peoples'

Republic of China. The Population Reference Bureau estimates the population of children worldwide to be 32% of the total world population. McNeal and James (1999) notes, „there are nearly 2 billion children below the age of 15 worldwide, making the children of the world a handsome market for advertisers“. Of course, children may not give full attention to the screen during advertisement breaks, but unlike most of the adults they do not mentally switch off when ads appear on television. Taking into consideration these numbers, there is little wonder why children have become a target market, and why advertisers spend large amounts of funds on advertising to children.

## 5. WHAT EXPLAINS THIS INCREASING POTENTIAL OF CHILDREN?

Fertility control is the first factor that determines this. After 1960 in the West Europe, and after 1990 in Romania, with the development of contraceptives, births began to decline. Women could decide if they want one or more children. In addition, parents postponed the arrival of children, being interested first in their career and financial situation (Bhattacharyya R, 2007). Thus, children, less numerous, are more expected. As with any resource, the more rare, more precious. Thus, there is a marginal increase in the importance of each child. We have great care of them and spend more.

The structure of households changed over time (Provenzano, C, 2006). If families, for centuries, lived several generations in the same place, now we are witnessing a development of family structures, which change considerably the consumption. Overall, consumption has multiplied in proportion to the multiplication of households. Family being divided, the distance drives the increase in spending for children. Thus, grandparents tend to be more lenient and generous with their grandchildren that they rarely see. In addition, consideration should be given to another phenomenon, the increasing number of divorces. This leads to the multiplication of new households. The child will have two houses and more often 2 or more toys, games, phones etc. In short, to not upset him most, each parent will want to be equipped the same. When we say divorce, we say remarriage and therefore say recomposed family. Thus, it is common for children to receive gifts from parents, stepparents and from each pair of grandparents. Reconstituted families also involve an increase in consumption. The child will be entitled to gifts from all sides. Another win for those who target children.

Purchasing power has changed over time and family incomes have increased (Piachaud, D, 2008). It began to grow after World War II and especially after 1990 in Romania. This has led to the emergence of the middle class, and more resources allocated to children and their pleasures. It seems that not the wealthier classes spend more for their children, but middle class. Where an increase in spending on children. Children lead more solitary lives. In the past they had an important domestic role, they used to help their family at the table, in the garden, also earning money and supplementing low family incomes. But legislation and education have changed all this and "childhood is now an experience of consuming food, clothes and entertainments manufactured outside the home and bought with parents' hard earned cash, rather than a matter of learning about and contributing to a busy centre of production. The average dual-career family's home is often distinctly dull and lonely for children. Our response has been to supply them with ever more fantastical and hygienic plastic toys, and create special child-orientated environments" (Piachaud, D, 2008).

Accordingly, the place of the child within the family has changed over time. So find a redefinition of the role of children in the family. They are now full members in the household. They have a desire; they are heard and take part in dialogue. Children consume and determine consumption, being also the drivers of innovation within the family. Pocket money and all gifts received, grow with them. Furthermore, many studies have shown that half of the brands used in childhood, are also used during the adulthood (Moreau M, 2008).

All these made today to have a whole segment in marketing industry to think about how to sell things to children, because they are an undeniable target.

**Kids represent an important demographic to marketers because in addition to their own purchasing power (which is considerable) they influence their parents' buying decisions and are the adult consumers of the future.**

**According to the 2008 YTV Kids and Tweens Report, kids influence:**

- Breakfast choices (97% of the time) and lunch choices (95% of the time).
- Where to go for casual family meals (98% of the time) (with 34% of kids always having a say on the choice of casual restaurant).
- Clothing purchases (95% of the time).
- Software purchases (76% of the time) and computer purchases (60% of the time).
- Family entertainment choices (98% of the time) and family trips and excursions (94% of the time).<sup>[1]</sup>

As a result, industry spending on advertising to children has exploded over the past two decades. In the United States alone, companies spent over \$17 billion doing this in 2009 – more than double what was spent in 1992.

Parents today are willing to buy more for their kids because trends such as smaller family size, dual incomes and postponing having children until later in life mean that families have more disposable income. As well, guilt can play a role in spending decisions as time-stressed parents substitute material goods for time spent with their kids.

## 6. HERE ARE SOME OF THE STRATEGIES MARKETERS EMPLOY TO TARGET CHILDREN AND TEENS:

- **Pester power**
- **The marriage of psychology and marketing**
- **Building brand name loyalty**
- **Buzz or street marketing**
- **Commercialization in education**
- **Marketing adult entertainment to kids**
- **The Internet**

## 7. RETAILERS RIDING ON KIDS PESTER POWER

Children have always had the power to influence the buying decisions of their parents. Retailers are now employing children as the ultimate medium to market their merchandise. Let us find out how they are capturing this important demographic.

### ➤ **PESTER POWER**

Kids today are smarter and sharper than the previous generations. Advertisements on the television and internet are keeping them up-to-date and well informed of the latest products across the world. They are the conscious consumers of the future and therefore have already started exercising their power to make purchasing decisions. On the other side today's, advertisers have realised this power among children and are now targeting children to create a mass appeal.

### ➤ **REASON FOR AUGMENTATION**

With a dual income capability but hectic lifestyles have restricted parents from being able to spend enough time with their kids. Such factors fuel the pester power tool. Parents feel guilty of the fact that they do not have enough time to spend with their kids and try to substitute that with materialistic goods. The advertisements also try to showcase stylish kids to create the needed buzz. The label that something is tagged as 'cool' helps a company to successfully connect with their target audience.

### ➤ **TARGETED ADVERTISING**

A thorough research is being undertaken by advertisers in collaboration with psychologists to better understand a child's psychology to hit the right chord. An in-depth knowledge of a child's emotional and social need help the advertiser to devise the right strategy for retailers to succeed. Mc Donald's has a 'Happy Meal' on its menu which is a meal consisting of a burger, fries, soft drink and a toy. The range of toys frequently changes to keep the excitement alive among kids. Advertisements that are targeted at kids are not just in reference to products that are directly related to them but also to others. In this relation, the kids pester their parents to buy the specific product for them. For example advertisements for soaps for bathing or washing their clothes use the marketing technique of making children influence their parents and it is quite evident on television today. The target of these ads is to reach out to the masses but the medium is the children.

### ➤ MARKETING AVENUES

Marketing for children is not just restricted to television and the internet. Retailers have realised the power of the school environment for promoting their names and products. Sponsored educational material is one of the most common practices witnessed today. Retailers are eagerly exploiting this medium as well. Children are being targeted by the retailers to promote their products. This phenomenon is soon catching up as an important marketing tool and will soon witness a huge success in years to come.

### 8. CONCLUSION

Today's kids have more autonomy and decision-making power within the family than in previous generations, so it follows that kids are vocal about what they want their parents to buy. "Pester power" refers to children's ability to nag their parents into purchasing items they may not otherwise buy. Marketing to children is all about creating pester power, because advertisers know what a powerful force it can be.

*Kids are big business.* Much evidence, research shows that parents, peers, mass-media, stores, schools, brands and product themselves and their packages are all sources of information namely socialization agents. but no other socializing agent attracts more attention than mass media in developing kids consumer socialization. Children learn basic issues related to consumption from messages addressed to them by marketing experts through mass media. Among mass media the most frequent used means is television advertising for enterprises whose target group is children. According to a World Federation of Advertisers report, most academic reviews recognize that by the age of 12 children develop their behaviour as consumers, effectively recognize advertising and are able to adopt critical attitudes towards it (World Federation of Advertisers, 2007). But what happens to children under 12? What regulations protect children from the potentially harmful effects of all campaigns that target them? Advertisements are an enterprise's most efficient and effective promotion tools, especially when their target group is children.

Marketing for children is not just restricted to television and the internet. Marketers/ Retailers have realised the power of the school environment for promoting their names and products. Sponsored educational material is one of the most common practices witnessed today. Retailers are eagerly exploiting this medium as well.

Children are being targeted by the retailers to promote their products. This phenomenon is soon catching up as an important marketing tool and will soon witness a huge success in years to come.

The issue of using child psychologists to help marketers target kids gained widespread public attention in 1999, when a group of U.S. mental health professionals issued a public letter to the American Psychological Association (APA) urging them to declare the practice unethical. Although the APA did not outright ban psychologists from engaging in this practice, as a result, the recommendations of their final report in 2004 included that the APA "undertake efforts to help psychologists weigh the potential ethical challenges involved in professional efforts to more effectively advertise to children, particularly those children who are too young to comprehend the persuasive intent of television commercials

It's no surprise that using children has got obvious appeal as a campaign tactic. After all, they make natural campaigners - no shades of grey, no nuanced arguments, just loads of passion and clarity, and a general lack of embarrassment about putting themselves forward. So no wonder that museum, councils, schools and campaign groups are all busily setting up green schemes for children, hoping that they might act as catalysts for change.

"We're relying on the kid to pester the mom to buy the product, rather than going straight to the mom." (Barbara A. Martino, Advertising Executive. ) Kids are a main target for marketers in terms of the three roles they play: consumers, prescribers and future consumers. Moreover, children are a huge market today for the reasons we have discussed previously. There is also an even greater potential if marketers will be able to keep them faithful actors. The goal for companies is for children (future adolescents, adults and parents) to have sympathy for brands and to retain them for future purchases.

### 9. RECOMMENDATIONS OF THE STUDY

There are some findings that which could be of interest to marketers, parents and schools. The most important thing is that they cannot treat children from both the domicile as one mass for targeting messages at them. They are different in respect to their culture and family environment. The study has certain implications which are mentioned hereby;

- Marketers should design their food marketing communication material in such a way that children become interested in health and to demand health food products. For example, the packaging could provide health messages including nutrition information, cooking ideas and fun in a way attracting children by using shapes, colours, spokes characters and themes. They can make packaging to show some influence techniques such as Mom, this product is healthy and easy to cook'. This might make children provide ideas for healthier food choices
- Marketers should understand the corporate social responsibility and their communication targeted children should always involve ethical and moral aspects with the purpose of protecting children. They should resort to self-regulation. Since young children have a limited capability for evaluating the credibility of what they watch, a special responsibility lies upon marketers to protect them from susceptibilities.
- Advertisers should play due consideration to enjoyment aspects of TV ads, as reported by children in the study. They should use all possible means to make tv ads more attractive, interesting and enjoyable. This can be done by developing more than one ads design, pre-testing them before broadcasting and selecting the more enjoyable. The same as should not be repeated to excess, to avoid boredom. Advertisers should also change ads more often, to reduce consumer boredom and should produce more creative advertising which breaks free from the advertising clutter.
- Marketers and advertisers have a dual responsibility in this new world of children marketing. They should place the product in appropriate contexts for use as meal components, encouraging play and developmental skills and entertainment that is age and theme appropriate. Children marketers and advertisers should raise their hands and contribute their talent in promote social programmes and advertising. The future for children and children marketers will be about products, pitches and promotion that balance fun with focus on positive, healthy lifestyle choices for kids as they grow to be citizens of tomorrow.
- Parents have to play an important role in guiding the children in adoption of traditional and western values as displayed by media and advertisement. Parents should counsel their children to make differentiation between reality and imagination.
- The amount of parental pestering that occur can be reduced if children are more usually involved in family purchase decisions and if parents discuss television and advertising with them.
- School authorities should conduct some kind of educational programs to improve children's advertising literacy, so that they can understand the temporal course of the persuasive process and the relative effectiveness and appropriateness of particular advertising tactics. This persuasive knowledge becomes increasingly valuable to a growing number of everyday tasks and goals,
- Schools can adopt policies to refuse to accept sponsorships from companies and to disallow food beverage marketing on campuses. They can mandate and implement adequate physical education and nutrition education programs .

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## IMPACTS OF ORGANISED RETAILING ON UNORGANISED RETAILERS: A STUDY WITH REFERENCE TO TAMILNADU

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### ABSTRACT

*Retail is currently the flourishing sector of the Indian economy. The trend is expected to continue at least for the next two- three decades and to touch USD of 650 million marks in 2015-2016. The unorganized mom and pop shops are still dominating the Indian retail sector. The liberalization of the consumer goods industry initiated in the mid - 80's has impacted the retail industry structurally and paved the way for the development of organized retailing and it now grows at a rate of 30-40 percent in India. While the role of organized retailing in the growth of economy cannot be denied, the unorganized retailers in the vicinity of organized retailers are experiencing a decline in their volume of business and profit. It rings an alarming bell to traditional retailing which have existed in India for centuries and serving large chunk of consumers in both consumption and employment. The understanding of impacts of organized retailing on unorganized retailers in Tamilnadu state will enlighten the unorganized retailers to know where they stand in modern retailing and also the government in framing policies in the field of retailing. The present study is an attempt in this direction to know both the positive and negative impacts on the unorganized retailers in the study area, giving empirical evidence on this much debating topic of to- day.*

### KEYWORDS

organised, unorganised, retailing.

### INTRODUCTION

Retail is currently the flourishing sector of the Indian economy. The trend is expected to continue at least for the next two-three decades and to touch USD of 650 million marks in 2015-2016. The unorganized mom and pop shops are still dominating the Indian retail sector. The liberalization of the consumer goods industry initiated in the mid 80's has impacted the retail industry structurally and paved the way for the development of organized retailing and it now grows at a rate of 30-40 percent in India. While the role of organized retailing in the growth of economy cannot be denied, the unorganized retailers in the vicinity of organized retailers are experiencing a decline in their volume of business and profit. It rings an alarming bell to traditional retailing which have existed in India for centuries and serving the large chunk of consumers in both consumption and employment.

The most important debate concerning the implications for the expansion of the organized retailing in India revolves around whether it is going to have positive impacts on the economy as a whole as compared to the traditional unorganized form of retailing. This form of retail sector is also looked upon as a huge sector having immense business opportunities for entrepreneurs and capital investors. Moreover, organized retailing is considered to be efficient and apt to cater to the diversified and changing nature of the consumer demands in growing economies like India. But our own neighborhood 'Grocery stores are resisting fiercely with their existing strong foothold. India today is at the crossroads with regard to the retail sector. A shift between organized and unorganized retail sector is evident, which has led to a number of speculations on the fate of Indian retail.

According to the Indian Council for Research on International Economic Relations (ICRIER), there would be no long term impact due to the entry of organized retail chains on the neighborhood kirana shops in the country. But there would be a heavy closure of small businesses as immediate effect. It is reported that the rate of closure of unorganized retail shops in gross terms is found to be 4.2% per annum on account of competition from organized retail, In India. But it is true that the mall culture is at its peak in India. It is no wonder that to-day malls are changing the way the common Indians have their shopping experience. In the globalized scenario, no one can resist the growth of organized retail sector in the world including India. It is time for unorganized retailers to learn lessons of overall retail management from organized stores.

The realization of their positive as well as negative impacts help them to identify the areas of 'dark' and 'bright' in the existing traditional retailing leading to adopt proactive approach towards modern retailing. The present paper is an attempt in this direction.

### REVIEW OF LITERATURE

The traditional retailers are not very much clear about the consequences of the modern retailing and they had to improve their customer care services, to-day, so as to survive in the era of modern retailing ( Purohit and kavita, 2005).

Unorganized retailers in the vicinity of organized retailers experienced a decline in their volume of business and profit in the initial years after the entry of large organized retailers. The adverse impact on sales and profit weakens over time. There was no evidence of a decline in overall employment in the unorganized sector as a result of the entry of organized retailers (Mathew Joseph, 2006).

It was revealed that 70% of unorganized retailers reported falling sales, due to superior shopping environment, convenience, availability of variety, ambience of shop, and availability of parking space and perception of quality of products sold in organized retail setup (Kalhan,2007).

Kiranas have major disadvantages except location. In the short run kiranas may not be outlets out of customer's favor. However in the long run if they do not work on the factors, preferred by consumers they would face oblivion (Goswari and mishra, 2009).

The study conducted by Radha Krishanan (2013) found that with the entry of super stores, the most affected stores are precisely the smaller stores, whose sales are associated with small areas, few numbers of employees, low sales volumes and the isolated stores.

### RESEARCH METHODOLOGY

The present paper is an attempt to analyze the impacts of organized retailing on unorganized retailers in Tamil Nadu state. The unorganized retailers located in the vicinity of organized retail stores like super markets and shopping malls in the five major cities of Tamil Nadu state namely, Chennai, Coimbatore, Trichy, Madurai and Thirunelveli, are considered for the study. A total of 500 unorganized retailers drawing 100 each from the selected five cities formed the sample for the study.

They were selected by following Convenient Random Sampling Technique. The study being empirical, the required primary data were collected from the sample respondents using well – structured interview schedule. The secondary data were also used wherever necessary. As 467 responses found suitable, they were only considered for the analysis. Responses were recorded by using likert type scaling procedure. 20 statements expressing negative and 10 statements expressing positive impacts of organized retailing are taken for the study. Negative impacts were analyzed by using Factor Analysis, while positive impacts were analyzed based on the total Likert Score received by each statement and the ranks are assigned based on their scores.

### OBJECTIVES OF THE STUDY

The major objectives of the study are:

1. To identify the profile of unorganized retailers operating in Tamil Nadu state.
2. To find the negative and positive impacts of organized retailing on unorganized retailers in the study area.
3. To offer suggestions based on the findings of the study.

### STATISTICAL TOOLS USED

Statistical tools like Percentage Analysis, Factor Analysis and Likert Type Scaling Technique have been used.

### LIMITATIONS OF THE STUDY

1. 500 retailers operating in five major cities of Tamil Nadu are only considered for the study
2. Responses were limited to negative and positive impacts of organized retailing on unorganized retailers.

### ANALYSIS AND INTERPRETATION

Profile of unorganized retailers, taken for the study is given in Table 1, given below:

**TABLE 1: PROFILE OF SAMPLE UNORGANIZED RETAILERS**

Demography	Classification	Number	Percentage
Age	Up to 40	267	57
	Above 40	200	43
Gender	Male	213	46
	Female	254	44
Family size	Up to 3	166	35
	Above 3	301	65
Literacy	Up to Schooling	376	81
	College educated	91	19
Marital status	Married	381	82
	Unmarried	86	18
Initial Investment	Up to Rs 2 Lakhs	231	49
	Above Rs 2 Lakhs	236	51
Type of employees	Family members	335	72
	Paid salesmen	132	28
Location of shop	Near to organized stores	210	45
	At far off places	257	55
Retailing experience	Up to 5 years	112	24
	Above 5 years	355	76
Average Daily Sales	Up to Rs 5000	178	38
	Above Rs 5000	289	62

Source: Primary data

**TABLE 2: KMO AND BARTLETT'S TEST**

Kaiser- Meyer orkin measure of sampling adequacy		0.792
Bartlett's Test of sphericity	Appox. Chi square	9499.369
	Degree of Freedom	210
	Significance	0.000

Source: Computed data

**TABLE 3: RESULT OF FACTOR ANALYSIS (NEGATIVE IMPACTS)**

Factor	Variable	Factor loading	H <sup>2</sup>
Reduced sales Volume Factor ( F1 )	1.Varieties offered got reduced	0.879	0.833
	2.Stocking of goods reduced	0.857	0.819
	3.limited preference of goods by consumers	0.836	0.774
	4.Advance orders not received	0.792	0.786
	5.No enquires of new arrivals	0.765	0.711
	6.Sales of routine items reduced	0.737	0.722
	% Of variance explained	23.07	
	Cronbach's Alpha	0.925	
Loss of Loyal Customers Factor ( F2 )	1.Door delivery not preferred	0.897	0.866
	2.Customer's visits reduced	0.836	0.861
	3.Erosion of Trust in shop	0.785	0.863
	4.Shopping Time reduced	0.756	0.681
	5.No bothering of shifting the shop	0.752	0.575
	% of variance explained	17.71	
	Cronbach's Alpha	0.885	
	Increased Operator Cost Factor ( F3 )	1.Need for trained salesmen	0.905
2.In-creased cost on display of goods		0.852	0.917
3.Increased Sales Promotion expenses		0.832	0.868
4.Increased maintenance cost		0.696	0.927
% of variance explained		16.01	
Cronbach's Alpha		0.894	
High Customer Expectation factor ( F4 )		1.Change in traditional buying behavior	0.927
	2.Comparison of service Quality	0.900	0.907
	3.Noticing discontent among regular customers	0.814	0.851
	% of variance explained	12.77	
	Cronbach's Alpha	0.877	
Reduced Profit Margin Factor(F5)	1.Increased investment on goods	0.921	0.927
	2. Adoption of competitive price policy	0.898	0.879
	% of Variance explained	11.18	
	Cronbach's Alpha	0.927	

Source: Primary data

**TABLE 4: RESULTS OF POSITIVE IMPACTS OF ORGANIZED STORES ON UNORGANIZED STORES (LIKERT TYPE SCALING SCORES)**

S.No	Statement	SA	A	NO	DA	SDA	Total	RANK
1.	Learning modern promotional techniques	810	660	234	100	12	1816	4
2.	Started to learn changes in customer behavior	650	720	255	122	11	1758	5
3.	Started watching market trends	155	880	312	214	7	1568	10
4.	Improvement in display of goods	980	560	150	140	11	1841	3
5.	Improving Customer relationships	1510	356	57	88	13	2024	1
6.	Achieving improvement in quality of service	490	768	267	150	13	1688	6
7.	Reading to face the competition from organized stores	290	844	294	192	4	1624	8
8.	Realizing the co-existence of organized and unorganized stores in Indian retailing	360	824	288	170	8	1650	7
9.	Adverse effects of unorganized stores may be overcome in the long run.	1230	440	84	118	24	1896	2
10	People started realizing the merits of unorganized stores	200	864	303	208	6	1581	9

Source: Primary data

(SA- Strongly Agree, A- Agree, No-No opinion, DA- Disagree and SDA- Strongly Disagree)

The Factor Analysis (Table 3) has five factor solutions. As the value of KMO (table 2) measure of sampling adequacy is more than 0.5, it indicates that the Factor Analysis is suitable for the data. The values of Cronbach's Alpha which stood as 0.925 (Factor 1), 0.885 (Factor 2),

0.894 (Factor 3), 0.877(Factor 4), and 0.927 (Factor 5), showed that the results are reliable. The total cumulative percentage of variance explained is 80.74. The five factor solutions are named as 1 Reduced Sales Volume Factor (F1), 'Loss of Loyal Customers Factor (F2), 'Increased Operational Cost Factor (F3), High Customer Expectation Factor (F4) and 'Reduced Profit Margin Factor' (F5) and these are considered as negative impacts caused by organized stores.

Table: 4 Shows the positive impacts of such stores on unorganized retail outlets. Among the most 10 positive impacts, the top three impacts ranked first, second and third are 'Improving Customer Relationships' (score 2024) 'Adverse Effects of Unorganized Stores may be overcome in the Long Run' (score 1896) and 'Improvements in the Display of Goods' (score 1841) respectively.

**SUGGESTIONS AND CONCLUSION**

The study has by and large proved that the unorganized retailing got adversely affected in terms of their volume of sales and profit due to the loss of loyal customers and increased operational costs. But there is a clear evidence of a competitive response from unorganized retailers who are gearing up to meet the threat posed by organized retailers. The suggestion by ICRIER is worth a serious try. It suggests cash and carry outlets which will sell to unorganized stores and procure from farmers. This can help unorganized retailers to buy at wholesale prices for eventual retailing there by generating a handsome margin. It is also suggested that better access to cheaper institutional credit, so that these kirana stores can take on competition from organized stores effectively. Further, the changing consumer's taste and lifestyle make imperative for unorganized stores to restructure it in order to meet consumer expectations by moving with the trends. Our neighborhood kirana stores are seen as part of Indian community and hence unorganized retail will stay, but ICRIER study observed that if organized retail does not grow, the unorganized sector will not be able to handle the surging demand. As in other countries, the government policy can and should play an important role in modernizing the unorganized sector of our country by developing a strategic road map and make them to be able to survive, compete and keep the economy going.

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**SAVING AND INVESTMENT BEHAVIOUR OF INDIA AND CHINA: A COMPARATIVE STUDY**

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**ABSTRACT**

*This study examines the relationship between gross domestic savings and total investment and compare their trend behaviour in both India and china. Secondary data from 2001 to 2013 of gross domestic savings and total investment have been collected from World Development Indicators and World Economic Outlook Database. Statistical techniques like correlation, trend analysis have been used for analysis purpose. It concludes the highly positive correlation between total investment and gross national savings in both India and china. It also concludes that total investment is in surplus over gross national savings in India whereas situation is reverse in case of china. It indicates that India's investment is the outcome of both gross domestic savings and net foreign sources whereas china is the exporting its surplus savings to other countries. Besides, total investment and gross national savings of china have always been upper than of India.*

**KEYWORDS**

saving, gross domestic saving, investment.

**INTRODUCTION**

Both saving and investment are important factors that affect economic growth of a country. Saving is that part of income which is not spend on final consumption. In other words, saving is the sacrifice of present consumption for more future consumption. In fact, income after taxes can be used for saving and consumption. More consumption will lead to less saving and vice versa.

$S = Y - C$

(Here S =saving, Y= income after taxes, C= consumption expenditure)

Major source of gross domestic savings in India are household sector savings, public sector savings and corporate sector savings.

Gross domestic savings= GDP-Final consumption

When saving is used for purchasing buildings, roads, factories, new machines, stock of finished goods, transport, forestry etc., then it is called investment. More Investment leads to more capital formation which results in more employment, production and economic growth of the country. Investment does not depend on only savings but it can take place through other foreign sources also like net loan received by households, corporate sector and government from foreign government, net foreign investment etc. Sources of Investment can be separated into two parts:

- 1) Domestic saving
- 2) Foreign sources

Net foreign sources= Net foreign liabilities- Net foreign assets

**OBJECTIVES OF THE STUDY**

The objectives of the study are as under:

- 1) To study the trend and relationship between saving and investment
- 2) To compare saving and investment behaviour of India and china

**RESEARCH METHODOLOGY**

This study is based on secondary data of Total investment (% of GDP) and Gross domestic saving (% of GDP) collected from World Economic Outlook Database and world Development Indicators. Relationship between Two variables, i.e., Total investment (% of GDP) and Gross domestic saving (% of GDP) has been computed by means of coefficient of correlation and coefficient of determination techniques of statistics. Two way tables and graphs also have been used to present data more unambiguously.

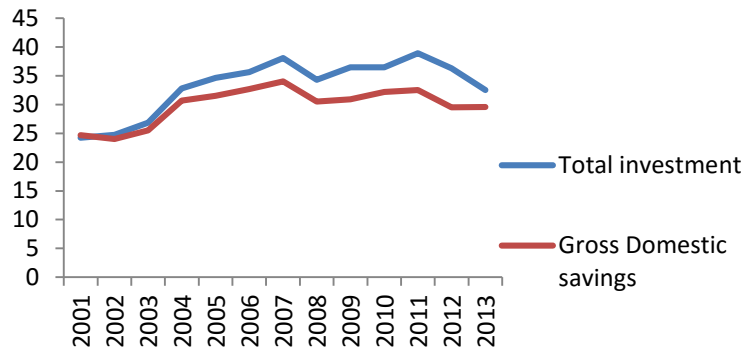
**ANALYSIS AND INTERPRETATION****1) GROSS DOMESTIC SAVINGS AND TOTAL INVESTMENT IN INDIA****TABLE 1: GROSS DOMESTIC SAVINGS AND TOTAL INVESTMENT IN INDIA**

Description	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total investment(% of GDP)	24.244	24.75	26.831	32.818	34.65	35.659	38.114	34.305	36.48	36.502	38.936	36.297	32.522
Gross Domestic savings (% of GDP)	24.7	24	25.5	30.7	31.5	32.7	34	30.5	30.9	32.2	32.5	29.5	29.6

Source: World Economic Outlook Database and World Development Indicators

Table 1 indicates that gross domestic savings in India has shifted from 24.7% to 29.6% since 2001 to 2013 whereas total investment has also increased from 24.244 per cent to 32.522 per cent. It also points out that investment has always been higher than gross domestic savings in India. Hence India has marked up only 19.84 % increase in gross domestic savings from 2001 to 2013 This table also lays down the fact that total investment in India is increasing at a high pace in comparison of gross domestic savings.

GRAPH 1: GROSS DOMESTIC SAVINGS AND TOTAL INVESTMENTS OF INDIA



The above graph 1 reflects high positive correlation between gross domestic savings and total investment in India as both trend lines are very close to each other. It also pinpoints that the total investment of India has always been remained higher than gross domestic savings which indicates that India has been using foreign sources to finance investment. The gap between total investment and gross national savings is becoming more wider which signifies augmented net foreign sources in India. Net foreign sources are the surplus of net foreign liabilities over net foreign assets.

2) GROSS DOMESTIC SAVINGS AND TOTAL INVESTMENTS OF CHINA

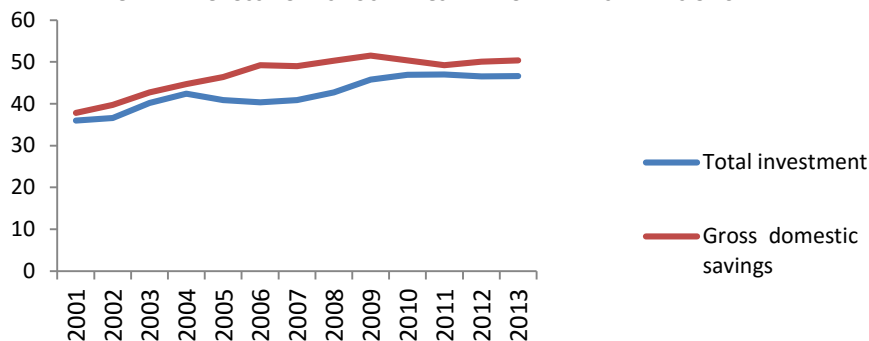
TABLE 2: GROSS DOMESTIC SAVINGS AND TOTAL INVESTMENTS OF CHINA

Description	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total investment	36.017	36.62	40.165	42.408	40.858	40.373	40.902	42.683	45.801	46.959	47.011	46.504	46.627
Gross Domestic Savings	37.8	39.7	42.7	44.7	46.4	49.2	49	50.3	51.5	50.4	49.2	50.1	50.4

Source: World Economic Outlook Database and World Development Indicators

Table 2 reveals gigantic changes in total investment and gross domestic savings since 2001 to 2013 In 2001 ,total investment is 36.017 per cent of GDP which has augmented up to 46.627 per cent of GDP in 2013 while gross domestic savings also have increased from 37.8 per cent to 50.4 per cent from 2001 to 2013 China has marked up 33.33% rise in gross domestic savings from 2001 to 2013 The above table also indicates that pace of increment in saving in china is higher than the pace of total investment.

GRAPH 2: GROSS DOMESTIC SAVINGS AND TOTAL INVESTMENTS OF CHINA



The graph 2 reflects that total investment has always been lower than gross national savings in China. It indicates that china is indulged in exporting its saving to other countries. Net foreign assets of china is in excess of net foreign liabilities which leads to net foreign sources to be negative. This negative net foreign source specifies that part of gross domestic savings which is in excess of total investment. This graph also indicates high positive correlation between total investment and gross domestic savings in china.

3) RELATIONSHIP BETWEEN SAVING AND INVESTMENT IN INDIA AND CHINA

TABLE 3

Description	India	China
Coefficient of correlation(r)	0.9478	0.84185
Coefficient of determination(r <sup>2</sup> )	89.83	70.87

The above table 3 pinpoints that gross domestic savings and total investment in both India and China are high positive correlated but this relationship exists slightly more in India in comparison of China. Moreover, r<sup>2</sup> indicates that 89.83% variation in total investment is explained by gross domestic savings and rest of the variation i.e., (100-89.83)10.17% is by other unexplained variables. On another side, 70.87% change in total investment is due to gross domestic savings and 29.13 % variation by other unexplained variables. It wraps up that investment’s behaviour of China is less responsive towards gross domestic savings in comparison of India.

CONCLUSION

There is highly positive correlation between total investment and gross domestic savings in both India and china but it is slightly more i.e., 0.9478 in India in comparison of China i.e., 0.84185. But total investment has been more than gross national savings in India whereas situation is reverse in china. This indicates that



India's investment is the outcome of both gross domestic savings and net foreign source where China is a country having huge amount of saving specially from corporate sector and government sector which is more than sufficient to finance its investment. Moreover, total investment and gross domestic savings of china have always been much superior than of India but the rate of increase in investment in India is greater than in china whereas saving rate is higher in china than in India. That is why china is the exporter of its saving outside the country. This study also wraps up that investment's behaviour of China is less responsive towards gross domestic savings in comparison of India.

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**MUSLIM WOMEN AND EMPOWERMENT**

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**ABSTRACT**

*Gender equality and women empowerment are the growing issues in these days. The 3rd goal of Millennium Development Goal is to promote gender equality and empowerment. The basic indicators of status of empowerment of women are access to education, decision making power, employment etc. It is often the minority community who were at disadvantage position in society. Women in the Muslim communities fare badly too. They are not just a minority, but the marginalised majority. There are numbers of problems and grievances of Muslim women. The Muslim backwardness in the country can evidently see as they lack behind the majority community both educationally and economically. This paper is an attempt to study the scenario of empowerment of the Muslim women in Hailakandi district of Assam. It seeks to contribute with new insights into their social and economic life and suggest measures to bridge the gap between men and women in Muslim communities.*

**KEYWORDS**

empowerment, gender, minority, women.

**INTRODUCTION**

Assam is the second largest state in the north eastern part of India, with a geographical area of 78,438 sq km. It provides shelter to 2.57 percent of the population of the country. The sex ratio of the state is 954 and the percentage share of the female population is 49 percent. Although the female population constitute almost half of the population but they are not equally empowered as the other half population. The condition is more grim in case of minority communities. Among them Muslims constitute the largest minority community. They are not only the largest minority community, but their presence is visible in all the States and Union Territories.

**TABLE 1**

Name of Religion	Percentage to total population	Sex ratio
Hindus	80.5	931
Muslims	13.4	936
Christians	2.3	1009
Sikhs	1.9	893
Buddhists	0.8	953
Jains	0.4	940
Other Religions	0.6	992
<b>India</b>	<b>100</b>	<b>933</b>

Source: Census of India, 2011

Socio-economic condition is an important indicator to know the status of empowerment of any community. It is often the minority community who were at disadvantage position in society. In India it is evident that most of the communal riots occurred between the majority and minority groups. Muslims are the most vulnerable minority group in India. It is found that the status of muslim women in a country, particularly those from the disadvantaged sections of the society, is unfavourable. A girl child suffers from discrimination even before birth and also after birth in the allocation of household resources such as food, education, access to health care and at puberty, coerced into early marriage. Most women in the rural areas suffer from double burden of carrying out less visible work like cooking, fetching water, sending children to school, agricultural labour, feeding cattle, milking cows etc., while the men folk perform visible activities like selling milk and grains produced by the household.

**Some issues need to be given more attention than they have been so far, namely-**

- Women's access to and control over natural resources like land, water and forests. Much more concrete action needs to be taken at the level of policies and programmes to give women access and control over these resources.
- Sharing of household work by men and boys. (Bhasin 2003)

Women in the muslim communities fare badly too. They are not just a minority, but the marginalised majority and are sidelined in decision making in the family, and usually cut-off from a full involvement in the workings of the society and from an equal share in the society's rewards. Equality between men and women is essential for building just and peaceful relationships within families and communities. Women and men everywhere have to join hands to achieve gender equality, and to create a world which is just and peaceful for all. Mainly Poverty, early marriage, malnutrition and lack of health care during pregnancy are the major reasons for both maternal and infant mortality especially among them. In rural India almost 60 per cent of girls are married before they are 18. Nearly 60 per cent of married girls bear children before they are 19. Almost one third of all babies are born with low birth weight. Social restrictions on women's mobility also contribute to lesser healthcare for women.

There are numbers of problems and grievances of minorities in general and Muslims in particular, some delicate and some complex, some real and some perceptible. The Muslim backwardness in the country can evidently see as they lack behind the majority community both educationally and economically. A major reason for the subordination, lack of autonomy and ill-health among women is the extreme burden of household work. More recently, many people have been working towards increasing women's participation in governance at all levels. Yet most working class women are already on the verge of the collapse due to overwork. Women's roles as housewives and mothers force them into subordinate position in paid employment. If we want women managers, politicians and civil society leaders then we need more men to be mothers, care-takers, nurses and cooks.

There are two commonly prevalent explanations regarding educational backwardness among Muslim women in contemporary society. One explanation is that they have been slow to take advantage of governmental liberal policy regarding education since the independence due to their particular attitude towards cultural ethos. There has been a slow tendency of the Muslims to respond positively modern technical and professional education. Presently Muslims in comparison to other communities are almost proportionately equal in the pursuit of modern education but still they lack behind in terms of the acquisition of professional and technical education.

Another major problem facing the minorities specially women are the communal riots from time to time. Regardless of which sites starts the riot, the women generally suffers a lot in terms of lives lost and property destroyed. Nowadays, racial tensions, communal violence and ethnic clashes make headlines almost daily which have put a major obstacle in the way of economic development of the country. The Indian Muslims today find it extremely difficult to come out of economic backwardness and lack of modernization backwardness syndrome.

## OBJECTIVES OF THE STUDY

The proposed study is primarily concerned with an assessment of the socio-economic condition of the minority women in Assam to know their empowerment status. It seeks to contribute with new insights into their social and economic life. The main objectives of the study are:

- To study the present scenario of socio-economic status of the Muslim women.
- To know the basic needs of Muslim women at local level.
- To suggest measures to bridge the gap between men and women in Muslim communities.

## MATERIALS AND METHODOLOGY

The proposed study is based on both primary and secondary data. For the collection of primary data structured questionnaires are used. This study aims to highlight the socio economic conditions of muslim women to know their empowerment status. But due to time constraint we cover only the Muslim community in Hailakandi District of Assam.

## DISCUSSION AND ANALYSIS

In this paper, to know the empowerment status of muslim women, we used the socio-economic indicators such as income, education, employment, better health etc. At the same time women must have a share in the decision making process in the family and also in the society.

Education is a critical input in the process of development. Education is essential in case of both social and economic perspective. It is regarded as an important tool to reducing the gender gap in the society and yet the education of women did not receive the adequate attention for various historical and social reasons and stands out as a major problem in the all round development of society. During the last decades education has changed radically the lives of woman. But still gender differences in education are found which affects the lives of women in a negative manner. The condition is more grim in case of muslim women. In our study, among 50 samples, 17% women are found to be illiterate. Most of them are studied up to M.E level (29%) and 26% are studied up to primary level. 17% of women are studied up to 9<sup>th</sup> standard whereas only 11 % are found to study up to H.S.L.C. and H.S. level. As a whole 83 % of women are literate, this shows a positive picture of the status of minority women. But the percentage of highly educated women is quite low which is a major drawback in case of educational attainment. Moreover it has been seen that girl children are not encourage to go to school and remain uneducated. Their space is limited to household activities only.

To know one's economic status, employment is the basic indicator. The economic empowerment increases one's capability and ability to make own decisions in different spheres of life. Financial autonomy of women is one of the crucial dimensions towards women empowerment. It transfers the real economic power in the hands of women and thus it tends to reduce women's dependence. In our survey, we found that 25% women are working lady and the rest are housewives. Only 3 women are working in Govt. sector. However, it is found that most of the women are a member of a Self Help Group. So, we came to know that Self Help Groups play a very important role in improving socio-economic status of minority women. As women are vulnerable to credit constraints, the SHGs play as a medium in mobilization and allocation of micro-credit. Though 25% of women are working, but only 10% of these women have bank accounts.

Effective participation of women in politics is an important step in engendering women empowerment. It is an important means to overcome social maladies. Women are marginalized in the political process by suppression, socialisation and sabotage. In case of political participation, it is found that 80% of women cast their vote. So from the political point of view, they are very active. But casting vote doesn't mean that they are independent of their political choice. Decision making power is another important indicator of women's status in the society. In our study, 22% of them have their own household decision making power. But it's found that their role in decision making is always secondary. Women's confidence and self-esteem increase when they have greater knowledge, economic assets and income-earning capacity, and they are more likely to participate in both private and public decision-making.

Again in case of awareness regarding government schemes, we found most of them are ignorant. 69% of women do not know about the availability of various government schemes. Also among the rest 31 %, maximum do not know the exact formalities and procedures of the government schemes. Only 29% of women have 1 to 2 children, 34% have 3 to 5 children and 23% have more than 5 children and the rest have no child. It is found that most of them i.e. 57% have above 3 children which shows their religious attitude towards children. In a country like India, discrimination against girl child is an issue of concern. In case of minority the problem is quite acute. Since we took the rural Muslim women for our study, it is found that they are superstitious too. There are many reasons like our customs and traditions which make the women superstitious.

If we come to conclude the empowerment status of muslim women in terms of the above indicators, then we may come to the conclusion that empowerment status of muslim women is good. As per 2011 census, female literacy rate in Assam is 67.27 which is less than our result of the survey. Again, the workforce participation rate for the urban female is 16.1 and for rural female is 13.8 in Assam for the period of 1999-2000 as per socio-economic statistics, India(2001). But the reality may be different. Empowerment of women needs quality education and at the same time enrolment in higher education matters a lot. In our survey, the workforce participation rate of muslim women is also satisfactory. But as their rate of enrolment to higher education is very low, they are not in a high ranked job. Therefore an assessment of their empowerment in terms of the socio-economic indicators may not provide an adequate picture

## CONCLUSION AND POLICY SUGGESTION

In the conclusion it should say that gender equality is very much essential in every community. It is now widely recognised that for developing a nation, women should be empowered. Gender equality is required not only in case of social, economic and political point of view; but also in terms of decision making. Women must be subjects, not objects or just beneficiaries of development policies and programmes. Women are not only the home-makers, they have their own likes and dislikes. Thus gender equality is very much essential concept which means not only understanding but also challenging patriarchy and other inter-connected hierarchies like those of caste, class, race etc. For that the age-old ideas and superstitions needs to be changed. Minorities are the most neglected section of the society and so are the minority women. The Government should formulate and implement effective policy for improving this disadvantaged section of the society. The benefits of the programmes or policies should also needs to be decentralized. For these the Government should scrutinize the implementing machineries at the grass root level.

## LIMITATION

In this study we took only 50 samples from Three Development Block of Hailakandi District of Assam. Apart from this we only study the socio-economic status of Muslim women. So, this study may not represent the original scenario of empowerment status of Muslim Women in Assam.

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## AN EVALUATIVE STUDY ON VARIOUS SERVICES OF GUWAHATI MUNICIPAL CORPORATION (GMC) FROM ETHICAL POINT OF VIEW

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### ABSTRACT

*Through this paper an attempt is being taken to evaluate various services rendered by the Guwahati Municipal Corporation strictly from ethical angle. In doing so, the entire paper is divided into three parts. The first part "Theoretical Approach includes an introduction, objective of the study, Research question of the study". The second part entitled "Various services of the Guwahati Municipal Corporation and their ethical dimension" is a comprehensive study where various services of the Guwahati Municipal Corporation are evaluated whether these are rendered strictly in the light of ethical vision or not. Accordingly, if these are not done ethically then why and what are its consequences will also be discussed in details. The third part entitled "conclusion", where major findings which stand on the way of ethical discharge of the services of the Guwahati Municipal Corporation are identified and some suitable suggestions are put forward by virtue of which Guwahati Municipal Corporation(GMC) can be ethically stranded.*

### KEYWORDS

services, GMC and ethical.

## PART - I

### THEORETICAL APPROACH

#### 1.1 INTRODUCTION

Ethics is the basic element which shows its importance in every aspect of human eye as well as in the field of business. Upto 1960, social responsibility was essential for business, thereafter it was realized that without business ethics no one can properly discharge social responsibility. Moreover, business ethic is the foundation of sustainable development. Sustainable Development has no side effect and it is a development for a long time. Hence, only by ethical way this sustainability can be achieved. Now a day most of the business aims at earning lots of profit without taking much care on ethical aspects. An ethical approach to sustainability suggests that society has an obligation to restrain wasteful uses of resources among the affluent, but it also has a special obligation to foster economic development for the poorest of the poor, while maintaining environmental resource protection. When referring to sustainable development, one needs to define what is to be sustained, for whom, and for how long. Sustainability is not an absolute condition, but is always partial. Sustainability, like justice, occurs along a continuum, and making progress along this is necessarily incremental. Restraint is its price. "The Guwahati Municipal Corporation (GMC) is the creator of the Guwahati Municipal Corporation Act 1971 Corporation was duly constituted in 1974 in the first meeting of the elected councillors as per provision of sec 4 5 of this Act. GMC covers an area of 216 km<sup>2</sup> under its jurisdiction and it is divided into 31 municipal wards"<sup>1</sup>. Guwahati is the main gateway for all other states of northeast and it has a wider scope for making the city beautiful. The Guwahati Municipal Corporation is focussing mainly on the areas that are affecting the growth of whole Guwahati city. Mainly the problems of the drainage system, solid waste management, street lights etc. are standing on the way of attaining its sustainable development.

Considering these circumstances, this paper attempts to discuss, two broad categories of the Guwahati Municipal Corporation activities such as cleanliness and beautification keeping in purpose their ethical dimensions.

#### 1.2 OBJECTIVES OF THE STUDY

The basic objective of the study is to examine various services of Guwahati Municipal Corporation keeping in consideration, whether these are discharged ethically or not and if not done in ethical norms and conditions, then the study attempts to explain as why and what are its unethical consequences. The ultimate purpose of the study is to establish Guwahati Municipal Corporation as an ethical organisation. In order to achieve the above basic objectives, the following specific objectives are undertaken:

- a) To examine the cleanliness services of Guwahati Municipal Corporation.
- b) To examine the beautification services of Guwahati Municipal Corporation.

#### 1.3 RESEARCH QUESTIONS

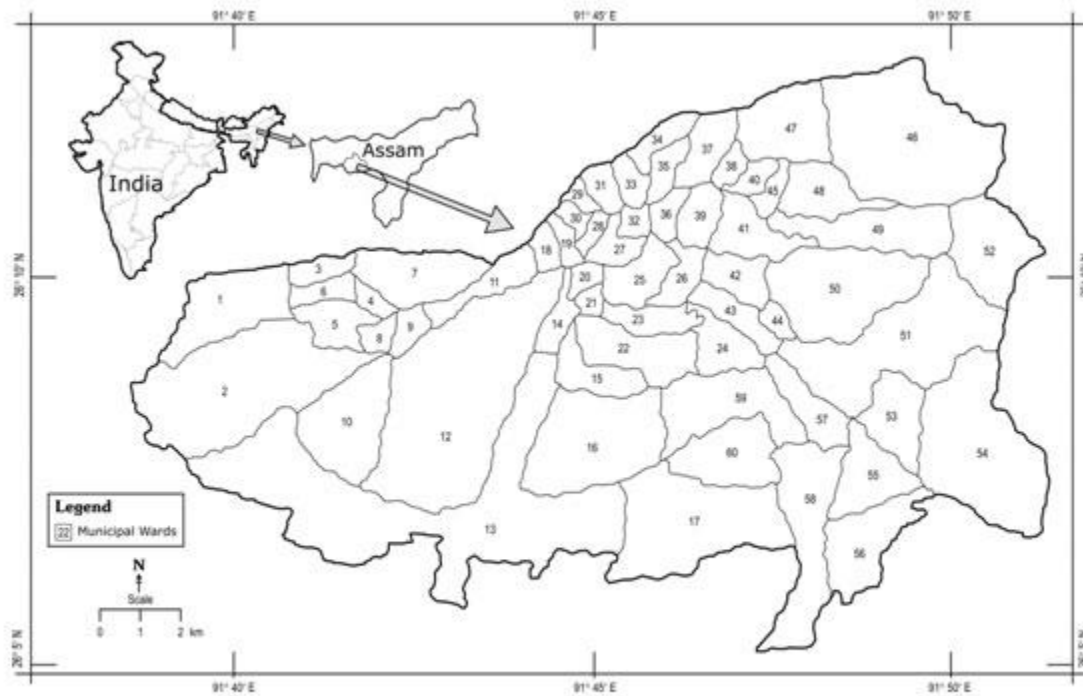
In order to examine the above objectives, the following research questions are set and these questions are explained in the appropriate context of the second part.

**RQ<sub>1</sub>:** Are the cleanliness services of Guwahati Municipal Corporation performed by maintaining ethical norms and conditions?

**RQ<sub>2</sub>:** Have the beautification services of Guwahati Municipal Corporation been discharged ethically?

#### 1.4 METHODOLOGY

The methodology adopted for the collection of data are basically of two ways. These are primary and secondary sources. Primary data are collected by the technique of field survey, personnel interview and through questionnaire. Secondary data are compiled from various books, journals, newspaper and websites. To depict the location of the study, the map of Guwahati City is shown in the Fig. 1.



**Fig. 1 : Location map of Guwahati city showing its Municipal Ward Boundaries**

There are near about seventeen hundred of total employees including both permanent and contractual at different categories. Out of which nearly 20 numbers of top and middle level officials are selected, which are found to be experienced and knowledgeable in the connection of subject matter of the topic for collecting data and information. Further, a group of 90 respondents is formed for the purpose of conducting questionnaires as follows-

**TABLE 1: LIST OF RESPONDENT**

Sl.No	Sources	No. Of Respondent
1	GMC Officers-Top level and middle level	20
2	GMDA	20
3	Senior Intellectual Citizen	15
4	NGO engaged in this line	15
5	Lawyers	10
6	Industrialist	10

Sources: Compiled from Personal Interview and field survey.

**PART - II**

**“Various services of Guwahati Municipal Corporation and their Ethical Dimension”**

Guwahati Municipal Corporation is basically a service oriented Assam Government undertaking, with a view to developing Guwahati as a Metropolitan city. The Guwahati Municipal Corporation was established in the year 1974 and an Act has been made with some rules and regulations to be followed by one and all. It also follows the Assam Nagara Raj Act 2007, and has been made compulsory for all the members to work accordingly. In fact, the Guwahati Municipal Corporation is to perform a lot of services out of which cleanliness and beautification are the main services to make the Guwahati Municipal Corporation successful in achieving its objectives. These two basic services are to be rendered according to ethical norms and conditions. So, below a detailed discussion is made to examine these two services as to show how long GMC has performed ethically.

**2.1 CLEANLINESS SERVICES FROM ETHICAL ASPECTS**

Guwahati is a vast area and so it has been divided into some zones and under which the works take place. An attempt had been made long ago by many to make the city clean but due to some unavoidable circumstances the aim could not be accomplished at that time. But now since the division of zones are made, so the duties and responsibilities are also divided and the area works are done on that basis. Below cleanliness activities of the Guwahati Municipal Corporation are discussed under the following categories of task.

**2.1.1 Collection and processing of solid wastes**

In the case of cleaning the waste materials i.e. the garbage, (wastes)now the conservancy department has undertaken it more seriously. “In the case of the Guwahati Municipal Corporation it is observed that garbage’s are thrown in some dustbins provided in some particular areas and also Guwahati Municipal Corporation has entrusted the collection task of garbage’s to some NGOs from the residential areas and to deposit it in the main street dustbins and from where the Guwahati Municipal Corporation garbage carrying vehicle will carry it out to the main disposal area, such as in Boragoan, where the garbage’s are segregated according to the uses and then sent for recycling. Currently 7 kilowatt power is being produced in Boragoan from garbage’s.”<sup>22</sup>

Regarding the processing of solid waste of Guwahati Municipal Corporation, it is to be mentioned that “Solid waste is processed in three steps: “First step is the primary collection –from door to door, commercials places etc., second step or the secondary stage is that stage where the garbage’s are taken to the Main site and the third step is to dump all the garbage’s in Boragoan for various uses. At present 550 to 600 tonnes of wastes are generated daily and these wastes are used for various purposes and mainly now focussing on bio fuel.”<sup>23</sup>

A table below is shown about the different sources and types of waste collected in Guwahati City.

TABLE 2: SOURCE AND TYPES OF WASTES

Sl.No	Sources	Types of Wastes
1	Households and institutions	Mostly organic waste with some non-organic
2	Commercial places	Papers and plastics
3	Health Centres	Infectious and non-infectious waste
4	Animal keeping places	All kinds of dungs and their eatable left over
5	Different market places, restaurants etc.	Mostly organic waste

Sources: Compiled from NGO offices and field survey

The above table shows the various types of wastes generated and from where, it is clearly known that though there are various kinds of wastes, only to some extent all the resources are fully utilised as for landfills, recycling, creating manures and bio fuels

**QUESTIONNAIRE ANALYSIS**

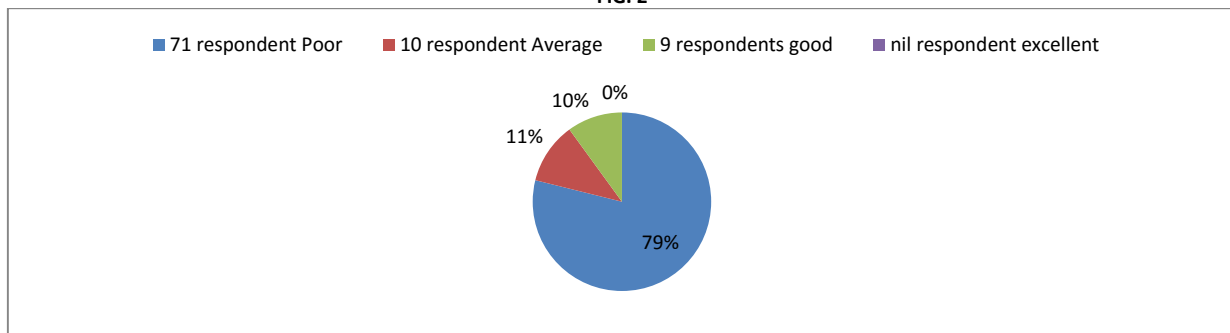
In order to elicit the views of different selected respondents the following question is put to them.

Q1. What is your opinion regarding the collection and processing activities of garbage by GMC?

Poor Average Good Excellent

Against this question, 71 respondent says as poor, the percentage of which is 78.8% and 10 (11.1%) respondent’s opinion is as average and remaining 9(10%) respondents are of the opinion as good and no one claimed it as excellent which is depicted in the following diagram.

FIG. 2



In the light of above observation and feedback of respondents the following drawbacks are observed:

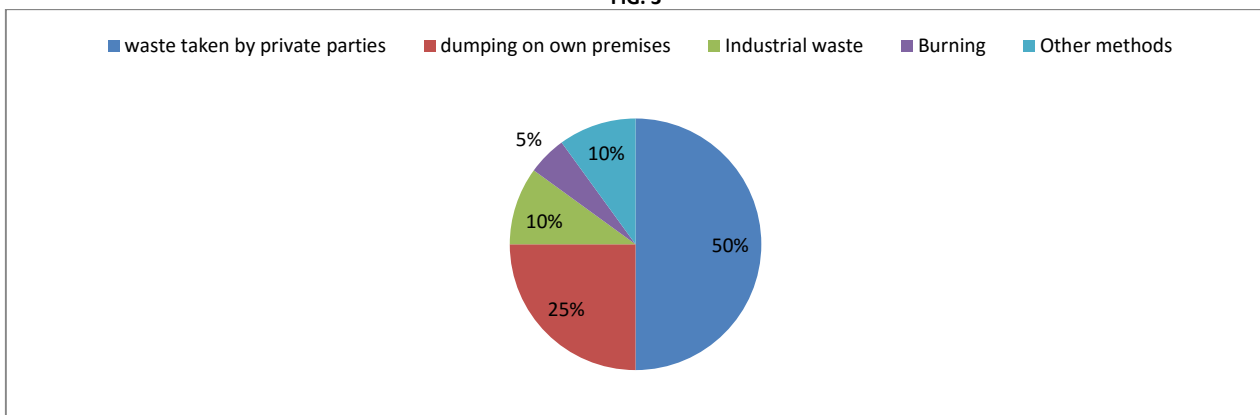
- i) Lack of Awareness of general public: It has been found that the general public of Guwahati city lacks the basic sense of discipline and environment harmful impacts. Many people still throw the garbage’s from a distance to a nearby roadside dustbin but it fails to reach its inside and falls down on the roadside. Also some people are seen throwing the waste in nearby drains or just outside in open plot without thinking about the increase of some dreadful diseases and also of water logging problems.
- ii) Inadequate dustbins: Though the municipality had provided the big dustbins area wise, it is found that the number of such dustbins are not adequate for collecting all garbage’s at a time due to increase of population in Guwahati.
- iii) Irregular collection of wastes from dustbin: The dustbins are put in the main street line of all areas but irregular cleaning of the dustbins leads to overflow of the waste on the roadside which causes bad smell for the people to cross by it and also leads to pollution.

**2.1.2: Method of waste disposal and its management**

Managing the waste in proper way is an art as well as technology. Waste management groups include source reduction and reuse, animal feeding, recycling, composting, fermentation, landfills, incineration and land application.

There are various methods of waste disposal out of which, five methods are adopted by the GMC. In doing so, different methods are used at different proportion. Regarding this proportion, the following percentage are identified through field survey and personal interview.

FIG. 3



From the above diagram, it has been found that garbage takers are provided by the Guwahati Municipal Corporation, many people keep their waste in bins and when the person comes for collection they give it to them in proper way. Some of the citizens do it, whereas some people dump it in their own premises as they have land inside their own campus and by doing so they manure their own land for their own cultivations of fruits and vegetables. Remaining of wastes are just burnt away whereas other methods are also applied to dispose the waste materials.

TABLE NO. 3: CATEGORY OF AREA WILLINGNESS TO PAY RS 30 TO THE GARBAGE CLEANER.

Areas	Mean Value of willingness to Pay (in Rs)(approx)
Residential Areas	80
Commercial Areas	75
Other Institutions	50

Source: Field survey and personal interview.



It has been found that people of residential areas are willing to pay the people who takes away their garbage's out of their home and deposit in the given places by Guwahati Municipal Corporation. It has been found that the present scenario is that all the people are willing to pay to make their environment and surrounding pollution free. It has been seen that to tackle the problem of waste disposal due to limited landfill areas and air pollution, some wastes are being recycled to save energy, conserve resources, lessen the environment pollution and for various other uses. "There are many new methods that the developed countries are using as for example Incineration, plasma gasification etc. which are mostly seen in Japan. United States also adopted many new technologies where they utilised waste to get energy and also try for waste minimization policies"<sup>4</sup>, but it has been found that such type of technology have not been adopted by our municipal corporation. The Guwahati Municipal Corporation is yet to developed this type of method which is immensely important at the present scenario of Guwahati Municipal Corporation. Due to lack of sophisticated method, the Guwahati Municipal Corporation failed to dispose this huge amount of wastes, which causes lots of pollution, side effects etc. In this connection, the negligence of Guwahati Municipal Corporation is one of the root cause. Moreover, top officials of Guwahati Municipal Corporation are politically affiliated. Hence the Mayor along with top executives have no scope at all to use their efficiency ethically in professional skills.

From the sites of dumping, it was found that things used for biodegradable waste are generally recycled where as other things like papers, bottles, metals etc. are now a days recycled for various uses in order to attain sustainability. But no such highly equipped industries are available to recycle and make new products from PET bottles or glass bottles, metals etc.

Survey data conducted in the landfill site Boragaon showing the quantity of recyclables collected every month and the market prices (April, 2015)

TABLE NO. 4: ITEMS FOUNDS FROM THE WASTE

Sl no	Items	Quantity per KG/month	Prices per Kg in market(Rs)
1	Plastics	30000	8
2	papers	10000	10
3	Glass materials	7000	6
4	Leather	1000	7
5	Metal	3000	8

Sources: GMC office and field survey

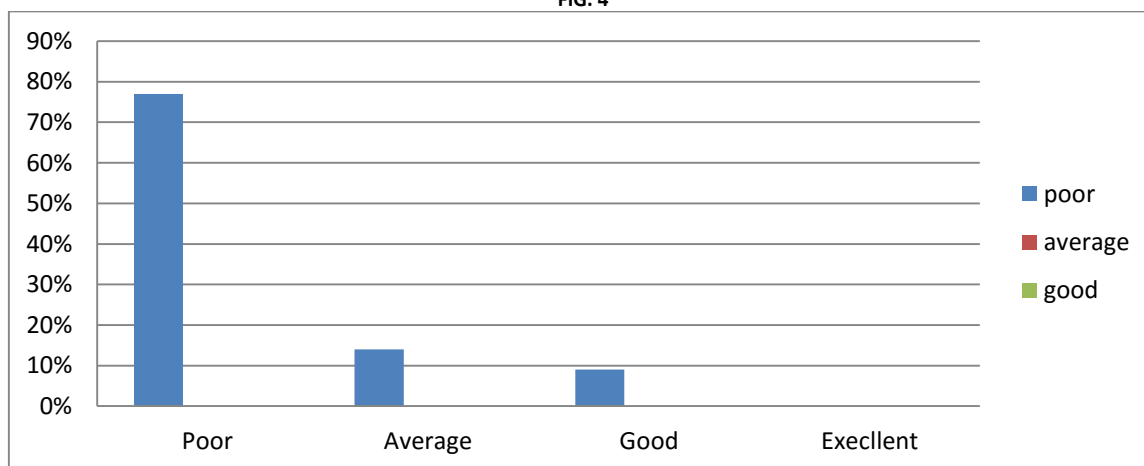
In order to elicit the view of selected respondent on the above topic few questions were put to them:

Q2. what is your opinion regarding the method of waste disposal used by Guwahati Municipal Corporation?

Poor Good Average Excellent

Against this question, 77% replied as poor ,14% replied as average, 9% replied as good. According to 77% it is poor because inspite of having ample scope to handle the waste disposal activities, no serious attention has been paid by the Guwahati Municipal Corporation for doing so. On the other hand, the reason of 14%(average) respondent is the apart from the duty of the Guwahati Municipal Corporation, there are lot of responsibilities to be discharged individually by the people of the society. But practically most of the people are not aware of their duties, which is depicted by the following diagram.

FIG. 4

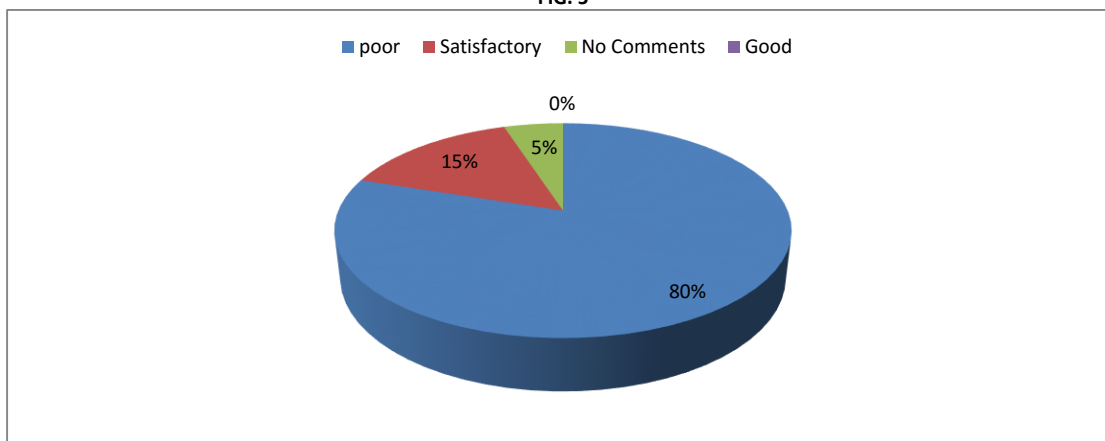


Q3. Is the waste being utilised properly for recycle?

No Yes Satisfactory No comments

It is observed that majority respondent of 78% in support of their reply as poor indicates that the Guwahati Municipal Corporation still failed to manufacture some bio-product from the wastes by utilizing the latest technology. The reason of replying as satisfactory by the 17% group of respondent is that the Guwahati Municipal Corporation to some extent has utilized in productive way some wastes to produce as biofuel, manures etc.

FIG. 5



**2.1.3 Conclusion to the Research question 1**

In support of the above explanations, a conclusion can be drawn to the research question 1 that still the Guwahati Municipal Corporation is not in a position to discharge its services completely on ethical basis. Of course, the Guwahati Municipal Corporation is gradually giving effort for performing its cleanliness services by maintaining ethical norms and conditions. It can be further concluded that approximately, 20-25, of its services have been performed in support of ethical vision such as in removal of garbage’s from residential areas and making some bio products from the wastes.

**2.2 BEAUTIFICATION SERVICES IN THE LIGHT OF ETHICAL ASPECTS**

Regarding beautification of the Guwahati Municipal Corporation, there are a lot of aspects to be done by the corporation. Basically, following aspects pertaining to the beautification of the Guwahati city, so far as Guwahati Municipal Corporation is concerned are as follows:

**2.2.1 Lighting**

The Guwahati Municipal Corporation formulates a plan of making the city brighter even in night time. As part of the project, the Guwahati Municipal Corporation plans to install 10,000 streetlights across the city after it receives application from individuals and business establishments. Regarding the purpose of lighting Mr. Ajay Hazarika, consumer Legal Protection Forum opined that “Streets should definitely have more streetlights to prevent crime. We welcome the Guwahati Municipal Corporation move to install lights but the extra cost is uncalled for. Residents are already paying heavy tax to the Guwahati Municipal Corporation”<sup>4</sup>. According to Samar Bezbaruah, secretary of Society for Socio-Economic-Development in the Region (SSEDR), “This is illogical. Lack of streetlights leads to increase in crime. If money is charged for something as basic as streetlights, the poor will be deprived. Residents who can afford to do so will pay the fee and get the lights installed, but we need to think about the poor,”<sup>5</sup>

As per rule of Guwahati Municipal Corporation the new lights will be installed on a 'first-come, first-served' basis. And also the streetlights of, low-energy, 16-W, 15-ft.-high LEDs, will be installed within the premises of the applicant’s building. The minimum distance between two streetlights will be 25 m. But as of now nothing in reality has come out. Project Jyoti has been formed with much hope to make the city bright even in dark and mainly to help the people to move in proper way in night time.

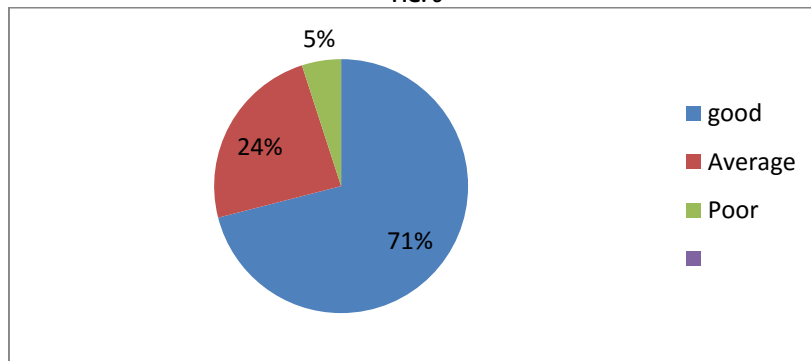
To elicit the view of respondents a question has been put forward to them:

Q4. What is your opinion on the steps taken by the Guwahati Municipal Corporation on project light?

Poor Good Average Excellent

According to the question asked it was found that 71% respondent, the Guwahati Municipal Corporation miserably failed to provide lighting in most of the bye lane and some remote areas under Guwahati Municipal Corporation. According to them, there is immense need of providing lighting in all bye lanes as because these bye lanes are very unsafe as well as of poor conditions.

FIG. 6



**2.2.2: Drain Cleanliness**

Drain cleanliness is another aspect of beautification of the Guwahati Municipal Corporation. In this connection, both Guwahati Municipal Corporation and GMDA, presently evicting unauthorised encroachment from the places specially the bank of Bharalu and Brahmaputra river, for beautification. It has also been found that illegal cutting of trees and making homes in the hills are one of the reason which has created obstruction in making the city clean. In case of Guwahati it has been found that to make it a beautiful city a proper terrace system along with rain water harvesting system must be adopted. The Guwahati Municipal Corporation had started fencing the walls in the areas having steep slopes to prevent soil erosion. But practically it is observed that due to devoid of adequate public awareness amongst must people of Guwahati city, the effort given by the Guwahati Municipal Corporation has not become effective. Hence the Guwahati Municipal Corporation should immediately stop people from cutting trees in the hill side for building houses as it is one of the main reasons for which the whole Guwahati city comes under flash flood and must be more assertive to stop throwing plastic in drains, then only it can have beautification and recreational purpose more effective.

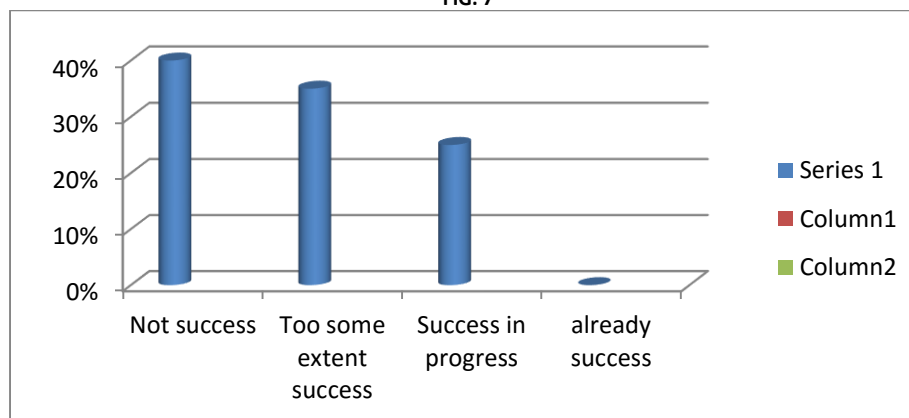
To elicit the views of the selected respondents a question has been put to them:

Q.5. How far the Guwahati Municipal Corporation is successful in controlling the encroachment problem in hilly area.

Not Success to some extent success success in progress already success.

The answer to the above question has been depicted in the following diagram.

FIG. 7



**2.2.3: Development of Tourism**

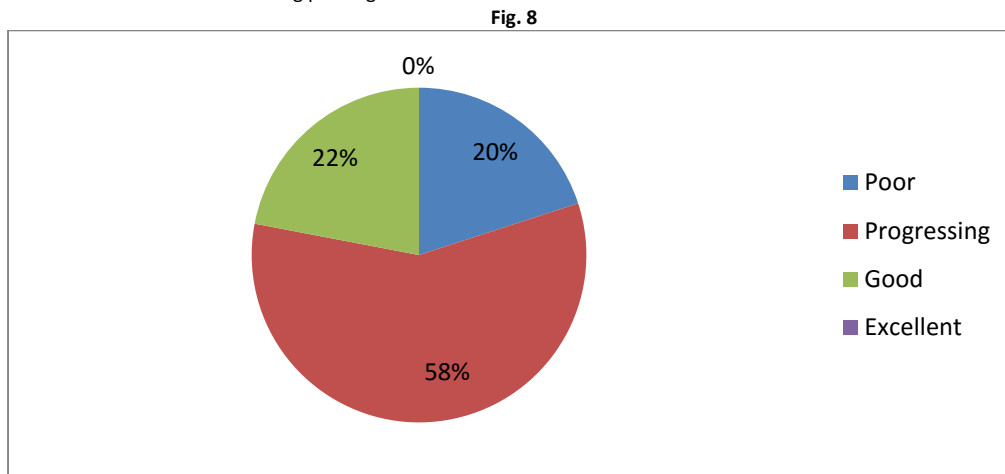
There is ample scope of developing the tourism sector within Guwahati. In doing so, the GMC has started taking care of the various temples as for example the Kamakhya temple, Umananda temple, Basistha temple etc. along with Deepor Beel and Bank of Bharmaputra. But the fact is that in spite of having ample potentiality of developing these places as attractive tourism spots, the Guwahati Municipal Corporation has paid no such serious attention in this regard. Of course, to some extent, it has made projects to clean many tourist sites and also Deepor beel to encourage people to visit the sites. Roads on several places have been repaired in order to make the communication comfortable for the people to visit the historical places in Guwahati. To make different kinds of malls along with cinema halls permissions are being given by the Guwahati Municipal Corporation to promote the Guwahati city and make it a metropolitan area.

To elicit this view a question has been put forward to a group of respondents:

Q6. What is the level of development of Tourism activities done by Guwahati Municipal Corporation so far as the beautification of Guwahati City is concerned?

Poor      Progressing      Good      Excellent

Against the above question it was found that only 58% said, it is in progress whereas 22% respondent as good and the rest 20% respondents as poor, but no one claimed it as excellent. It has been shown in the following pie diagram.



In this regard already JNNURM (Jawaharlal Nehru National Urban Rural Mission) was launched by the government which aims at bringing about fast track planned development of identified cities with a clear focus on bringing efficiency in urban infrastructure and service delivery mechanisms, community participation and accountability of parastatal agencies towards citizens. Guwahati Municipal Corporation has focussed on beautification in regards to environmental issues and also in tourism. For the cleanliness drive, the main focus is on the water channels of Guwahati city. The Guwahati Municipal Corporation which has been entrusted with the work to beautify the banks of Bharalu, has chalked out an eco-friendly solar energy based plan of beautifying several stretches of Bharalu from GS Road to Bharalumukh. As per the sources it was found that the project worth Rs 1500 crores would use solar power instead of grid power for lighting etc. Under the project the power transmission line along the Bharalu River would be shifted to other side. The entire stretch under the project would be covered with tall barricades so that garbage's cannot be thrown into the water channel. Also eviction drive has been taken place near the bank sides of the river. In this way the main purpose is to have a free flow of water throughout the year and check the re-encroachment. Moreover, The Revenue and Disaster Management Department of the State has allotted a plot of land measuring 20 bighas to the Guwahati Municipal Corporation for setting up its solid waste management plant to tackle the city's municipal solid waste.

**PART - III**

In this part, some major findings as identified throughout the study are given. Accordingly, some suitable suggestions are put forward for removing the prevailing problem and thereby to make services of the Guwahati Municipal Corporation effective.

**3.1 FINDING****3.1.1 Findings on cleanliness services:**

- The Guwahati Municipal Corporation fails to utilise the waste in productive way for landfills, recycling of the wastes etc. Behind this there is lack of technological knowhow and proper vision of management.
- Lack of awareness of general public is another serious problem which stands on the way of providing quality service. Majority of public are not conscious regarding the use of wastes and environmental sense.
- Inadequate dustbins in sense of number, size and quality is another hindrance found in case of rendering service of Guwahati Municipal Corporation.
- Proper management of waste not done which creates lots of problems in the environment as well as for the society.
- Guwahati Municipal Corporation is still lacking in terms of technology use and proper execution of work is not done in spite of planning in papers.
- In spite of Government ban on use of plastic which creates lots of blockages in drains and pipes, still it has been found that people are using it and throwing it on the roadside or in drains and which is basically a non-renewable product and hampers in the growth of the development. Government rule is enacted but no necessary control for proper implementation is done.
- Proper dumping of garbage's and the collection by the people are not done. Also often found that garbage takers do not turn up to take the regularly which ultimately leads to disastrous in terms of air pollution, soil pollutions etc.

**3.1.2 Findings on Beautification**

- In spite of project 'Jyoti' for implementing street light in and around Guwahati, still the work has not been completed properly.
- Lack of funds and equipment have made the projects delay, but only a few steps regarding it has been taken in some areas so far of.
- Guwahati Municipal Corporation is still working on the flash flood problem by trying to clean the drains, but the total outlets required to drain out all the water are not found to be sufficient and so there is overflow of water in the city.
- Though the Guwahati Municipal Corporation is doing the evacuating process of people residing in nearby areas of Bharalu river, they have overlooked many areas near hilly side for which the water comes out straight to the road instead of going in a proper manner to the drains, as lack of drainage planning is found in it.
- It has been found that fines have been imposed for using plastics only for a certain period of time but after wards again people starts using it and Guwahati Municipal Corporation is not able to stop it at all.
- Deforestation has been a major cause for flood in many areas which Guwahati Municipal Corporation along with GMDA is trying their best to put some laws and punishment for them those who violates.
- GMC is trying to promote many tourist places such as Deepor Beel, which is one of the attractive sites for the tourist.
- In order to make the Guwahati city more attractive many malls and cinema halls are being set up but failed to provide the required parking spaces.

- In order to make the communication smooth JNNURM is introduced and also it has been found that the Guwahati Municipal Corporation is focusing on water development sources, so that water is supplied to all the areas in Guwahati City.
- Organic manure fertilizer are being made from the waste by the GMC which is very useful for the environment and has started to supply it to some places such as Kalashetra in Panjabari Guwahati.

### 3.2 SUGGESTIONS

- i) Guwahati is the centre place of northeast. The number of population is increasing day by day. Accordingly, amount of wastes has also been increasing. Hence, it is high time to use these wastes in a very systematic way for the productive purpose. In this regard Guwahati Municipal Corporation should hire advanced technology for utilizing this wastes to produce manure, biofuels etc.
- ii) Government should strictly impose some rules and regulations for providing the level of awareness of general public. Moreover, Government should encourage, manage and control with financial and other facilities. The different NGOs, who are engaged in cleanliness services.
- iii) Selection of the places of dustbins and accordingly the size of dustbin, frequency of collecting wastes from dustbin, control and monitoring of workers engaged in connection of dustbin related activities etc. aspects should be very scientifically planned and implement under strict policy and strategy so that by no means wastes can create any pollution and disturbance to the general public.
- iv) The Guwahati Municipal Corporation has to recruit many trained people in order to execute the project 'Jyoti' on time and it should put emphasis more on the long term projects.
- v) A full designed map must be drawn area wise to see the drainage problems and to sort out with some solutions to let the water outlets fall in the main Brahmaputra river.
- vi) The Guwahati Municipal Corporation should arrange different hoarding in different places throughout the city where some instructions should be given to public which are-
  - Heavy fine will be imposed on the people who are found to be violating the rules of beautification and cleanliness of the city.
  - Plastic bags are prohibited and in place of it people should use cotton or jute bags.
- vii) Awareness campaigns, street dramas taking the facts of beautification and necessity of cleanliness etc. should be arranged by the Guwahati Municipal Corporation itself.
- viii) Various tourism places of Guwahati, should be developed in the line of successful Metropolitan cities of the world.

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**ANALYSIS OF PERSONAL FACTORS INFLUENCING INVESTMENTS IN CAPITAL MARKET**

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**ABSTRACT**

*The capital market, transactions by individuals has always been regarded as essential to both liquidity and the efficiency of the market. The growth of the capital market has explained largely due to the individual investors. The growth of the capital market during the last few years has substantially increased the investor population in India. The investment scene is gradually becoming active, competitive, dynamic and challenging. In this context it is necessary to understand the characteristics of the investors in terms of their investments, strategies, expectations and the like. Hence, in this chapter an attempt has been made to analyse the profile of individual investors in Indian capital market.*

**KEYWORDS**

capital market, investment.

**INTRODUCTION**

In the capital market, transactions by individuals have always been regarded as essential to both liquidity and efficiency of the market. Indian capital market too has expanded largely due to the individual investors. The growth of the capital market during the last few years has substantially increased the investing population in India. The major savers in India are Household sector, namely, individuals and families above the poverty line. These are mostly middle and higher income groups. All savers are not good investors as investment is not a layman's job. For this reason most savings are kept idle, as cash or bank deposits by many people. The saver should have the expertise of management of his savings and cash.

If the funds are invested in financial assets they are more productive. All investments are risky. An efficient investor with proper training can reduce the risk and maximise the returns. He can avoid pitfalls and protect his interests. A proper management of risk and return requires expertise. Investment is both an art and science. The performance of companies and changes in share prices are all based on some fundamental principles. At the same time the investor has to use his discretion, which is an art to acquire by experience. Principles of investment and the art of management of investment are basic requirements for a successful investor.

Investment culture is an essential prerequisite for capital formation and the faster growth of an economy. Investment culture refers to the attitudes, perceptions and willingness of the individuals and institutions in investing in various financial assets, more popularly known as securities. A study on the investors' perceptions and preferences, thus, assumes a greater significance in the formulation of policies for the development and regulation of security markets in general and protection and promotion of small and house-hold investors in particular.

**STATEMENT OF THE PROBLEM**

Capital market helps the growth of savings and their mobilisation for investment. Borrowers with deficits can have funds from lenders with surpluses in capital market. The investment scene is gradually becoming active, competitive, dynamic and challenging. In this context it is necessary to understand the characteristics of the investors in terms of their investments, strategies, expectations and the like. Hence, in this chapter an attempt has been made to analyse the profile of individual investors in Indian capital market.

**OBJECTIVES OF THE STUDY**

The basic objective of the present research work is to study the investment culture among the capital market in Virudhunagar District. The specific objectives of the research work are as follows:

- To study the investors socio-economic factors in Virudhunagar district.
- To examine the investment pattern of retail equity investors
- To analyse their characteristics in investment.
- To offer suitable suggestions based on the findings

**METHODOLOGY**

The present study is mainly based on primary data. the primary data have been collected survey among investors by using well structured questionnaire. The study was conducted between June 2015 and December 2015. The study has been undertaken in Virudhunagar District with a sample of 500 investors by way of convenient sampling. The secondary data is also made use of at some places of the study wherever it became necessary.

**REVIEW OF LITERATURE**

- Laitha and M.Surekha<sup>1</sup> (2008) in their study on "Retail Investor in Indian Market" based on sample survey of one hundred retail investors conducted in the city of Hyderabad finds that the retail investor is well educated belongs to the upper middle class of the society and is a relatively new entrant to the capital market. The majority of investors seem to be well aware of the nuances of the capital market and risk involved. A good percentage of them have gained from the capital market and reinvested the same in the capital market.
- Ravichandran<sup>2</sup> (2008) study on "A Study on Investors preference Towards Various Investment avenues in capital Market with special reference to derivatives" tested on all capital market investment avenues are perceived to be risky by the investors. But the younger generation investors are willing to invest in capital market instruments and that too very highly in derivative segment. Even though the knowledge to the investors in the derivative segment is not adequate, they tend to take decisions with the help of the brokers or through their friends and were trying to invest in this market.
- Sunil Kumari<sup>3</sup> on investment attitude of rural investors(august 2012-july 2013 ) states that all of the rural investors consider the risk and return on investment and most of them are also dependent on financial advisor's opinion because of lacking the depth knowledge of market. But generalization of the study is subject to its limitations like unwillingness of respondents, limited period of time, lack of literacy of rural investors etc. it is concluded that psychological theory planned behavior reflects in rural people's investment decisions along with a finance theory is concepts i.e. risk and return equilibrium/ trade off.
- Ramprasath<sup>4</sup>. S and Dr. B. Karthikeyan , December 2013, on individual investors' behavior towards select investments, states that the majority of the investors are giving much importance for the factor "safety". Similarly investment avenues such as Bank deposits, LIC policies and Bullion has been preferred by the individual investors. Similarly the majority of the investors are periodically evaluating the performance of their investment avenues.
- Gnana Desigan<sup>5</sup>. C. et.al, April 2010in their study entitled, "Women Investors Perception Towards Investment-An Empirical Study", identified the investment pattern, preference, influencing factors and problems of women investors in Erode town. The findings of the study reveal that, women investors prefer to invest in bank deposits and jeweler, they are influenced by safety and liquidity and the problems faced by them are cumbersome procedures and formalities, commission and brokerage.

**RESULT AND DISCUSSION**

This research work is divided into three part and first part explains the socio-economic factors of the investors in the final survey which is presented Table 1, followed by a discussion on the investment pattern of the investors, objectives and channels for investment and the hypothesis is tested and results of the study.

a. The Socio-economic factors of the sample investors is discussed in Table 1:

**TABLE 1: SOCIO-ECONOMIC FACTORS**

Parameters	Factors	%	Factors	%	Factors	%	Factors	%	Factors	%
Age	> 25 years	22.20	26-35 years	25.40	36-45 years	32.80	46-55 years	17.00	< 55 years	2.60
Gender	Male	79.40	Female	20.60						
Marital	Married	77.00	Unmarried	23.00						
Educational	School	2.60	Graduate	68.00	Professional	27.00	Diploma	2.40		
Occupation	Salaried	38.40	Business	43.80	Professional	14.40	Retired	3.40		
Income(thou)	Up to25	3.80	25 – 50	22.80	51-1 lac	51.40	Above1lac	22.00		
Family Type	Joint	31.60	Nuclear	68.40						
Residence	Rural	58.6	Urban	41.4						

Source: Compiled from data collected through questionnaire.

b. Investors objectives of investment in equities are differing. Majority of the investors' (49.2%) objective is that they are expecting capital appreciation. This is due to fact that out of their experience they believe that investment in equities will give a decent appropriation of their investment. Taking of investment decisions is very difficult. it is also treated as a complicated process. Majority of the investors (55.65%) have taken investment decision independently. it is due to the fact that majority of the investors are male, educated and salaried. Investors are getting information and recommendations from print media, electronic media, brokers and the like. More than two-third of the respondents (71.4%) have taken buying and selling decision on the basis of information and recommendation received from brokers. this is due to the fact that most of the investors are the first generation and inexperience investors.

c. Chi-Square Test:

1. There is no significant difference between the profile of the investors and their sources of investment.
2. There is no significant difference between the profile of the investors and their indices preference.
3. There is no significant difference between the profile of the investors and their investment options available other than stock market.

The result of the hypothesis testing is show in Table 2.

**TABLE 2**

No.	Parameter	Parameter	CV	TV	Result
1.	Age	Sources of investment	12.82	15.5	Accepted
		Indices Preference	92.52	31.4	Rejected
		Investment Other than stock market	101.75	36.4	Rejected
2.	Gender	Sources of investment	6.04	5.99	Rejected
		Indices Preference	12.36	11.10	Rejected
		Investment Other than stock market	41.24	12.6	Rejected
3.	Education Calculation	Sources of investment	44.80	12.60	Rejected
		Indices Preference	124.77	25	Rejected
		Investment Other than stock market	46.51	28.90	Rejected
4.	Monthly Income	Sources of investment	44.85	12.6	Rejected
		Indices Preference	64.97	25	Rejected
		Investment Other than stock market	73.25	28.9	Rejected
5.	Occupation	Sources of investment	24.20	12.60	Rejected
		Indices Preference	112.65	25	Rejected
		Investment Other than stock market	141.01	28.90	Rejected
6.	Place of Residence	Sources of investment	23.06	12.60	Rejected
		Indices Preference	42.65	11.10	Rejected
		Investment Other than stock market	12.19	12.60	Accepted

Source: Compiled from data collected through questionnaire.

**CONCLUSION**

In the olden days, investing funds was confined to rich and business people. But, now a day it has become a household word and is very popular with people from all walks of life. The objective of motivating the public to invest their savings in the stock market will be achieved only if the regulatory authorities succeed in providing a manipulation free stock market. With the rate of interest offered by banks on deposits being very unattractive, more people could think of investing in the stock market. This could happen only if the stock market is transparent and free from scams because those who invest in bank deposits are basically averse to risk.

**LIMITATIONS**

The premise of the paper is that the level of profile significantly impacts the investments of capital market. However, the findings of the study are constrained by the following limitations. The study is confined to individual investors institutional investors are excluded from the study. This study has been conducted over an extended period of time to incorporate the ups and downs of stock market conditions which have an important influence on investors buying pattern and preferences.

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## THE IMPACT OF ECONOMIC TRANSFORMATION PROGRAM (ETP) TOWARDS YOUTH IN MALAYSIA: GENERIC SKILLS

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### ABSTRACT

*This study aims to investigate the relationship between the employability with generic skills of youth. The study also aims to identify the level of knowledge, perception and understanding of the youth against the Economic Transformation Program (ETP). The number of respondents are 633. The findings showed that the relationship between the employability and generic skills is significant and only half of the respondents have knowledge about the Economic Transformation Program (ETP).*

### KEYWORDS

employability, economic transformation program (ETP), generic skills, youth.

### INTRODUCTION

ew Economic Policy (NEP) was introduced to address the problem of economic imbalances between the various ethnic groups in Malaysia that affect national unity and national security (Zainal Abidin, 2007). National Transformation Program (NTP) is designed to improve the life quality of Malaysians through sustainable growth (Mahathir Mohamed, 2013). Malaysia's New Economic Model, which is targeted at middle-income levels can increase worker productivity and innovation and make the country's economy to a high-income country (Economic Policy Outlook 2011; Mahathir Mohamed, 2013; Pemandu, 2013). Development plans under the NEP was prepared and carried out through a double-edged sword strategy (Policies of Malaysia, 1970):

1. To reduce and ultimately eliminate poverty by increasing employment opportunities for all people regardless of race.
2. Restructuring of the community to reduce and eventually eliminate the identification of race with economic function.

Government Transformation Program (GTP) is inspired by our Prime Minister, Datuk Seri Najib Razak and the implementation is by the Performance Management and Delivery Unit (PEMANDU). It is a program that change government policy to become more efficient institutions and to put people first. GTP has come with the Economic Transformation Program (ETP) to institutionalize the socio-economic change in the 12 pillars set under the National Key Results Area (NKRA) (Pemandu, 2011). The challenges faced by this program is to get financial assistance from the private sector to help some of the ETP projects. Not limited to the private sector only, the commercial bank and Employees Provident Fund (EPF) too is reluctant to invest in high-risk corporate projects in the ETP (Asia Monitor, 2011). In fact, some economy analysts from Singapore have argued that projection need to be achieved through the ETP program is not realistic based on current market conditions (Miller, 2011).

### LITERATURE REVIEW

#### ECONOMIC TRANSFORMATION PROGRAM (ETP)

Dato 'Sri Abdul Wahid Omar stated in the 2013 Annual Report of the Economic Transformation Program that the ETP represents a component of the National Transformation Program (NTP) which is designed to propel Malaysia towards a high-income country status. In his speech in conjunction with the launching of the Government Transformation Program Annual Report (GTP) and Economic Transformation Program (ETP) on 12<sup>th</sup> May 2014, YAB Dato' Sri Mohd. Najib Bin Tun Haji Abdul Razak, mentioning that the ETP combines two components, namely the 12 National Key Economic Areas or NKEAs which focused on economic growth and secondly is the 6 Strategic Reform Initiatives (SRI), which includes policies and procedures are implemented to create a more competitive and dynamic business environment. Combination of NKEA and SRI is aimed to boost gross national per capita income to USD15,000, created 3.3 million new jobs and attract investments totaling USD444 billion by 2020 (Shmavonian & Hershman, 2012). The Prime Minister also expects that ETP can increase employment opportunities and improve the national gross income (Economic Policy, 2011). According to Deputy Prime Minister, key performance indicator (KPI) for NKEA is 110 per cent in 2014 (Muhyiddin Yassin, 2015).

Utusan Malaysia dated 29 April 2015 has reported that Malaysia's economic diversification under the ETP has managed to reduce the country's dependence on oil and gas revenues from 40.3 percent in the year of 2009 to 29.7 percent in the year of 2014. Malaysia also reported to have improved performance in terms of Gross Domestic Product (GDP) growth of 6 percent, higher than expected by the World Bank which is 5.7 per cent. In addition, Gross National Income (GNI) has risen 44 per cent of USD7,059 (RM25,067) in the year of 2009 to USD10,426 (RM37,023) in 2014. Private investment continues to dominate the country's economy by 64 percent compared to 36 percent by government. Malaysia is the biggest winner in the ASEAN fund for the second year in a row with a gain of RM22.7 billion through initial public offerings (IPOs) and secondary offerings. In his speech, Prime Minister has stated that 1.5 million new jobs created so far in 2014 in the NKEA

since 2010, while more than 5 million people in rural areas have benefited basic facilities since GTP and ETP implemented, as well as 170,000 poor have increased total income in the last 5 years.

**YOUTH**

Most countries have their own definitions based on socio-cultural, political and economic developments in their respective countries. As each country has their arguments that must be respected just as the United Nations (UN) respects the definition of youth by its member countries even though the United Nations defines youth as the age group in between 15 to 24 years old.

The definition of youth by Ministry of Youth and Sports, Malaysia in the paper "Proposed National Youth Development Policy" (1995) stated that the youth is referring to individual aged between 15 to 40 years old. Among the highlights of this paper are:

1. It is the definition of the Malaysian Youth Council 1985.
2. It is considered as a group that has reached a satisfactory level of maturity and could receive the maximum benefit from the plans drawn up.
3. It is the majority of people in this country.

**GENERIC SKILLS**

Most employers today emphasize generic skills needed by graduates to enable them to play an effective role when they begin their journey in the world of work. Thus, graduates who meet these criteria have an advantage in getting a job (Saemah et al., 2011). If an individual who performs related work have the education, knowledge and skills, he is considered a qualified person. If an individual demonstrates the ability to achieve the desired results, he is considered as competent (Inga & Deniss, 2014). This is a characteristic of generic skills required. They should also have good communication skills, especially in English, as it is the international language. English is widely used in news and information, business, diplomacy, profession, travel, and entertainment (Kenji Kitao, 2006).

Latisha & Suniya (2010) have reviewed previous studies that the majority of respondents (97.9%) of the study, said that all the personal qualities such as willingness to learn new things, dedicated and committed, self-confident, pleasant personality and approachable, have the drive to achieve results, intelligent and able to take initiative, responsible, reliable and can be trusted, able to adapt to change, able to work independently, able to withstand the pressure and uncertainty, can assess their own performance, piety and devotion, knowledge and skills, open-minded, helpful and ethnic and gender sensitivity is 'important' or 'very important'. This is one example of the skills needed in the workplace.

**OBJECTIVES AND RESEARCH METHODOLOGY**

The objective of this article is to examine the impact of the Economic Transformation Program (ETP) to Malaysian youth. While the specific objectives of this article is to examine the relationship between employability and generic skills of youth.

The study was conducted using quantitative methods. Quantitative data was obtained from the questionnaires which were specially designed by the researchers. In this study the employability of youth is the dependent variable. While generic skills variables act as independent variables. A total of 683 respondents from aged 16 to 40 years old have answered the questionnaire which had 99 questions.

The survey consists of four parts, namely Part A, B, C and Part D. Part A contains 16 questions related to the background of the respondents such as gender, age, education level, work experience and so on. While there are 43 questions on Part B deals with the generic skills respondents, Part C with 14 questions related to career development and Part D with 23 questions related to their self-presentation. For Part B, C and D require respondents to answer using scores that are prepared in Likert scale where a score of 1 categorized as 'strongly disagree', while a score of 5 is classified as 'strongly agree'.

However, this article only covers the results of relationship between the employability of youth with their generic skills.

**FINDINGS AND DISCUSSION**

For questions about respondents' knowledge on the Economic Transformation Program (ETP), a total of 50.87 percent of the respondents had never heard of (ETP), while 49.13 per cent had heard of ETP. The study also shows the relationship between the employability of youth with career development. Scale of employability is measured with three questions on five scaling Likert scale starting with '1' (Strongly disagree) to '5' (Strongly agree). The results showed that the respondents were not sure of their employability to get a first job with ease (B1: mean = 3.15, SD = 1.022), and they are not sure that they can get better job opportunities within the same organization (B2: Mean = 3.26, SD = 0.937). They also not sure if they can get better employment exchange in other organizations (B3: mean = 3.22, SD = 0.964).

**TABLE 1: DESCRIPTIVE ANALYSIS OF OF EMPLOYABILITY OF RESPONDENTS**

Items	Response scale (%)					Mean	Standard deviation (SD)	Skewness	Kurtosis	
	1	2	3	4	5					
B1	I believe I will get my first job with ease	7.0	15.5	43.3	24.6	9.6	3.15	1.022	-0.147	-0.228
B2	I believe I will get better job opportunities within the same organization	4.9	11.8	43.0	32.7	7.6	3.26	0.937	-0.347	0.104
B3	I believe I will get better employment exchange in other organizations	4.4	14.7	45.0	26.1	9.8	3.22	0.964	-0.093	-0.107

For the analysis of the generic skills, there are 43 questions related to this feature. The mean value was highest for the question 'I can communicate by writing in Malay language with good' (C40: mean = 4.20). The second value is the highest for the question 'I can communicate orally in Malay language with good' (C39: 4.19) and the third highest value is to the question 'I am a good listener' (C4: min = 4.10). While the lowest mean value is for the question 'I can solve the problem without the help of others' (C23: mean = 3.27), the mean value is the second lowest of the question 'I can communicate orally in English with good' (C41: min = 3.57) and the mean value of the three lowest (C20: mean = 3.58) for the question 'I am very creative in improving a job'.

**EXPLORATORY FACTOR ANALYSIS AND RELIABILITY**

Exploratory factor analysis (EFA) has been used to reduce the number of instruments in order to set a specific number that can be measured to determine how and to what extent the relationship between the variables based on fundamental factors. EFA has also helped to assess the legality of the items used in the questionnaire for this study.

All three items scale of employability subject to EFA. At first, Rotated factor matrix was calculated to determine how many components (factors) to be removed and explain the correlation between factors. The matrix for correlation of the coefficients were examined to assess the suitability of data for factor analysis. Table of correlation matrix shows that the correlation coefficient is above 0.400 with 0.700 KMO value has exceeded 0.600, and Bartlett's Test of Sphericity was significant. This confirms the items suitability for EFA.

**TABLE 2: SUMMARY OF EXPLORATORY FACTOR ANALYSIS**

Construct	KMO	Bartlett's Test			Total Variance
		Chi Square	Df	Significant	
Employability	0.700	721.594	3	0.000	74.206
Generic skills	0.962	14845.671	595	0.000	65.349

For generic skills, the variable has been divided into 6 parts. It consists of individual qualities, leadership and teamwork, thinking skills, competitiveness, basic skills as well as communication and technology. A total of 8out of 43 questions were removed because belongs to more than one component which are C6-I can share with others, C9, I am committed to the tasks assigned, C27- I am able to use the knowledge in practical, C28- I am able to plan and manage time, C30- I be able to work as a team, I am confident to perform tasks C31-, C33- I am able to think critically and creatively, and C34- I am very sensitive to the current situation.

The relationship between the employability and generic skills is significant for p values shown in the regression analysis was p = 0.000 <0.05. The relationship between the employability and componenets of generic skills which are leadership and teamwork and basic skills are significant because it shows the value of p =

0.012, 0.003 <0.05. Whereas the employability and the remaining variables are not significant because the value of  $p > 0.05$  which is the quality of the individual ( $p = 0.889$ ), thinking skills ( $p = 0.054$ ), competitiveness ( $p = 0.062$ ) and communication and technology ( $p = 0.427$ ).

## CONCLUSION

In the vibrant development of the ETP and GTP, NKRA of all fields lead to job creation in line with the expectation of making Malaysia a developed nation by 2020. From this research, the knowledge of youth about the ETP is almost equal between the number of ever knowing about it and the number of non-never knowing of its existence. In addition, within three months, through this study, it was found that many youth are not active in job searching. Among the factors that could be considered is the introduction of the GST, the ringgit's decline, after the floods effect and other factors that lead youth to take more time to adapt in the environment that exists at the moment. This problem is amplified by a majority of respondents were not sure that they will get their first job easily.

Through this study, it was found that most respondents we asked have good communication skill for verbal and written form in Malay language. In addition, they also feel that they are the best listeners. One worrying factor is that they say that they need help from others to solve problems and also less power to innovate. This suggests that they are less believes in solving problems individually. Moreover, as usual, they feel that they have a poor command of oral communication in English.

In conclusion, at the moment, youth are still looking for jobs that suit them and ETP has offered 12 new areas that can add value to the youth in the country. Through this study, graduates' employability is depend on career development. Career development includes aspects such as, have clear direction, career planning for career development, the ability to use multiple sources to find job, willingness to develop self-potential and understand the needs of the industry.

## ACKNOWLEDGEMENT

Researchers would like to thank Institut Penyelidikan Pembangunan Belia Malaysia, Ministry of Youth and Sport, Malaysia for the funding for this research.

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## THE RELATIONSHIP BETWEEN PORTFOLIO PERFORMANCE AND ASSET ALLOCATION POLICY

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### ABSTRACT

*Asset allocation is an important strategy for portfolio management. In its simplest terms, asset allocation refers to the process of adjusting the relative proportion of different asset classes in an investment portfolio. Asset allocation is based on the fact that both expected return and risk of each asset class are different. By combining asset classes in different proportions, it is possible to enhance the overall portfolio return and reduce risk. As per past research, it is believed that a portfolio return is dependent upon many important factors or strategies. The recognized strategies are a) Strategic Asset Allocation b) Sector/ Stock Selection, and c) Market Timing. The above strategies have also been recognized in the research papers of Hood, Brinson and Beebower (1986) and Singer, Beebower and Brinson (1991).*

### KEYWORDS

asset allocation, portfolio performance, mutual fund, portfolio optimization, investment strategies.

### 1. INTRODUCTION

The literature on Asset Allocation has for long been an area of interest for both theoretical and empirical research. This consists of the finding of new research, using a growing arsenal of econometric techniques for identifying new strategies to improve portfolio performance.

Creating a suitable Asset Allocation is a dynamic process, and it is the most important factor in deciding portfolio's expected Return and Risk. Portfolio's Asset Allocation should be as per individual's goals at any point in time. Following are the different Asset Allocation Strategies in Portfolio Management

#### **Strategic Asset Allocation**

Strategic Asset Allocation is the process of finding the right mix between different asset classes based on respective asset class outlook and investors willingness to take risk. Once the Asset Allocation is decided and finalized, the strategy of buy and hold is followed. The Allocation mix is not changed during the holding period of portfolio. For example, if Debt has historically given 10% per annum and Equity has given 20% then the Asset Allocation mix of 50% in Equity and 50% in Debt will give an expected return 15% per annum.

#### **Constant-Weighting Asset Allocation**

Constant Weighting Asset Allocation is also referred to as Market Timing or Reallocation.

Rebalancing is the next step after Strategic Asset Allocation. In Strategic Asset Allocation, the asset mix is not changed or disturbed during the holding period of portfolio. Because of the buy and hold strategy, the risk of the portfolio changes with time. If Equity market goes up then Equity allocation in portfolio goes up which leads to higher overall risk and if Equity market goes down then Equity allocation of portfolio comes down and leads to reduction of portfolio. This may not be good for investor because of diversion of risk of the portfolio from the long term goal. To correct this and to control the unwanted Risk in Portfolio, Rebalancing or Constant Weighting Asset Allocation is done. The deviation of asset mix is corrected and Portfolio is brought to the original mix of Strategic Asset Allocation. The deviation is corrected by selling the asset which has gone up from the pre-defined mix and buying the Asset which has gone down in percentage terms. There are no predefined rules for timing the portfolio rebalancing or constant-weighting asset allocation. Research shows that Rebalancing at higher frequency may not add value because of higher trading cost. The commonly used rebalancing frequency is either once a year or whenever the variance is more than 5% in portfolio.

Constant-Weighting Asset Allocation is also referred as Rebalancing.

#### **Tactical Asset Allocation**

A big disadvantage of Strategic Asset Allocation is that it is rigid and not ready to take advantage of short-term opportunities which become available in market. Extra Alpha can be created in portfolio if Asset Allocation mix is changed depending upon the outlook and valuation level of Asset Class. The flexibility in Tactical Asset Allocation makes it a very powerful strategy to add value in portfolio.

Tactical Asset Allocation is also referred as Reallocation.

Tactical asset allocation is usually considered to be a moderately active strategy. The strategy may or may not give higher return. It completely depends on the accuracy of timing of the advisor or investor. If the timing is good then it may lead to higher return. Tactical Asset Allocation is recommended only when someone has good knowledge of markets.

### CONSTANT-WEIGHING ASSET ALLOCATION

Rebalancing is the next step after Strategic Asset Allocation. In Strategic Asset Allocation, the asset mix is not changed or disturbed during the holding period of portfolio. Because of the buy and hold strategy, the risk of the portfolio changes with time. If Equity market goes up then Equity allocation in portfolio goes up which leads to higher overall risk and if Equity market goes down then Equity allocation of portfolio comes down and leads to reduction of portfolio. This may not be good for investor because of diversion of risk of the portfolio from the long term goal. To correct this and to control the unwanted Risk in Portfolio, Rebalancing or Constant Weighting Asset Allocation is done. The deviation of asset mix is corrected and Portfolio is brought to the original mix of Strategic Asset Allocation. The deviation is corrected by selling the asset which has gone up from the pre-defined mix and buying the Asset which has gone down in percentage terms.

There are no predefined rules for timing the portfolio rebalancing or constant-weighting asset allocation. Research shows that Rebalancing at higher frequency may not add value because of higher trading cost. The commonly used rebalancing frequency is either once a year or whenever the variance is more than 5% in portfolio.

Constant Weighting Asset Allocation is also referred to as Market Timing or Reallocation.

Research by Vanguard has shown that risk-adjusted returns don't change much whether the portfolio rebalancing is done daily, monthly, annually or at any other frequency. Cost (taxes, time, and labor) is an important angle in Rebalancing. Higher the frequency, higher is the cost. A balance between rebalancing frequency and cost should be maintained.

#### **Costs of Rebalancing**

Following is the cost associated with Rebalancing:

1. Taxes (if applicable): Capital Gain tax will be applicable if there is gain on the units sold for rebalancing.
2. Transaction costs to execute and process the trades: There is transaction cost related to Rebalancing like Exit load, Commission, Impact cost, Bid and Ask spread etc.
3. Time and labor input costs: The cost of the man hours spent on computing and executing the rebalancing is included here. The costs may include management fees, if a professional manager is hired for rebalancing exercise.

## TACTICAL ASSET ALLOCATION

Tactical Asset Allocation (TAA) or Reallocation or Market Timing is a dynamic strategy that actively adjusts a portfolio's strategic Asset Allocation (SAA) based on short-term market expectation, outlook or forecast. Although the successful implementation of a Tactical Asset Allocation strategy is often considered to be simple but it is actually very difficult. Research shows some Market Timing strategies have added value, on average Market Timing strategies have not produced significant excess returns over various time periods in Developed Markets. However, enough work on the value addition by Market Timing Strategies on Emerging Markets has not been done.

The main objective of Reallocation strategy is to take advantage of inefficiencies or temporary imbalances different asset or sub asset classes. Reallocation Strategy can add (or subtract) value, if designed, evaluated and executed appropriately.

### The case for Tactical Asset Allocation

Tactical Asset Allocation attempts to add value to Strategic Asset Allocation by increasing allocation to those asset classes that are expected to outperform on a relative basis and decreasing exposure in those asset classes which are expected to underperform. In Reallocation, financial and economic variables are used to predict performance and assign relative short-term asset-class weightings.

Economically, Tactical Asset Allocation is based on the assumption that returns among asset classes will diverge temporarily from equilibrium levels, allowing the opportunity for excess returns from systematic and disciplines strategies.

A good Tactical Asset Allocation strategy will recognize the imbalance from equilibrium and recommend a overweight to an underpriced asset class.

### Tactical Asset Allocation Signals

Some of the commonly used signals for Tactical Asset Allocation are as under:

- Earning Yield vs Bond Yields
- Business Cycle/ Macroeconomic Signals
- Valuation Signals
- Market Capitalization vs GDP
- Momentum Signals
- Sentiments Signals
- Liquidity Signals
- Economic and Industrial Growth
- Employment and productivity Signals

### STRATEGIC ASSET ALLOCATION

In Asset allocation, it is assumed that both expected return and risk of each asset class are different. By combining asset classes in different proportions, it is possible to enhance the overall portfolio return and reduce risk.

As per past research, it is believed that a portfolio return is dependent upon many important factors or strategies. The recognized strategies are a) Strategic Asset Allocation b) Sector/ Stock Selection, and c) Market Timing. The above strategies have also been recognized in the research papers of Hood, Brinson and Beebower (1986) and Singer, Beebower and Brinson (1991).

Strategic Asset allocation is defined as an investment strategy in which the investor's funds are allocated or invested across available asset classes. The allocation percentage depends on some of the following factors:

- Age of person
- Willingness to take Risk
- Ability to take Risk
- Cash outflows in future
- Cash inflows in future
- Size of existing wealth
- Volatility of expected Future Wealth.
- Past experience of investing
- Risk Profile
- Longevity Risk
- Risk and Return expectation of each asset class.
- Correlation among asset classes

The assets are spread across different asset classes such that the resulting risk and return of overall portfolio matches as per the personal requirement of investor. Strategic Asset Allocation is also known as buy and hold strategy. Once the funds are allocated, the allocation is not changed. The Asset Allocation of portfolio continues which was defined in the very beginning. Strategic Asset Allocation is the most important strategy and a wrong Asset Allocation has the potential of affecting the investor negatively. Strategic Asset Allocation is good for passive investors who don't want the portfolio to be changed or churned regularly.

## 2. REVIEW OF LITERATURE

The literature on Asset Allocation has for long been an area of interest for both theoretical and empirical research. This consists of the finding of new research, using a growing arsenal of econometric techniques for identifying new strategies to improve portfolio performance.

**Ibbotson and Kaplan (2000)** used 5 asset classes in their study "*Does Asset Allocation Policy Explain 40, 90, or 100 Percent of Performance?*" Ibbotson and Kaplan "examined the 10 year return of 94 US balanced mutual funds versus the corresponding indexed returns. The linear correlation between monthly index return series and the actual monthly actual return series was measured at 90.2%". Ibbotson concluded "(1) that asset allocation explained 40% of the variation of returns across funds, and (2) that it explained virtually 100% of the level of fund returns".

"Does asset allocation policy explain 40 percent, 90 percent, or 100 percent of performance? According to some well-known studies, more than 90 percent of the variability of a typical plan sponsor's performance over time is attributable to asset allocation. However, few people want to explain variability over time. Instead, an analyst might want to know how important it is in explaining the differences in return from one fund to another, or what percentage of the level of a typical fund's return is the result of asset allocation. To address these aspects of the role of asset allocation policy, they investigated these three questions".

1. How much of the variability of returns across time is explained by asset allocation policy?
2. How much of the variation of returns among funds is explained by differences in asset allocation policy?
3. What portion of the return level is explained by returns to asset allocation policy?"

"They examined 10 years of monthly returns to 94 balanced mutual funds and 5 years of quarterly returns to 58 pension funds. For the mutual funds, they used return-based style analysis for the entire 120-month period to estimate policy weights for each fund. They carried out the same type of analysis on quarterly returns of 58 pension funds for the five-year 1993-97 period. For the pension funds, rather than estimated policy weights, they used the actual policy weights and asset-class benchmarks of the pension funds".

"They answered the three questions as follows:

- 1) They regressed each fund's total returns against its policy return and recorded the RSQ value for each fund in the study. They found that, on average, about 90 percent of the variability of returns of a typical fund across time is explained by asset allocation policy. Most of a fund's ups and downs are explained by the ups and downs of the overall market.



- 2) They ran a cross-sectional regression of compound annual fund returns for the entire period on compound annual policy returns. They found that about 40 percent of the variation of returns from one fund to another is explained by policy return differences. For example, among mutual funds, if one fund's return is 13 percent and another fund's return is 8 percent, then on average, about 2 percent of the difference is explained by the difference in asset mix policy; the remaining 3 percent difference is explained by other factors, such as timing, security selection, and fee differences between the funds.
- 3) For each fund, they divided the compound annual policy return for the entire period by the compound annual fund return. They found that, on average, about 100 percent of the return level is explained by the return to asset allocation policy. Thus, the average fund's return to asset-mix policy is about the same as the return to the benchmarks for the asset classes".

**Meir Statman (2000)** "found that using the same parameters that explained BHB's 93.6% variance result, a hypothetical financial advisor with perfect foresight in tactical asset allocation performed 8.1% better per year, yet the strategic asset allocation still explained 89.4% of the variance. Thus, explaining variance does not explain performance. Statman says that strategic asset allocation is movement *along* the efficient frontier, whereas tactical asset allocation involves movement of the efficient frontier".

"A more common sense explanation of the Brinson, Hood, and Beebower study is that asset allocation explains more than 90% of the volatility of returns of an overall portfolio, but will not explain the ending results of portfolio over long periods of time. Hood notes in his review of the material over 20 years, however, that explaining performance over time is possible with the BHB approach but was not the focus of the original paper".

**Wolfgang Drobetz and Friederike Kohler (2002)** "found that by using the approach of Ibbotson and Kaplan (2000) on German and Swiss balanced mutual fund data they find that more than 80 percent of the variability in returns of a typical fund over time is explained by asset allocation policy, roughly 60 percent of the variation among funds is explained by policy, and more than 130 percent of the return level is explained, on average, by the policy return level".

"In this paper they analyse the contribution of asset allocation policy to the performance of 51 German and Swiss balanced mutual funds. While it is well known throughout the investment community that asset allocation policy is the major determinant of total fund performance, there is substantial disagreement about the exact magnitude. Following the approach in Ibbotson and Kaplan (2000), they demonstrate that the correct answer depends on the specific question being asked".

"They find that more than 80 percent of the variability in returns of a typical fund over time is explained by asset allocation policy, roughly 60 percent of the variation among funds is explained by policy, and more than 130 percent of the return level is explained, on average, by the policy return level. Comparing their empirical results to previous results by Brinson et al. (1986, 1991) and Ibbotson and Kaplan (2000) for U.S. pension fund and mutual fund data, they come to three conclusions".

"First, they find that the degree of active management is similar. Second, they document evidence that U.S. managers offer a more diverse range of mutual fund products, i.e., compared to their sample of German and Swiss funds, there are more pronounced differences in the asset allocation targets among funds. Finally, they report that, on average, active management (i.e., stock picking and/or timing) has not even been neutral to fund performance, but rather destroyed a significant portion of investors' value".

**S. Fowdar (2008)** "investigate the contribution of asset allocation policy to the performance of seven Mauritian mutual funds has being analysed. This study investigated whether asset allocation policy does contribute to the performance of Mauritian mutual funds. There is significant divergence of opinion as to the exact amount of the contribution of asset allocation. Following the method used by Ibbotson and Kaplan (2000) and Drobetz and Köhler (2002), the study revealed that the policy return explained approximately 33 percent of the variability of total fund return over time, around 22 percent of the variation across funds was explained by policy, and nearly 20.43 percent of the policy return level is incorporated in total return level on average".

"It can be inferred that the degree of active management is not similar since funds operating in more efficient markets than Mauritius, had a higher degree of active management. In addition, developed markets offer a wider range of mutual fund products".

**James X. Xiong, Roger G. Ibbotson, Thomas M. Idzorek, and Peng Chen (2010)** "found that considerable confusion surrounds both time-series and cross-sectional regressions and the importance of asset allocation. Cross-sectional regressions naturally remove market movements; therefore, the cross-sectional results in the literature are equivalent to analyses of excess market returns even though the regressions were performed on total returns. In contrast, time-series analyses of total returns do not naturally remove market movements. With market movements removed, asset allocation and active management are equally important in determining portfolio return differences within a peer group".

"Their study helped identify and alleviate a significant amount of the long-running confusion surrounding the importance of asset allocation. First, by decomposing a portfolio's total return into its three components—(1) the market return, (2) the asset allocation policy return in excess of the market return, and (3) the return from active portfolio management—they found that market return dominates the other two return components. Taken together, market return and asset allocation policy return in excess of market return dominate active portfolio management. This finding confirms the widely held belief that market return and asset allocation policy return in excess of market return are collectively the dominant determinant of total return variations, but it clarifies the contribution of each. More importantly, after removing the dominant market return component of total return, they answered the question, Why do portfolio returns differ from one another within a peer group? Their results show that within a peer group, asset allocation policy return in excess of market return and active portfolio management are equally important".

"Critically, this finding is not the result of a mathematical truth. In contrast to the mathematical identity that in aggregate, active management is a zero-sum game (and thus, asset allocation policy explains 100 percent of aggregate pre-fee returns), the relative importance of both asset allocation policy return in excess of market return and active portfolio management is an empirical result that is highly dependent on the fund, the peer group, and the period being analyzed".

"The key insight that ultimately enabled us to conclude that asset allocation policy return in excess of market return and active portfolio management are equally important is the realization that cross-sectional regression on *total* returns is equivalent to cross-sectional regression on *excess market* returns because cross-sectional regression naturally removes market movement from each portfolio. They believe that this critical and subtle fact has not been clearly articulated in the past and has been overlooked by many researchers, especially when interpreting cross-sectional results in relation to the overall importance of asset allocation".

"The insight that cross-sectional regression naturally removes market movement leads to the notion that removing market movement from traditional total return time-series regression is necessary should one want to put the time-series and cross-sectional approaches on an equal footing. After putting the two approaches on an equal footing, they found that the values of  $R^2$  for the excess market time-series regressions and the cross-sectional regressions (on either type of return) are consistent".

"Finally, by examining period-by-period cross-sectional results and highlighting the sample period sensitivity of cross-sectional results, they explained why different researchers using the same regression technique can get widely different results. More specifically, cross-sectional fund dispersion variability is the primary cause of the period-by-period cross-sectional  $R^2$  variability".

**Colleen M. Jaconetti, Francis M. Kinniry Jr and Yan Zilbering (2010)** "found that the primary goal of a rebalancing strategy is to minimize risk relative to a target asset allocation, rather than to maximize returns. There is no optimal frequency or threshold when selecting a rebalancing strategy. This paper demonstrates that the risk-adjusted returns are not meaningfully different whether a portfolio is rebalanced daily, monthly, quarterly, or annually".

"The primary goal of a rebalancing strategy is to minimize risk relative to a target asset allocation, rather than to maximize returns. A portfolio's asset allocation is the major determinant of a portfolio's risk-and-return characteristics. Yet, over time, asset classes produce different returns, so the portfolio's asset allocation changes. Therefore, to recapture the portfolio's original risk-and-return characteristics, the portfolio should be rebalanced. In theory, investors select a rebalancing strategy that weighs their willingness to assume risk against expected returns net of the cost of rebalancing. Their findings indicate that there is no optimal frequency or threshold when selecting a rebalancing strategy. This paper demonstrates that the risk-adjusted returns are not meaningfully different whether a portfolio is rebalanced monthly, quarterly, or annually; however, the number of rebalancing events and resulting costs (taxes, time, and labor) increase significantly. (For instance, monthly rebalancing with no threshold would require 1,008 rebalancing events, while annual rebalancing with a 10% threshold would require only 15 rebalancing events.) As a result, they conclude that for most broadly diversified stock and bond fund portfolios (assuming reasonable expectations regarding return patterns, average returns, and risk), annual or semi-annual monitoring, with rebalancing at 5% thresholds, is likely to produce a reasonable



balance between risk control and cost minimization for most investors. Annual rebalancing is likely to be preferred when taxes or substantial time/costs are involved".

"Just as there is no universally optimal asset allocation, there is no universally optimal rebalancing strategy. The only clear advantage as far as maintaining a portfolio's risk-and-return characteristics is that a rebalanced portfolio more closely aligns with the characteristics of the target asset allocation than with a never-rebalanced portfolio. As their analysis shows, the risk-adjusted returns are not meaningfully different whether a portfolio is rebalanced monthly, quarterly, or annually; however, the number of rebalancing events and resulting costs increase significantly. As a result, they conclude that a rebalancing strategy based on reasonable monitoring frequencies (such as annual or semi-annual) and reasonable allocation thresholds (variations of 5% or so) is likely to provide sufficient risk control relative to the target asset allocation for most portfolios with broadly diversified stock and bond holdings".

**Daniel, Julieann, Christos and Joanne of Vanguard's (2012)** "research for U.S., Canadian, U.K., and Australian funds were proportionately much the same in terms of the degree to which asset allocation was found to explain return variability over time and dispersion of returns across funds. In addition, they found that indexed policy portfolios provided, on average, higher returns and lower volatility than actively managed funds. Also, the Sharpe Ratio of Active funds were less than the Policy Asset Allocation Portfolio".

"The importance of choosing a strategic asset allocation is now common knowledge to those in the investment advisory community. For general investors the question remains, however: How does asset allocation affect their risk-and-return expectation?"

## CONCLUDING OBSERVATIONS

Globally lots of research has been done to understand the importance of Asset Allocation in Portfolio Performance. Majority of the work has been done in Developed Markets and limited research is available for Emerging Markets. In Developed Markets, the markets are assumed to be efficient which also gets reflected in higher contribution of Asset Allocation strategy to Portfolio Performance. The emerging markets which has weak or semi strong level of efficiency may have less contribution by Asset Allocation in Portfolio Performance. This study tries to investigate this difference in contribution.

Asset allocation is based on the fact that both expected return and risk of each asset class are different. By combining asset classes in different proportions, it is possible to enhance the overall portfolio return and reduce risk.

As per past research, it is believed that a portfolio return is dependent upon many important factors or strategies. The recognized strategies are a) Strategic Asset Allocation b) Sector/ Stock Selection, and c) Market Timing. The above strategies have also been recognized in the research papers of Hood, Brinson and Beebower (1986) and Singer, Beebower and Brinson (1991).

Evaluation of the contribution of strategies in portfolio Return and Risk across time is done for Balanced Funds and Income Funds. The past research work has shown the importance of Strategic Asset Allocation in Portfolio Performance. This study enhances the work by seeing the importance of portfolio strategy on different asset classes, holding periods, Risk and Asset Allocation Strategies.

This research contributes to the Asset Allocation Literature. Research also gives new directions & information on Asset Allocation Strategies and Portfolio Performance to Policy makers, Wealth Managers, Financial Advisors, Fund Managers, Asset Management Companies, Researchers and Credit Rating Agencies.

Further research on the subject is recommended given its economic as well as academic importance.

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## ANALYSIS OF DEMOCRATIC MANAGEMENT BY COOPERATIVE SOCIETIES CASE OF COOPERATIVE UNIONS IN EAST WOLLEGA ZONE, OROMIA, ETHIOPIA

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### ABSTRACT

*As per international cooperative principles, cooperative societies are democratic in election, membership admission and operating business. This study was designed to analyze practice of democratic management by cooperative society: case of cooperative unions in East Wollega zones, Ethiopia. The study is explanatory and qualitative in nature and descriptive data analysis was used. The result of the research indicated that the cooperatives in the study area are practicing democratic management regarding free and voluntarily membership admission. Decisions by the cooperatives passed by majority votes, each members has free and equal vote and all members have equal opportunity in election. Concerning the accountability of members and leaders it is found that members are accountable to the bylaw of respective society as well as the elected leaders are accountable for members. Conversely the result indicates there was no regular general member meeting as per the respective bylaw. The office term of the board of directors are extended beyond the cooperative law of the country the paid professional management teams are dictating the board of director in decision making. Thus, it can be concluded that cooperative societies practicing democracy in membership admission, administering member meeting and in the area of member and freely and fairly elected leaders who are accountable for the members. However it is strongly recommend administering general assembly meeting regularly and professionals need to respect cooperative principles and bylaw to be accountable to board of directors to make the democratic management effective in cooperative unions.*

### KEYWORDS

democratic management, cooperatives, cooperative management.

### INTRODUCTION

Cooperative history is going back to an ancient time that makes difficult to pinpoint the exact time of origin of cooperative however, the modern cooperative goes back to industrial revolution in the European countries (Tichami, 2007) with consumer cooperative by Rochdale Pioneers Equitable Society. This cooperative society is the first successful modern cooperative in the world which paved way for establishment and expansion of cooperative in the world. Since its origin, cooperative defined in different ways by different scholars based on the circumstance of the cooperative movement that has taken place in the different countries. The internationally accepted definition of cooperative was adopted by International Cooperative Alliance (ICA) (1995), "cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise". This indicates that cooperative is voluntary autonomous organization established for addressing common needs of member. In order to meet members' interest, cooperatives are based on the basic values of self-help, self-responsibility, democracy, equality, equity, and solidarity; cooperative members believe in the ethical values of honesty, openness, social responsibility, and caring for others (Krishnaswami and Kulandaiswamy, 2000). The life and work of a cooperative business are governed by these cooperative values.

Cooperatives are distinct business organization for which it has guidelines for business operations. This guideline is known as cooperative principles formulated by ICA and believed to be applied by cooperative societies over the world. Such principles are voluntary and open membership; democratic member control; member economic participation; autonomous and independent; education, training and information; cooperation among cooperatives and concern for community (Zueli and Cropp, 2004).

These principles disclose that cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. Cooperatives members have equal voting rights (one member, one vote) for passing decision in every aspect of cooperative affairs (Smith, 2004). Thus, cooperative business model is intended to practice participatory decision making to maintain the core principle of democratic control. This signifies that democratic member control is hallmark of cooperatives.

Cooperative is an enterprise based on the values of self-help equity in ownership and wealth distribution, equality of involvement, solidarity with people from all over the world, honesty in pursuit of objectives, openness about operations, and a balance between commercial trading, social responsibility and environmental care. Cooperative is attractive for it is caring for community beyond the members; democratically controlled value added or profits made by the business is partly used for social and environmental purposes and partly distributed back to members based on the value of equity. Thus cooperative is definitely contributed for socio-economic development of the community.

### LITERATURE REVIEW

Provided that cooperatives are community-based business organizations, they respond to the social challenges of their communities. Besides, cooperative movement has tools of invaluable scope and effectiveness for improving the social, economic and cultural conditions of populations. Social services are an area of considerable innovation and growth within the cooperative movement which are potentials of cooperative to reduce poverty.

From this standpoint, cooperative provide health care facilities, deliver pharmacy services insurance and contributing for potable water supply for the communities in which they operate. For instance, as it is noted by Smith (2006) cooperatives are effective mechanism to provide securities such as microfinance to the poor against natural disaster which could lead to poverty. This phenomenon is practiced in Ethiopia very recently by Lume-Adama and Yerer Farmers' Cooperative Unions provide insurance against crop failure (FCA, 2010), which assumed to be preventive measure of poverty. In addition to this according to report by FCA, agricultural cooperative contributing for expansion of primary education for rural children and health institution service quality in rural area in which coffee farmer cooperative unions can be cited as an example in Ethiopia.

For the fact that cooperative is community lead business organization, they contribute material and furniture for education in their community, in compatible with cooperative principle, cooperatives educating and capacitating members and other community through informal but continuous education. Informal education for rural community through agricultural cooperative is a means for capacity building causative and innermost component to development efforts (Adebayo et al, 2010). Indeed cooperative educate and empower small-scale members even non-member rural community to use improved agricultural technologies together with agricultural extension services for obtaining surplus production and to produce quality and market-oriented agricultural production, This help the farming family to secure food at their household level and increase their income from their products. Concurrently, it contributes for local food security and its summative effect is for national development.

Cooperative organizations in developing countries are to improve the socioeconomic status of individuals, households and communities through equitably distributing income, and increasing democratic participation. Most cooperative essentially agricultural cooperatives are effectively manage their own

development, provide valued services to members and improve the environment within which they operate and engaged in innovative and sustainable initiatives to reduce poverty.

It is with these believes that ILO and ICA have decided to launch a global campaign against poverty through cooperatives. The ultimate goal of this Campaign is to make a significant contribution to poverty reduction by using the full potential of cooperatives in Millennium Development Goal (MDG) achievement particularly with regard to reducing poverty by half by the year 2015.

As outlined by UN (2009), cooperatives promote and support entrepreneurial development, creating productive employment, raising incomes and helping to reduce poverty while enhancing social inclusion, social protection and community-building. Thus, while they directly benefit their members equitably, they also offer positive externalities for the rest of society and have a transformational impact on the economy

### SIGNIFICANCE OF THE STUDY

The study is aiming on investigating practice of democratic management by cooperative societies in the study area and the promoting good governance. Hence the major findings are regarding the status of the cooperatives in promoting democracy in relation to membership, election and equality and accountability of the leaders and professional management staffs of the cooperative unions.

Therefore, the findings of the study are primarily important for the cooperative unions under study for upgrading their democratic management status and implementing good governance in serving members and deciding members' affairs. Besides results of the study is expected to be important for the cooperative promotion office to educate and train members and leaders respectively for improving democratic management and good governance practice by the cooperative under study and extending the findings to other cooperative societies for propagating the positive aspects of the result. The result also expected to serve information for research scholars and academicians in further research and education purpose in cooperative studies.

### RESEARCH GAB

From the literature reviewed in the above sections few studies are conducted on Ethiopian cooperatives. Among the researches especially in Ethiopia the majority of the studies conducted on assessing growth and contribution of cooperative in poverty reduction in general, performance and challenges of agricultural cooperatives in particular. It is believed that there are no studies on analysis of member democratic management for contributing democratic governance for socio-economic development of the community.

Present research proposal entitled "Analysis of Democratic management in Cooperative Society: Case of Cooperative Union in East Wollega Zone, Ethiopia" is virgin study and will follow explorative research method to examine the democratic management practices in different cooperative management affairs.

### STATEMENT OF THE PROBLEM

In accordance with the guiding principles of the cooperative movement, it is factual that cooperatives is free association, governed by democratic principles that empowering people to provide their own solutions for their common problem. They increase security for the members; and they contribute directly and indirectly to education for children, gender equality and reducing health problems.

Study by Chambo (2009) roles on agricultural cooperatives in food security and rural development outlined that agricultural cooperative in Africa was highlighted the potential of agricultural cooperative in enhancing agricultural productivity through supply of farm inputs so as contribute in food security and underlined some challenging experiences faced by agricultural cooperatives as stiff competition sometimes without clear rules, controlling government policy and legislation and leadership, management and governance challenges. However the study could not point out the significance of democratic control to pull cooperative out of such problems.

Study by Waynama *et al* (2008) on the contribution of cooperatives to poverty reduction in Africa demonstrate that cooperatives have significantly contributed to the mobilization and distribution of resource for reducing poverty in Africa is not outlined the significance of democratic control of cooperative for efficient contribution.

Bezabih (2012), study on the cooperative growth and trend in Ethiopia by emphasis on the growth of cooperative in number and diversity. Other study from Ethiopia on Bacho Waliso FCU by Farmer Organization Support Centre in Africa explore about the success of the cooperative by indicating that the cooperative union increased the members incomes, usually by paid dividends and setting up polystyrene bags manufacturing factory in order to meet the needs of its members and also outline the challenges that the cooperative union faced such as shortage of finance, market problems etc (FOSCA, 2012).

Study in east Wollega zone, Ethiopia by Asfaw (2011) emphasizing on grain marketing performance of multipurpose agricultural cooperative analyzing management problems of cooperatives as determinant for grain marketing performance nevertheless is did not assess democratic member control for enhancing cooperative business performance.

A study by Tigist (2008) in Ethiopia sets out to assess the real and potential impact of the Ethiopian cooperative sector in creating employment, reducing poverty, enhancing social protection and improving the voice and representation of vulnerable groups was not drawn anything about member democratic control rather describing the history, development and challenges of cooperative in Ethiopia.

This study is proposed to see how well cooperative unions in the study area are applying democratic management in their business operation as cooperative governance so as empowering members which is part of community empowerment.

### OBJECTIVES OF THE STUDY

#### GENERAL OBJECTIVES

The general purpose of the study is to analyze practice of democratic management by cooperative society's case of cooperative unions in east Wollega zones, Oromia, Ethiopia

#### SPECIFIC OBJECTIVES

Study is designed to address the following specific research objectives

1. To examine practice of democracy by cooperative with respect to membership.
2. To investigate democratic management in member meeting.
3. To study members and leaders accountability in cooperative.

### RESEARCH QUESTIONS

In order to investigate practicing of democracy by cooperative the following question were posed

- How democracy is practicing by cooperatives in membership admission?
- In what aspect cooperatives applying democracy in general member meeting?
- What members and leaders accountability looks like in cooperative management?

### RESEARCH METHODOLOGY

#### TYPES, SOURCE AND COLLECTION OF DATA

The most important data used for the study were primary data and qualitative in nature although some secondary data were used for supporting the primary data. The primary data were collected from individual respondents, key informants and focus group discussants for analyzing member democratic management in cooperative. The data were collected using semi-structured questionnaire from respondents, key informant interview from key informants and focus group discussion checklist and as well as by personal observation of the researcher.

**SAMPLING DESIGN**

Gibe Didessa Farmers’ Cooperative Union, Aga Dhayi Saving and Credit Cooperative Union and Walin Gudana Consumer Cooperative Union were selected purposively for they are the first cooperative unions in the respective sector. Target population of the study was the members (11, 6776) of member societies of the selected cooperative unions.

13 member primary cooperative societies were selected randomly from the three cooperative unions. From these sample cooperative societies, 383 individual respondents were selected using systematic sampling method proportionally. This sample size of respondents was determined by sample size determination formula

$$n = \frac{z^2 \cdot p \cdot q \cdot N}{e^2 (N - 1) + z^2 \cdot p \cdot q}$$

(Kothari, 2004)

Where

- $n$  = size of sample
- $N$  = size of population (116,776)
- $e$  = acceptable error (the precision) (1.96 at 95% confidence level)
- $p$  = proportion to be included in the sample (50%)
- $q$  = proportion not included in the sample (1-p)
- $z$  = standard variety at a given confidence level (0.05 at 95% confidence level)

$$n = \frac{1.96^2 * 0.5 * 0.5 * 116776}{0.05^2(116776 - 1) + 1.96^2 * .05 * 0.5} = \frac{112151.67}{292.90} = 382.9 = 383$$

For validity and credibility of the information collected from respondents 10 Key informants were selected from cooperative promotion office and cooperative unions by judgment sampling technique to include those who working in cooperative management area.

**METHOD OF DATA ANALYSIS**

Statistical analysis such as descriptive statistics was used to analyze data collected by different data collection tools and triangulated with the data from interview of key informants and focus group discussants. Tables and percentages were used for presenting the results from analysis.

**RESULT AND DISCUSSION**

This section presents findings of the study regarding demographic characteristics of respondents, democratic management with respect to membership, member meeting and accountability in cooperative.

**DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS**

As displayed in the table 1 below, 76.76% of the respondents are male, 63.19% of the respondents are with the age of 31-50 years old. Regarding the marital status 95.04% of respondents are currently married and 64.49% of them are with the educational level of 5-8 grade

**TABLE 1: DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS**

Demographical characteristics	Categories	Frequency	Percentage
<b>Sex</b>	Male	294	76.76
	Female	89	23.24
	Total	383	100
<b>Age</b>	14-30 years	98	25.59
	31-50 year	242	63.19
	Above 50 years	43	11.23
	Total	383	100.00
<b>Marital status</b>	Currently Married	364	95.04
	Divorce	10	2.61
	Widow	9	2.35
	Total	383	100
<b>Educational level</b>	Illiterate	12	3.13
	Grade1-4)	24	6.27
	Grade (5-8)	247	64.49
	Grade 9-10	25	6.53
	Grade 11-12	54	14.10
	Above grade 12	21	5.48
	Total	383	100.00

Source Computed from survey, 2015

**ANALYSIS OF DEMOCRATIC PRACTICE IN COOPERATIVE  
DEMOCRATIC PRACTICE WITH RESPECT TO MEMBERSHIP  
OPEN MEMBRSHIP IN COOPERATIVES**

Cooperatives followed the principles of voluntary membership internationally, hence the respondents’ views were asked about free membership in the study area. The result is revealed in table 2, 72.32% (strongly agree 49.09% and agree 23.24%) of the respondents agree that membership is free in the case of cooperative unions under study.

**TABLE 2: FREE MEMBERSHIP IN COOPERATIVE**

Categories	Frequency	Percentage
Strongly agree	188	49.09
Agree	89	23.24
Neutral	5	1.31
Disagree	67	17.49
Strongly disagree	34	8.88
Total	383	100.00

Source: Computed from survey, 2015

The result from key informant and focus group discussion also confirm that any who is eligible for membership can join cooperative societies freely. Thus cooperatives are community based societies serving members and community within their area by democratic membership.



**DISCRIMINATION IN COOPERATIVE MEMBERSHIP**

As it is depicted in the table 3, 86.69% (disagree 18.28% and strongly disagree 68.41%) of the respondents responded that cooperatives in their area are not discriminate people for membership which indicates that membership in case of sample cooperative is not discriminate people for membership.

**TABLE 3: COOPERATIVE DISCRIMINATE PEOPLE FOR MEMBERSHIP**

Categories	Frequency	Percentage
Agree	48	12.53
Neutral	3	0.78
Disagree	70	18.28
Strongly disagree	262	68.41
<b>Total</b>	<b>383</b>	<b>100.00</b>

Computed from survey, 2015

The findings from key informant interview and focus group discussion is also supporting this result and the secondary data regarding members list contains variety of group of people age, sex and religious wise. Therefore, cooperative societies of the case are accepted members without discrimination that provide equal opportunity for membership.

**DEMOCRACY IN RELATION TO MEMBER MEETING**

**REGULAR MEMBERS MEETING**

As per the cooperative principles and bylaws, general member meeting should be at least once a year. Having this in mind the respondents were asked whether there is regular member meeting which is one of the indicator of the application of democracy in cooperative. The result indicates that 73.37% (59.27% disagree and 14.10% strongly disagree) of the respondents are arguing that there is no regular member meeting however 26.63% of them agreed that member meetings were conducted regularly.

**TABLE 4: COOPERATIVES CARRIED OUT MEMBER GENERAL MEETING REGULARLY**

Categories	Frequency	Percentage
Strongly agree	41	10.70
Agree	61	15.93
Disagree	225	59.27
Strongly disagree	54	14.10
<b>Total</b>	<b>383</b>	<b>100.00</b>

Computed from survey, 2015

The result shows that there is erratic general member meeting. The results from the key informants and focus group discussion indicate that members' general meetings were not conducted regularly as per their respect bylaw. This is because of limited cooperative auditors in the zone all cooperatives were not audited every year and timely which affect regular member general meeting. Consequently in this regard cooperatives of under study are violating democratic management in cooperative

**ELECTION OF COOPERATIVE LEADERS**

Cooperative societies are independent and autonomous business organization. Hence, members are elected their leaders freely and fairly. For analyzing the condition in the study area the opinion of the respondents were asked and found out that 83.55% (strongly agree 32.38% and agree 51.17%) of agreed that members were elected their leaders freely (table 5).

**TABLE 5: COOPERATIVES ELECT THE LEADERS FREELY**

Categories	Frequency	Percentage
Strongly agree	124	32.38
Agree	196	51.17
Neutral	12	3.13
Disagree	36	9.40
Strongly disagree	15	3.92
<b>Total</b>	<b>383</b>	<b>100.00</b>

Computed from survey, 2015

Views of key informants focus group discussion and as well as observation of the researcher also supplementing that the members on the general assembly fairly and freely elected their leaders. This is indicator of democratic management that empowers the community in appointing their representatives in their society among themselves.

**MEMBER VOTE IN DECISION MAKING**

For passing any decision and for election cooperative follows one member-one vote regardless of the share capital or business transaction the members have in the cooperative. For examining such in the study are the opinion of respondents were asked. The result in the table 6 reveals that 93.47% of the respondents replied that members have one member-one vote for decision and only 6.53% of respondents argued that.

**TABLE 6: COOPERATIVES PASSING DECISION BY ONE MEMBER- ONE VOTE**

Categories	Frequency	Percentage
Yes	358	93.47
No	25	6.53
<b>Total</b>	<b>383</b>	<b>100.00</b>

Computed from survey, 2015

The result shows that in cooperative members have equal vote in decision making indicate that there is democratic control in cooperative which avoids dominance of some people in decision making. Views from key informants, focus group discussion and researchers personal observation while cooperatives conducting general meetings were in harmony with the result from respondents adding that each member directly vote for decision by attending the member general meeting as a result cooperative promote members equal right in decision by practicing democratic management.

**COOPERATIVE PROMOTES EQUALITY**

For the fact of cooperative values cooperatives promote equality. Respondents' views were asked for examining whether cooperatives are promoting member equality in the study area. It is found that 81.20% (26.89% strongly agree and 54.31% agree) of respondents were agree that cooperative societies in the study area were maintained member equality (see table 7).



TABLE 7: COOPERATIVE PROMOTE EQUALITY AMONG THE MEMBERS

Categories	Frequency	Percentage
Strongly agree	103	26.89
Agree	208	54.31
Disagree	42	10.97
Strongly disagree	30	7.83
Total	383	100.00

Computed from survey, 2015

The result from key informants and focus group also support the result indicating that members have equal opportunity in electing, to be elected and using the service provided by the cooperative. Thus, through maintaining equality cooperative promote democracy among the community build their assertiveness.

**GOOD GOVERNANCE IN COOPERATIVE**

Good governance practices in cooperatives are analyzed using good governance indicator with respect to cooperative principles and ethical values. Accordingly data collected from respondents on some good governance practice by cooperative. As it is displayed in the table 8 below, cooperative are accountable to their cooperatives' bylaw (81.46% of respondents); elected leaders of cooperative are countable and respecting their member (75.46% of respondents); cooperative are transparent society (81.98% of respondents i.e. 19.06% strongly agree and 62.92% agree); elected cooperative leaders are honest for their cooperative (61.01% of respondents i.e. 5.22% strongly agree and 55.89% agree) and it is found that cooperative promote equity in benefit (60.57% of respondents i.e. 6.53% strongly agree and 54.05% agree). However, nearly more than half of respondents (56.40%) replied that recruited management staffs of cooperative are not accountable to the elected leader, management committee of the cooperative.

TABLE 8: RESPONSES OF RESPONDENTS ON GOOD GOVERNANCE PRACTICES OF COOPERATIVE

Good governance indicators	responses of respondents	Frequency	Percentage
1. Rule of law (members respecting bylaw)	Yes	312	81.46
	No	71	18.54
	Total	383	100.00
2. Elected leaders accountable to members	Yes	289	75.46
	No	94	24.54
	Total	383	100.00
3. Managerial staffs accountable for elected leaders	Yes	167	43.60
	No	216	56.40
	Total	383	100.00
4. Transparency	Strongly agree	73	19.06
	Agree	241	62.92
	Neutral	2	0.52
	Disagree	54	14.10
	Strongly disagree	13	3.39
	Total	383	100.00
5. Leaders are honest for cooperatives	Strongly agree	20	5.22
	Agree	214	55.87
	Neutral		0.00
	Disagree	76	19.84
	Strongly disagree	73	19.06
	Total	383	100.00
6. Equity	Strongly agree	25	6.53
	Agree	207	54.05
	Neutral	3	0.78
	Disagree	108	28.20
	Strongly disagree	40	10.44
	Total	383	100.00

Computed from survey, 2015

The results show that cooperatives in the study area are respecting cooperative laws and rules in serving members, elected leaders are accountable responsible to and honesty in serving members. Cooperatives are transparent for the members and community regarding to the management and services and benefiting members on the basis of equity.

Results from focus discussion and key informants also confirming most of these finding such as accountability of member and leaders, transparent and equity in cooperatives however; some members and leader violate the bylaw because of awareness and external interferences like in the case of delinquency in credit repayment by members and provision of credit for non-member. Some paid management staffs dictating management committee in decisions because of they are professionals in to some extent employees of cooperatives are acting as superior of the board of directors.

The result from focus discussion and key informants indicates that very few members of management committee are not honest and open because audit reports show embezzlements which believed to negatively affecting democratic management in cooperative

**MEMBER ACCOUNTABILITY FOR THE BYLAW**

In cooperative, members have approved their cooperative bylaw through majority vote on general member meeting and governed by it. Hence data collected concerning this for investigating accountability of members to their bylaw in the study area. As it can be seen from the following table 9, 81.46% of the respondents are replying that they are accountable to their cooperatives' bylaw.

TABLE 9: MEMBERS ARE ACCOUNTABLE TO THEIR COOPERATIVE BYLAW

Categories	Frequency	Percentage
Yes	312	81.46
No	71	18.54
Total	383	100.00

Computed from survey, 2015

Results from key informants and focus discussion also indicate that members of cooperative societies are abiding to their respective cooperative societies' bylaws. This indicates cooperative members and leaders respecting rule of laws which is part of democratic management. However, some members and leader violate the bylaw because of awareness and external enforcement like in the case of delinquency in credit repayment by members and provision of credit for non-member.

**ACCOUNTABILITY OF COOPERATIVE LEADERS**

In cooperative management, leaders (board of directors) are elected by member on general assembly democratically and delegated to manage cooperative business, hence members of board of directors are accountable for members. Thus, the views of respondents were asked about the accountability of their cooperative leaders and found out that 75.46% of the respondents are replied that elected leaders of cooperative are countable and respecting their member (table 10).

**TABLE 10: LEADERS ARE ACCOUNTABLE TO THEIR COOPERATIVE BYLAW**

Categories	Frequency	Percentage
Yes	289	75.46
No	94	24.54
Total	383	100.00

Computed from survey, 2015

The result indicates that cooperative elected leaders are responsible for members. The key informants and focus group discussants also agree with the result nevertheless some members of board of directors are not honest and open for members which believed to negatively affecting democratic management in cooperative.

**ACCOUNTABILITY OF MANAGEMENT STAFFS**

Profession management staffs are recruited delegated by the cooperative for serving members need technically by accomplishing day-to-day business activities following cooperative principles, values in general and cooperative bylaws in particular. To see this in the study are respondents asked about the accountability of professional management staffs. As displayed in table 11, it is found that nearly more than half (56.40%) of the respondents replied that recruited management staffs of cooperatives are not respecting board of directors.

**TABLE 11: RECRUITED MANAGEMENT STAFFS ARE RESPECTING BOARD OF DIRECTORS**

Categories	Frequency	Percentage
Yes	167	43.60
No	216	56.40
Total	383	100.00

Computed from survey, 2015

Results from focus group discussion agreed with the above result while result from key informants indicates that because of they are professionals in to some extent employees of cooperatives are acting as superior of the board of directors.

**CONCLUSION AND RECOMMENDATION****CONCLUSION**

The study is emphasizing on the analysis of democratic management by cooperative unions. Hence from this investigation the following conclusions have been made. The result shows that cooperative societies applying democratic in membership admission in which any eligible people join cooperative freely with no any discrimination based on gender, religious educational stoats etc. The finding also reveals that members pass decision democratically by equal vote (one member-one vote) by majority vote. On the general member meeting elected their leaders freely and fairly among members. These leaders are accountable for the members.

Thus by implementing democratic management in accordance with cooperative principles and values, cooperatives in the study area are empowering community since members are from the community. Nevertheless the cooperative of the case failed to conduct regular member meeting because of limitation of audit. Consequently, fail to conduct election of office bearers in accordance of the cooperative law which is against democratic management with respect to international cooperative principles.

The result also shows that cooperatives in the study area are practicing good governance in a manner that members are respecting rule of law; leaders are accountable to members, who delegate them; cooperatives are transparent and providing benefits equitably based on members contribution and using the services. However, it is observed few management committee members are not honest and the paid management staffs are not fully accountable to management committee.

**RECOMMENDATION**

Based on the study results, the following points are recommended for consideration in order to make cooperative practicing democracy fully in their management. It is found out that cooperatives in the study area were not administering regular general member meeting. Thus, cooperative promotion bureaus are the cooperative financially and management annually as per cooperative law by assigning adequate number of cooperative auditors and also it is recommended that the even if auditing is delay cooperatives need to administer general assembly meeting regularly for evaluating cooperative services and members need achievement and as well as conducting election as the law says.

The result indicates that some members are not respecting cooperative laws; few cooperative leaders are not honest for their cooperative and recruited professional management staffs are dictating management committee of cooperative. Hence cooperative promoters recommended providing continuous education and training for members, leaders and recruited staffs of cooperative to build the accountability and loyalty in the cooperatives so as strengthening democratic management in serving member and promote equality among members for empowering community within which cooperative operating business.

The external cooperative stakeholders need to be aware about cooperative principles and values for not to interfering cooperative management rather supporting democratic management applied by cooperative from which the local leaders shared the experiences.

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**A STUDY ON EMPLOYEE WELFARE MEASURES AT VST TILLERS TRACTORS LIMITED, BANGALORE**

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**ABSTRACT**

*The present study has made an attempt to identify welfare measures and satisfaction level of employees about the welfare measures adopted at VST Tillers Tractors Limited, Bangalore. The basic purpose of employee welfare is to enrich the life of employees by providing them decent and congenial work environment. The company provides welfare facilities like canteen facilities, medical facilities, working environment, maternity leave, safety measures, wash rooms and lunch room facilities etc. The present study reveals that most of the employees are aware about the facilities provided by the company and satisfied.*

**KEYWORDS**

welfare measures, satisfaction, work environment, vst tillers, tractors limited, enrich life.

**INTRODUCTION**

Labour welfare occupies a significant place in the industrial and economic development of a nation. It is an important facet of industrial relations because, a happy and satisfied employee is an asset for the organisation. Labour welfare work aims at providing such service facilities and amenities which enable the workers employed in an organization to perform their work in healthy congenial surrounding which in turn leads to good health and high morale. Labour welfare is a comprehensive term including various services, benefits and facilities offered by the employer. Through such generous fringe benefits the employer makes life worth living for employees. The welfare amenities are extended in addition to normal wages and other economic rewards available to employees as per the legal provisions.

Welfare facilities enable workers to have a richer and more satisfying life thus increasing the standard of living. Welfare is a comprehensive term and refers to the physical, mental, moral and emotional well-being of an individual. In order to get the best out of a worker in the matter of production, working condition is required to be improved to a large extent. The work place should provide reasonable amenities for the worker's essential need.

The welfare measures have more relevance in creating a life and work environment for the decent comfort of working class and the directive principles of state policy in our constitution have very significantly highlighted the need for securing just and humane conditions of work for this vital segment of the community.

**STATEMENT OF THE PROBLEM**

An organisation is influenced by various human resources factors. The labour welfare measure is one of the factors penetrating into the life of employees who are working in the small as well as large scale organisations, government as well as private organisations, domestic as well as international companies. This study explores the employees' labour welfare measures adopted by VST Tillers and Tractors Limited, Bangalore. It also studies the employee view about the labour welfare measures in the organisation. It covers every dimension of work including economic reward, security, working conditions and interpersonal relationship. Thus, the goal of this study was to gain knowledge about "Employee Welfare Measures" – A study with special reference to VST Tillers and Tractors Limited, Bangalore.

**SCOPE OF THE STUDY**

The Scope of the study is to find out how far the existing welfare schemes cater to the requirement of the employees of VST Tillers and Tractors Ltd. The study will be able to throw light on the dark spots where it needs some sort of improvement in the welfare scheme that has been implemented. The purpose of the study is to measure the employee's attitude regarding the welfare measures provided by the company.

**OBJECTIVES OF THE STUDY**

1. To study the existing welfare facilities provided to the employees by VST Tillers and Tractors Ltd, Bangalore.
2. To know the employees opinion about the present welfare facilities.
3. To study the satisfaction of workers towards the present welfare facilities.
4. To offer suggestions to improve the standard of Labour welfare measures in the Organisation.

**RESEARCH METHODOLOGY**

The first and foremost step in the research process consists of problem identification.

Once the problem is defined, the next step is the research design becomes easier. The research design is the basic framework, which provides guide line for the rest of the research process. The research designs the methods of collection of data collection and analysis.

**SAMPLING DESIGN**

The technique that is used is questionnaire method. Through the percentage graphs are prepared.

The survey is done on employees of VST Tillers and Tractors Ltd.

The sample size for the proposed study = 50

**SOURCES OF DATA COLLECTION**

Both primary and secondary data has been collected for the study.

**PRIMARY DATA**

Primary data are those collected specifically by or the data user. Primary data for the study is only from the internal sources were approached. The data was collected through questionnaires.

**SECONDARY DATA**

The secondary data is another source for the collection of data from various books, previous office records, through internet from different ways such as yahoo, Google etc.

**TOOLS AND TECHNIQUES APPLIED FOR THE JUSTIFICATION OF THE STUDY**

The tools used for the purpose of collecting the primary data are questionnaires with about 18 questions. Weighted Average method and Chi-Square tests are also applied to draw inferences about welfare measures and satisfaction of employees.

**LIMITATIONS OF THE STUDY**

1. Since the study is limited to only some employees of VST Tillers and Tractors Ltd, the result cannot be generalized to whole organization.
2. Because of time constraint, it is not possible to cover the entire population of VST Tillers and Tractors Ltd.
3. Information provided by the company/employees may not help in making decision accurately
4. There is further scope for study.

**DATA ANALYSIS**

The questionnaires containing about 18 questions were issued for 50 employees in the company i.e., VST Tillers and Tractors Limited and the data was collected and analysed with the help of tabular and graphical representation of facts.

**TABLE 1.1: THE DETAILS OF NO. OF YEARS OF WORK EXPERIENCE OF THE EMPLOYEES IN VST**

No. of Years of Service	No. of Employees
0 Years- 5 Years	12
5 Years- 10 Years	10
10 Years-15 Years	13
More than 15 Years	15

**INFERENCE**

From the sample of 50 employees, majority of the employees have maximum number of years of experience.15 i.e., around 30% of employees have an experience of more than 15 years.

**TABLE 1.2: THE DETAILS OF SATISFACTION LEVEL OF THE EMPLOYEES IN VST ABOUT THE WORKING ENVIRONMENT**

Satisfaction Level	No. of employees
Highly Satisfied	7
Satisfied	36
Averagely Satisfied	7
Dissatisfied	0
Highly Dissatisfied	0

**INFERENCE**

The satisfaction levels of the employees are responding positively about the working environment in the organisation. Majority of the respondents are satisfied and the above analysis shows that 36 respondents i.e., 72% of respondents are satisfied with the working environment prevailing in the organisation.

**TABLE 1.3: THE DETAILS OF SATISFACTION LEVEL OF THE EMPLOYEES IN VST ABOUT THE MEDICAL BENEFITS**

Satisfaction Level	No. of employees
Highly Satisfied	3
Satisfied	35
Averagely Satisfied	12
Dissatisfied	0
Highly Dissatisfied	0

**INFERENCE**

The satisfaction levels of the employees are responding positively about the medical benefits provided by the organisation for the employees and their families. Majority of the respondents are satisfied and the above analysis shows that 35 respondents i.e., 70% of respondents are satisfied with the working environment prevailing in the organisation.

**TABLE 1.4: THE DETAILS OF MATERNITY LEAVE PROVIDED BY VST**

Particulars	No of Employees
Yes	50
No	0

**INFERENCE**

The company provides maternity leave which is of great help to female employees.

**TABLE 1.5: THE DETAILS OF SATISFACTION LEVEL OF THE EMPLOYEES IN VST ABOUT THE WORKING HOURS**

Satisfaction Level	No of employees
Highly Satisfied	8
Satisfied	25
Averagely Satisfied	17
Dissatisfied	0
Highly Dissatisfied	0

**INFERENCE**

The satisfaction levels of the employees are responding positively about the working hours of the organisation. Majority of the respondents are satisfied and the above analysis shows that 25 respondents i.e., 50% of respondents are satisfied with the working hours of the organisation.

**TABLE 1.6: THE DETAILS OF SATISFACTION LEVEL OF THE EMPLOYEES IN VST ABOUT THE SITTING ARRANGEMENT**

Satisfaction Level	No Of employees
Highly Satisfied	5
Satisfied	35
Averagely Satisfied	10
Dissatisfied	0
Highly Dissatisfied	0

**INFERENCE**

The satisfaction levels of the employees are responding positively about the sitting arrangements in the organisation. Majority of the respondents are satisfied and the above analysis shows that 35 respondents i.e., 70% of respondents are satisfied with the sitting arrangements in the organisation.

**TABLE 1.7: THE DETAILS OF SATISFACTION LEVEL OF THE EMPLOYEES IN VST ABOUT THE CONVEYANCE ALLOWANCE**

Satisfaction Level	No of employees
Highly Satisfied	0
Satisfied	42
Averagely Satisfied	8
Dissatisfied	0
Highly Dissatisfied	0

**INFERENCE**

The satisfaction levels of the employees are responding positively about the conveyance allowance offered by the organisation. Majority of the respondents are satisfied and the above analysis shows that 42 respondents i.e., 84% of respondents are satisfied with the conveyance allowance offered by the organisation.

**TABLE 1.8: THE DETAILS OF SATISFACTION LEVEL OF THE EMPLOYEES IN VST ABOUT THE LEAVE POLICY**

Satisfaction Level	No of employees
Highly Satisfied	3
Satisfied	25
Averagely Satisfied	22
Dissatisfied	0
Highly Dissatisfied	0

**INFERENCE**

The satisfaction levels of the employees are responding positively about the leave policy of the organisation. Majority of the respondents are satisfied and the above analysis shows that 25 respondents i.e., 50% of respondents are satisfied with the leave policy of the organisation.

**TABLE 1.9: THE DETAILS OF INCREMENTS PROVIDED BY VST**

Particulars	No of Employees
Yes	35
No	15

**INFERENCE**

From the sample of 50 employees, majority of the employees i.e., 35 employees (70%) have responded that they do get increments regularly.

**TABLE 1.10: THE DETAILS OF WASH ROOM/TOILET FACILITY PROVIDED BY VST**

Particulars	No of Employees
Yes	40
No	10

**INFERENCE**

From the sample of 50 employees, majority of the employees i.e., 40 employees (80%) have responded that the organisation provide sufficient number of wash rooms / toilets.

**TABLE 1.11: THE DETAILS OF SATISFACTION LEVEL OF THE EMPLOYEES IN VST ABOUT THE CANTEEN SERVICES**

Satisfaction Level	No of employees
Highly Satisfied	5
Satisfied	25
Averagely Satisfied	17
Dissatisfied	3
Highly Dissatisfied	0

**INFERENCE**

The satisfaction levels of the employees are responding positively about the canteen services provided by the organisation. Majority of the respondents are satisfied and the above analysis shows that 25 respondents i.e., 50% of respondents are satisfied with the canteen services provided by the organisation.

**TABLE 1.12: THE DETAILS OF SATISFACTION LEVEL OF THE EMPLOYEES IN VST ABOUT THE REST ROOM AND LUNCH ROOM FACILITIES**

Satisfaction Level	No of employees
Highly Satisfied	8
Satisfied	27
Averagely Satisfied	15
Dissatisfied	0
Highly Dissatisfied	0

**INFERENCE**

The satisfaction levels of the employees are responding positively about the rest room and lunch room facilities provided by the organisation. Majority of the respondents are satisfied and the above analysis shows that 27 respondents i.e., 54% of respondents are satisfied with the lunch room and rest room facilities provided by the organisation.

**TABLE 1.13: THE DETAILS OF CRÈCHE FACILITY PROVIDED BY VST**

Particulars	No of Employees
Yes	0
No	50

**INFERENCE**

The company does not provide crèche facility.

**TABLE 1.14: THE DETAILS OF FEELING OF SECURITY OF THE EMPLOYEES WORKING IN VST**

Particulars	No of Employees
Yes	45
No	5

**INFERENCE**

From the sample of 50 employees, majority of the employees i.e., 45 employees (90%) have responded that the organisation provides them a feeling of security.

**TABLE 1.15: THE DETAILS OF SAFETY MEASURES PROVIDED BY VST**

Particulars	No of Employees
Yes	50
No	0

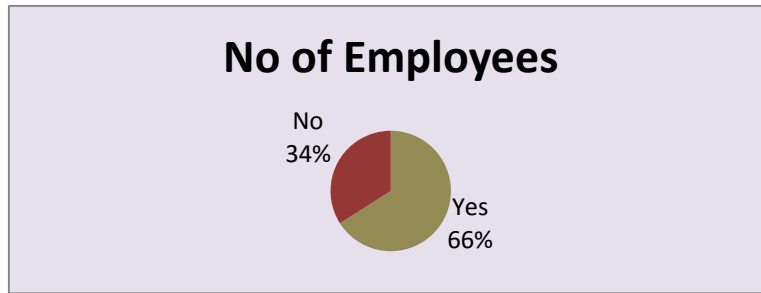
**INFERENCE**

The company takes safety measures for employee safety.

TABLE 1.16: THE DETAILS OF FEELING OF SECURITY AND IMPROVED PERFORMANCE DUE TO EMPLOYEE WELFARE ACTIVITIES PROVIDED BY VST

Particulars	No of Employees
Yes	33
No	17

GRAPH 1: THE DETAILS OF FEELING OF SECURITY AND IMPROVED PERFORMANCE DUE TO EMPLOYEE WELFARE ACTIVITIES PROVIDED BY VST



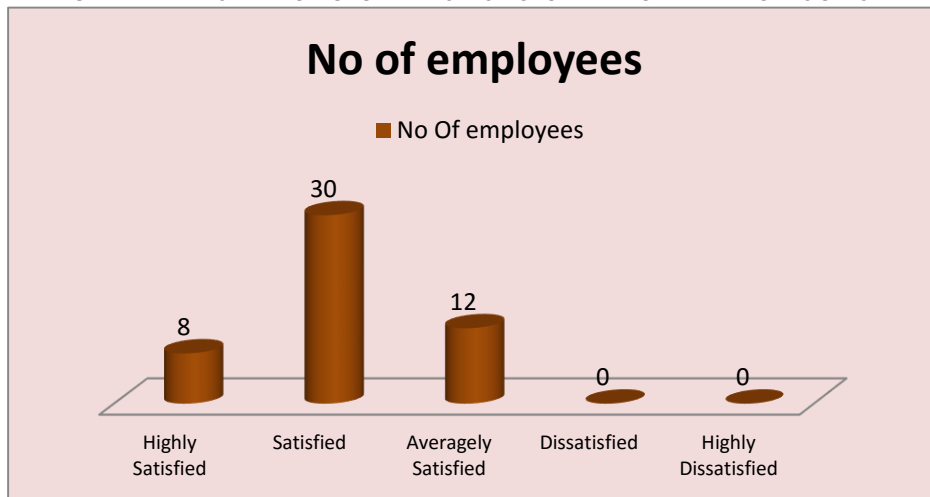
**INFERENCE**

From the sample of 50 employees, majority of the employees have responded positively. 33 employees i.e., 66% of employees have responded that the organisation give them a feeling of safety and help them in improving their performance.

TABLE 1.17: THE DETAILS OF OVERALL SATISFACTION LEVEL OF THE EMPLOYEES OF VST

Satisfaction Level	No of employees
Highly Satisfied	8
Satisfied	30
Averagely Satisfied	12
Dissatisfied	0
Highly Dissatisfied	0

GRAPH 2: REPRESENTATION OF OVERALL SATISFACTION LEVEL OF THE EMPLOYEES OF VST



**INFERENCE**

The overall satisfaction levels of the employees are responding positively about the employee welfare measures provided by the organisation. Majority of the respondents are satisfied and the above analysis shows that 30 respondents i.e., 60% of respondents are satisfied with the employee welfare activities of the organisation on the overall basis.

TABLE 1.18: ANALYSIS OF RANKING GIVEN BY RESPONDENTS REGARDING SATISFACTION OF WELFARE MEASURES (Using weighted average method)

Factors \ Opinion	Highly Satisfied	Satisfied	Averagely Satisfied	Dissatisfied	Highly Dissatisfied
Work Environment	07	36	07	00	00
Working hours	08	25	17	00	00

**WEIGHTED AVERAGE TABLE**

Rank	Weight	Factors			
		Work Environment		Working Hours	
X	W	X1	X1W	X2	X2W
1	5	7	35	8	40
2	4	36	144	25	100
3	3	7	21	17	51
4	2	0	0	0	0
5	1	0	0	0	0
Total		50	200	50	191
Calculated Weight		4		3.82	
Rank		1		2	

Calculated Weight =  $\sum XnW / \sum Xn$ .

**INFERENCE**

From the above table it is inferred that the employee ranks work environment followed by working hours.



TABLE 1.19: ANALYSIS OF RANKING GIVEN BY RESPONDENTS REGARDING SATISFACTION OF WELFARE MEASURES (Using weighted average method)

Factors Opinion	Highly Satisfied	Satisfied	Averagely Satisfied	Dissatisfied	Highly Dissatisfied
Medical Benefits	3	35	12	0	0
Conveyance Allowance	0	42	8	0	0
Leave Policy	3	25	22	0	0

WEIGHTED AVERAGE TABLE

Rank	Weight	Factors					
		Medical Benefits		Conveyance Allowance		Leave Policy	
X	W	X1	X1W	X2	X2W	X3	X3W
1	5	3	15	0	0	3	15
2	4	35	140	42	168	25	100
3	3	12	36	8	24	22	66
4	2	0	0	0	0	0	0
5	1	0	0	0	0	0	0
Total		50	191	50	192	50	181
Calculated Weight		3.82		3.84		3.62	
Rank		2		1		3	

Calculated Weight =  $\sum XnW / \sum Xn$

INFERENCE

From the above table it is inferred that the employee ranks conveyance allowance followed by medical benefits and leave policy

TABLE 1.20: ANALYSIS OF RANKING GIVEN BY RESPONDENTS REGARDING SATISFACTION OF WELFARE MEASURES (Using weighted average method)

Factors Opinion	Highly Satisfied	Satisfied	Averagely Satisfied	Dissatisfied	Highly Dissatisfied
Canteen Services	5	25	17	3	0
Rest Room and Lunch Room	8	27	15	0	0
Sitting arrangements	5	35	10	0	0

WEIGHTED AVERAGE TABLE

Rank	Weight	Factors					
		Canteen Services		Rest Room and Lunch Room		Sitting Arrangement	
X	W	X1	X1W	X2	X2W	X3	X3W
1	5	5	25	8	40	5	25
2	4	25	100	27	108	35	140
3	3	17	51	15	45	10	30
4	2	3	6	0	0	0	0
5	1	0	0	0	0	0	0
Total		50	182	50	193	50	195
Calculated Weight		3.64		3.86		3.9	
Rank		3		2		1	

Calculated Weight =  $\sum XnW / \sum Xn$

INFERENCE

From the above table it is inferred that the employee ranks conveyance allowance followed by medical benefits and leave policy.

The following Chi-Square test represents relationship between Canteen Services and Employee Satisfaction as a welfare measure at VST Tillers and Tractor Limited.

TABLE 1.21: TABLE SHOWING THE DETAILS OF OBSERVED COUNT AND EXPECTED COUNT OF EMPLOYEE SATISFACTION REGARDING CANTEEN SERVICES

Opinion	Observed Count	Expected Count
Highly Satisfied	5	10
Satisfied	25	10
Averagely Satisfied	17	10
Dissatisfied	3	10
Highly Dissatisfied	0	10

Expected Count:

Mean =  $\sum X/n = 50/5 = 10$ .

Where, X= Observed count and n = Number of opinions

Hypothesis

The null hypothesis is,

Ho: There is no relationship between canteen services and employee satisfaction as a welfare measure at VST.

The alternative hypothesis is,

H1: There is relationship between canteen services and employee satisfaction as a welfare measure at VST.

TABLE 1.22: THE CALCULATION OF CHI-SQUARE TEST STATISTIC REGARDING CANTEEN SERVICES

O	E	2 (O-E)	2 (O-E)/E
5	10	25	2.2
25	10	225	22.5
17	10	49	4.9
3	10	49	4.9
0	10	100	10
Total			44.8

The Chi-Square test statistic:

$$\chi^2 = \sum (O-E)^2 / E = 44.8$$

The degrees of freedom = (n-c) = 5-1 = 4.

Tabulated value of 4 degrees of freedom at 5% level of significance = 9.49 (critical value)

The test statistic 44.8 is > 9.49.

Hence Ho is rejected and H1 is accepted

**INFERENCE**

There is relationship between canteen services and employee satisfaction as a welfare measure in VST.

The following Chi-Square test represents relationship between Leave Policy and Employee Satisfaction as a welfare measure at VST Tillers and Tractor Limited.

**TABLE 1.23: THE DETAILS OF OBSERVED COUNT AND EXPECTED COUNT OF EMPLOYEE SATISFACTION REGARDING LEAVE POLICY**

Opinion	Observed Count	Expected Count
Highly Satisfied	3	10
Satisfied	25	10
Averagely Satisfied	22	10
Dissatisfied	0	10
Highly Dissatisfied	0	10

**Expected Count:**

Mean =  $\sum X/n = 50/5 = 10$ .

Where, X= Observed count and n = Number of opinions

**Hypothesis**

The null hypothesis is,

Ho: There is no relationship between leave policy and employee satisfaction as a welfare measure at VST.

The alternative hypothesis is,

H1: There is relationship between leave policy and employee satisfaction as a welfare measure at VST.

**TABLE 1.24: THE CALCULATION OF CHI-SQUARE TEST STATISTIC REGARDING LEAVE POLICY**

O	E	$\frac{O^2}{E}$	$\frac{O^2}{E}$
3	10	49	4.9
25	10	225	22.5
22	10	144	14.4
0	10	100	10
0	10	100	10
<b>Total</b>			61.8

The Chi-Square test statistic

$$\chi^2 = \sum (O-E)^2 / E = 61.8$$

The degrees of freedom = (n-c) = 5-1 = 4.

Tabulated value of 4 degrees of freedom at 5% level of significance = 9.49 (critical value)

The test statistic 61.8 is > 9.49.

Hence Ho is rejected and H1 is accepted.

**INFERENCE**

There is relationship between leave policy and employee satisfaction as a welfare measure in VST.

**FINDINGS OF THE STUDY**

1. Most of the employees are satisfied with the preventive activities and safety measures.
2. Employees have responded very positively towards the Welfare measures. .
3. Most of the employees responded to great extent that the welfare measures will affect the motivation and commitment of the employees.
4. Most of the respondents are satisfied with the working hours of the organisation
5. Most of the respondents feel that welfare measures will be helpful in increasing the performance.
6. Maximum numbers of respondents are satisfied with the working environment in the company.
7. Most of the respondents feel that the medical benefits provided by the organisation are satisfactory.
8. Most of the respondents to great extent think there will be an effect of welfare measures on performance of employees.
9. Most of the employees are satisfied with the wash room / toilet facilities provided by the company.
10. Most of the employees are satisfied with the canteen services provided by the organisation.
11. Most of the employees are satisfied with the lunch room and rest room facility provided by the company.
12. The company also provides maternity leave for the welfare of female employees.
13. Most of the employees are satisfied with the sitting arrangement in the organisation.
14. Most of the employees are satisfied with the conveyance allowance provided by the organisation,
15. The company does not provide any overtime allowance as the employees are not made to work overtime.
16. Most of the employees are satisfied with the leave policy of the organisation.
17. Most of the employees have responded that they get increments regularly.
18. The company does not provide crèche facility.
19. Most of the employees have responded that the organisation provides them a feeling of security.
20. Most of the employees have overall satisfaction about the employee welfare activities of the organisation.
21. Work environment is ranked no.1 followed by working hours no.2.
22. Conveyance allowance is ranked no.1 followed by medical benefits no.2 and leave policy no.3.
23. Sitting arrangement is ranked no.1 followed by rest room and lunch room facilities no.2 and canteen services no.3.

**SUGGESTIONS**

1. Company can improve the quality of work life.
2. Recreation is not given due priority, it may be implemented.
3. The Problems in welfare facilities should be solved.
4. Housing, education, washing facilities may be implemented.
5. New facilities should be added to existing ones and early action may be taken by the management.
6. Employees may be motivated to participate in sports and cultural activities.
7. Working environment may be improved to attract the man power.
8. Loans and advances may be improved which helps the employee for satisfying his/her needs.
9. The company may also provide crèche facility which may help the women employees in concentrating on their work efficiently.
10. The company may initiate such programmes and education for employees that builds confidence and motivates them for excellent performance.

**CONCLUSION**

The Welfare measures are more important for every employee. Without welfare measures an employee cannot work effectively in the organization. Majority of employees are satisfied with the welfare measures. The company should take necessary steps in making it more effective. So that the Employee can do his/her job more effectively. The company can concentrate on the other Non-statutory measures to boost the Employee morale. Operating efficiency of the company is satisfactory. The company maintains good industrial relationship with the employees. VST Tillers and Tractors Limited is the largest manufacturers of power tillers in India. The company continues to be a leader in the power tiller industry with about 45% market share. Hence the management is making it possible a better place to work. Every organisation has to take efforts to find out what the employees want and what the drawbacks are and take suitable measures to overcome such drawbacks. Only then the organisation can reach to the world top.

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## A STUDY FOR THE JOB SATISFACTION OF THE EMPLOYEES OF DINJAN ARMY CANTT (ARMY EMPLOYEES)

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### ABSTRACT

*Job satisfaction is the rewards a person gets while doing their job. Rewards can take a monetary form (money) or be a more intangible reward, like the feeling a person might get when doing a job that helps others. Research has been conducted in order to critically evaluate and examine the level of employee's satisfaction of DINJAN ARMY CANTT. (ARMY EMPLOYEE). The purpose of this study is also to observe and analyze the factors which create job satisfaction especially among the hardworking employees, and to find out the reasons of dissatisfaction if any. The primary data for this study was compiled through questionnaire filled in on a one-to-one basis by 100 respondents from a representative sample of employees of DINJAN ARMY CANTT. (ARMY EMPLOYEE). The results have shown that working environment, compensation, growth opportunities and training & development are the most important significant factors which directly influences in affecting Job Satisfaction. According to a number of literatures studied, lack of job satisfaction is a serious issue in various organizations and job dissatisfaction has become a major obstacle in employee's productivity. There are numbers of factors which can create job dissatisfaction among employees but in this study the very critical factors are discussed upon which the management should really work on the job satisfaction of its employees.*

### KEYWORDS

job satisfaction, communication, work environment, motivation, employees.

### INTRODUCTION

Job satisfaction in regards to one's feeling or state of mind regarding nature of their work. Job can be influenced by variety of factors like quality of one's relationship with their supervisor, quality of physical environment in which they work, degree of fulfillment in their work, etc. If a person is not regular on their job he don't want to work and go to holiday again and again then it is the indicator that he is not satisfy with their job. Job satisfaction can be defined also as the extent to which a worker is content with the rewards he or she gets out of his or her job, particularly in terms of intrinsic motivation (Statt, 2004). Job satisfaction refers to a person's feeling of satisfaction on the job, which acts as motivation to work. It is not the self-satisfaction, happiness or self-contentment but the satisfaction on the job. Job satisfaction, a workers sense achievement and success, is generally perceived to be directly linked to productivity as well as to personal well-being. Job satisfaction occurs when an employee feels he has accomplished something having importance and value worthy of recognition sense of joy.

The term job relates to the total relationship between an individual and the employer. Satisfaction does mean the simple feeling state accompanying the attainment of any goal. The end state is feeling accompanying the attainment by an impulse of its objective job satisfaction.

Hoppock describes job satisfaction as, "any combination of psychological, Physiological and environment circumstances that causes and person truthfully to say satisfied with my job". Thus, job satisfaction is the most important and frequently studied attitude. It is positive attitude towards ones job.

### NEED FOR THE STUDY

The job satisfaction is psychological feeling of person. It is a personal feeling of an employee towards his job. It is difficult to evaluate the satisfaction level of an employee, because it is intangible and emotional Phenomena and also differs from one person to another person. From the available tools, an attempt is made to evaluate the satisfaction level of the employees of ARMY CANT.DINJAN to the possible extent.

### OBJECTIVES

1. To know the job satisfaction level of employees of DINJAN ARMY CANTT. (ARMY EMPLOYEES).
2. To study the work environment in DINJAN ARMY CANTT. (ARMY EMPLOYEE).
3. To suggest the factors that makes an employee to satisfy their job.

### DATA COLLECTION

#### PRIMARY SOURCES

Responses collected with the help of the schedule administered to the employees of DINJAN ARMY CANTT. (ARMY EMPLOYEE) is the main primary source of data for this research work.

#### SECONDARY SOURCES

The secondary sources of data are collected from the magazines, journals, bulletins, web sites and etc. In addition to these, several structured interviews, and unstructured interviews, have also been conducted with experts on the subject and also a number of persons who are connected in one way or other, either directly to know about job satisfaction of the employees.

#### SAMPLE FRAME

The sample size was put 90 chosen from various functional areas. Stratified random sampling system has been followed to select employees of DINJAN ARMY CANTT. (ARMY EMPLOYEE).

#### TOOLS FOR DATA COLLECTION

A questionnaire with a set of questions was constructed and administered to the sample employees to elicit first-hand information relating to the job satisfaction of employees of DINJAN ARMY CANTT. (ARMY EMPLOYEES).

#### TOOL FOR ANALYSIS

The interview schedule method is used for gathering data which are relevant for the study conducted among various categories of employees of DINJAN ARMY CANTT. (ARMY EMPLOYEES). The data collected through the schedules from primary sources have been processed and the results are analyzed using the percentiles.

**ANALYSIS**

**question no. 1:** Do you feel comfortable while working with your co-employee?

OPINION	NO.OF PEOPLE	%
HIGHLY SATISFIED	36	40.0
SATISFIED	43	47.8
DISSATISFIED	9	10.0
HIGHLY DISSATISFIED	2	2.2
<b>TOTAL</b>	<b>90</b>	<b>100.0</b>

40% of the employee feel highly satisfied while they work with their co-employee, 47.8% feel satisfied, and 10% feel dissatisfied while 2% feel highly dissatisfied. So unit has to ask about their problems.

**Question no. 2:** opinion regarding the work environment provided by unit.

OPINION	NO.OF PEOPLE	%
HIGHLY SATISFIED	27	30.0
SATISFIED	41	45.6
DISSATISFIED	12	13.3
HIGHLY DISSATISFIED	10	11.1
<b>TOTAL</b>	<b>90</b>	<b>100.0</b>

30% of the employee feel highly satisfied with the work environment in organisation 45.6% feel satisfied, and 13.3% feel dissatisfied while 11.1 % feel highly dissatisfied.

**question no.3:** Are they feel comfortable with their boss?

OPINION	NO.OF PEOPLE	%
YES	76	84.4
NO	14	15.6
<b>TOTAL</b>	<b>90</b>	<b>100.0</b>

84.4% feel comfortable while working with their boss and 15.6% do not feel comfortable while working with their boss.

**Question no. 4:** Are they satisfied with their job?

OPINION	NO.OF PEOPLE	%
YES	72	80.0
NO	18	20.0
<b>TOTAL</b>	<b>90</b>	<b>100.0</b>

80% feel satisfied with their job and 20 % do not feel satisfied with their job.

**Question no. 5:** Are they satisfied with their position?

OPINION	NO.OF PEOPLE	%
HIGHLY SATISFIED	29	32.2
SATISFIED	52	57.8
DISSATISFIED	7	7.8
HIGHLY DISSATISFIED	2	2.2
<b>TOTAL</b>	<b>90</b>	<b>100.0</b>

32.2% of the employees are satisfied with their position in the unit, 57.8% employees are feel satisfied, 7.8% feel dissatisfied with their position and 2.2% feel highly dissatisfied with their position.

**Question no. 6:** Are they satisfied with the decision of their superior?

OPINION	NO.OF PEOPLE	%
HIGHLY SATISFIED	27	30.0
SATISFIED	54	60.0
DISSATISFIED	7	7.8
HIGHLY DISSATISFIED	2	2.2
<b>TOTAL</b>	<b>90</b>	<b>100.0</b>

30% of the employees are satisfied with the decision of their superior, 60 % employees are feel satisfied, 7.8% feel dissatisfied with their position and 2.2% feel highly dissatisfied with the decision of their superior.

**Question no. 7:** Are they satisfied with the fringe benefit provided by the unit?

OPINION	NO.OF PEOPLE	%
HIGHLY SATISFIED	27	30.0
SATISFIED	50	55.6
DISSATISFIED	10	11.1
HIGHLY DISSATISFIED	3	3.3
<b>TOTAL</b>	<b>90</b>	<b>100.0</b>

30 % of the employees are satisfied with the fringe benefits provided by the unit, 55.6 % employees are feel satisfied, 11.1% feel dissatisfied with their position and 3.3 % feel highly dissatisfied with the fringe benefits provided by the unit.

**Question no. 8:** Is your fairly comfortable with your work?

OPINION	NO.OF PEOPLE	%
YES	61	67.8
NO	29	32.2
<b>TOTAL</b>	<b>90</b>	<b>100.0</b>

67.8 % employee’s family feel comfortable with their work while 32.2% employees not feel comfortable with their work.

**Question no. 9:** Are they satisfied with the information flow in the unit?

OPINION	NO.OF PEOPLE	%
HIGHLY SATISFIED	17	18.9
SATISFIED	61	67.8
DISSATISFIED	8	8.9
HIGHLY DISSATISFIED	4	4.4
<b>TOTAL</b>	90	100.0

18.9% employee s are highly satisfied with the information flow in the unit, 67.8%feel satisfied ,8.9% are dissatisfied and 4.4% are highly dissatisfied with the information flow in the unit.

**Question no. 10:** Your organisation recognise your contribution.

OPINION	NO.OF PEOPLE	%
STRONGLY AGREE	36	40.0
AGREE	36	40.0
DISAGREE	15	16.7
STRONGLY DISAGREE	3	3.3
<b>TOTAL</b>	90	100.0

40% of the employee are strongly agree with the thing that organisation are recognize their contribution,40 % is agree ,16.7 % are disagree while remaining are strongly disagree with the thing that organisation recognize their contribution.

**Question no. 11:** By what way training programme give them job satisfaction.

OPINION	NO.OF PEOPLE	%
UNDERSTANDING JOB	36	40.0
INCREASED CONFIDENCE	48	53.3
NO BENEFITS	5	5.6
WASTE OF TIME	1	1.1
<b>TOTAL</b>	90	100.0

40% of the employee believe that training program help them to understand the job better,53.3% says that training program increased their confidence, 5.6% employee think that there is no benefit of the training program and 1.1 % employee think that it’s a waste of time.

**Question No. 12:** All the information provided to you to perform job well.

OPINION	NO.OF PEOPLE	%
STRONGLY AGREE	24	26.7
AGREE	50	55.6
DISAGREE	15	16.7
STRONGLY DISAGREE	1	1.1
<b>TOTAL</b>	90	100.0

26.7% employees are strongly agree with the thing that all information provided to them to perform job well,55.6%employee are agree only, 16.7% are disagree with this while 1.1 % persons are strongly disagree.

**question no. 13:** Opinion regarding to the participation in the decision making process.

OPINION	NO.OF PEOPLE	%
HIGHLY SATISFIED	28	31.1
SATISFIED	49	54.4
DISSATISFIED	9	10.0
HIGHLY DISSATISFIED	4	4.4
<b>TOTAL</b>	90	100.0

31.1% employees are highly satisfied with participation in the process of decision making, 54.4% employee is also satisfied but 10% of the employees are dissatisfied and 4.4% employee are highly dissatisfied with their participation in the process of decision making.

**question no. 14:** Opinion regarding satisfaction with the communication and information flow in the unit?

OPINION	NO.OF PEOPLE	%
HIGHLY SATISFIED	39	43.3
SATISFIED	45	50.0
DISSATISFIED	5	5.6
HIGHLY DISSATISFIED	1	1.1
<b>TOTAL</b>	90	100.0

43.3% employees are highly satisfied with the communication and information flow in the unit 50% feel satisfied but 5.6% employee feel dissatisfied & 1.1% feel highly dissatisfied with the communication and information flow in their unit.

**Question no. 15:** Opinion regarding informal communication with superior?

OPINION	NO.OF PEOPLE	%
HIGHLY SATISFIED	23	25.6
SATISFIED	46	51.1
DISSATISFIED	17	18.9
HIGHLY DISSATISFIED	4	4.4
<b>TOTAL</b>	90	100.0

25.5% of the employee feel that they are highly satisfied towards the informal communication with their superior 51.1% employee feel satisfied but 18.9% employee are dissatisfied and 4.4% employees are highly dissatisfied towards their informal communication with their superior.



**Question no. 16:** Opinion regarding compensation match with responsibility in unit.

OPINION	NO.OF PEOPLE	%
STRONGLY AGREE	32	35.6
AGREE	51	56.7
DISAGREE	2	2.2
STRONGLY DISAGREE	5	5.6
<b>TOTAL</b>	<b>90</b>	<b>100.0</b>

57% of the employees are strongly agree regarding that their compensation match with their responsibility 35% employees are agree but 2.2% employees are disagree and 5.6% employees are highly disagree.

**Question no. 17:** Opinion regarding motivation from job satisfaction.

OPINION	NO.OF PEOPLE	%
YES	60	66.7
NO	30	33.3
<b>TOTAL</b>	<b>90</b>	<b>100.0</b>

66.7% of the employees have the opinion that they are satisfy with their job and get motivated from their job but 33.3% employees are not feeling with the same.

## FINDINGS

88% of employees are satisfied when they work with their co-employee, 85.6% of employees satisfied with the work environment provided by their unit which helps to achieve Job satisfaction, 84.4% % of employees are satisfied with their boss due to this 80% of the employee says that they are satisfied with their job. 90% of the employees are satisfied with their position and also with the decision of their superior that shows their respect towards their superior. 86%of the employee are satisfied with the fringe benefit provided by their unit that's why 68% family of the employees are feeling comfortable with the employees that's a good sign for job satisfaction 86% the employees are satisfied with the information their unit. 80% of the employees believe that their organisation or unit recognize their contribution. tha93% of the employees are satisfied with the training program they says that training program help them to understand job better and increased their confidence which shows the professionalism of employees with their work, 82% of the employees says that all information provided to them for performing job well.85% are satisfied with their participation in the process of decision making.93% of the employees are satisfied with the information and communication flow in their unit. 77% of employee's are satisfied with the informal communication with their superior.92% of the employees are strongly agree with the fact that their compensation match with their responsibility, and at the end 67% says that job satisfaction gives them motivation.

## CONCLUSION

Job satisfaction of its workers means a work force motivated and committed to high quality performance. Increase productivity and quality of service improved quality of working life of the employees. From the findings it can be concluded that the employees of ARMY CANT.DINJAN are satisfied about working conditions, work environment, fringe benefits, training programs, solving the problems of the employees. Finally, I would like to conclude that ARMY CANT.DINJAN management is taking good care to the employee's .The ARMY CANT.DINJAN management attitude towards employees is appreciable.

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# QUALITY OF BUSINESS ENVIRONMENT IN INDIA: A CROSS-COUNTRY INVESTIGATION INTO SOUTH ASIAN ECONOMIES

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## ABSTRACT

*This paper is focused on assessing the present quality of business environment in India and in other South Asian countries. Quality of business environment is represented by the duration of delay in obtaining government permissions and clearances, number of procedures required and costs associated with doing business. The quality of business environment is assessed through World Bank's Doing Business (WBDB) index based on ten parameters. The analysis is based on secondary data collected from WBDB database. The results show that among South Asian countries India performs poorly on some of the parameters due to excessive and unnecessary number of procedures it requires, longer time and more money it takes before business can start its operations formally. As compared to other South Asian countries, India is at the bottom on 'starting a business' parameter; second from the bottom on 'dealing with construction permits' and 'enforcing contracts' parameter; third from the bottom on 'paying taxes' parameter; fourth from the bottom on 'resolving insolvency' parameter. Thus, improvement in these parameters will positively contribute to enhancing the quality of business environment in India which in turn, will lead to the success of 'Make in India' program. The comparative nature of this paper makes the results more useful for policy makers and trade associations to look at the relative strength and weakness of the country and practices they follow. In addition, the results can guide SMEs to evaluate and chose the alternatives for doing business among the South Asian countries which can provide the most suitable business environment according to their business needs and objectives.*

## KEYWORDS

ease of doing business, make in India, quality of business environment (QBE), SMEs.

## INTRODUCTION

India, one of the fastest growing economies in the world scores very low on the World Bank's doing business Index (WBDB), and this can primarily be attributed to an unhealthy business environment for Small and Medium Enterprises (SMEs) to start and prosper. However, India leads the market in offshored back-office services, but as a manufacturing center, it lags behind China, Thailand, and the rest of Asia (Luthra et al. 2005). Limiting and prohibitory regulatory policies, lack of basic infrastructure facilities, inflexible labor laws, and unfavourable tax policies could be some of the main contributors to the dismal rank on the WBDB-2016 index which places India 130th among 189 countries (World Bank, 2016). These factors are capable of creating very unfavorable business environment in any country for SMEs to grow and to sustain in the long run. The quality of business environment in India, when measured on these parameters, is not at par with some of the emerging economies in Asia and even falling behind with some of them. However, In terms of market size, it is very lucrative and is ranked third on domestic market size index and fourth on foreign market size index (World Economic Forum, 2014-15). Four South Asian countries; Bhutan, Nepal, Sri Lanka, and Maldives with their respective ranks 71st, 99th, 107th, and 128th are placed higher than India on the WBDB-2016 index. The rank, in itself, poses a threat to India's national program 'Make in India' which was started late in 2014 to boost the manufacturing sector of the economy. Since manufacturing sector is said to be the backbone of any industrialized economy and contribute substantially to employment generation and economic growth. However, the contribution of manufacturing to India's GDP has largely been stagnant at 15.5% over the last 35 years and its contribution to India's export basket remains meager (ASSOCHAM, 2014). The share of India's manufacturing output to overall GDP was only 15.8% in 2010-11, as compared with 30% in China, 31% in Korea, 36% in Thailand, 26% in Malaysia, 25% in Indonesia and 22% in Singapore (PwC, 2012). China which ranks 84 on WBDB-2016 index poses a great challenge to India in the manufacturing sector and over the time has emerged as a 'manufacturer for the world'. The quality of business environment in China (ranks 84) is more favourable to businesses than that of India (130) and therefore, is the prime destination for FDI among Asian countries. This raises the question of how India can compete with stronger China to attract more investment through 'Make in India' program while having a poor quality of business environment at the same time. There need to be some ways to answer this question and that answer is to improve the quality of business environment in India so that doing business in India becomes easy for enterprises, especially for SMEs.

SMEs in India contribute more than 45% of India's industrial output, 40% of the country's total exports and create 1.3 million jobs every year are the backbone of the Indian economy (Firstbiz-Greyhound Knowledge Group, 2014). According to the ministry of Micro, Small and Medium Enterprises (MSME), India currently has more than 48 million SMEs. Yet, these SMEs continue to struggle on multiple accounts to survive. While some are challenged by credit and finance issues, others are struggling to cope with stringent regulatory environments. SMEs in India have grown at a stable pace of 4.5% in the last 5 years. With the ongoing national programs like 'Make In India', 'Digital India' and 'Skill India', the SMEs are being encouraged to come forward and solve the problems of unemployment and economic growth. These programs have designed to make procedures easier, less time consuming and cost effective to set up and run the businesses in India.

Since the 'make in India' program has recently completed one year and WBDB-2016 ranking places India 130<sup>th</sup> from 134<sup>th</sup>, a slight improvement over the previous year. This raises the question on the effectiveness of the national program and how much India has achieved in quality of business environment (QBE). The sample consists of 8 South Asian economies; Nepal, Bangladesh, Bhutan, India, Afghanistan, Pakistan, Sri Lanka, and Maldives. The purpose of this paper is to investigate the present status of QBE after implementing the national program 'Make in India' which is aimed to make India a manufacturing hub while eliminating the unnecessary laws and regulations, making bureaucratic processes easier, transparent, responsive and accountable. It also presents a cross-country in-depth comparison to identify the weaknesses and to learn by improving and adopting best-in-class business practices. The results are expected to contribute to evaluating the effectiveness of 'Make-in-India' national program. Since the main objective of 'Make in India' is to make businesses easier to start and run in India by cutting delays and unnecessary procedures, the results can suggest the best practices followed by other South Asian countries and the benchmark practices followed by top ranking countries worldwide. Thus, weaknesses, once identified could be adequately handled by taking corrective measures.

Rest of the paper is organized as follows; section 2 presents the literature review on the present status of India's QBE and 'Make in India' program and an overview of parameters used to measure QBE. Next section discusses methodology followed by results and discussion. The last section presents conclusion and directions for future research.

## 2. LITERATURE REVIEW

With over \$5 billion worth investment in 2015 and three to four startups emerging every day, India has paved its way to secure the third position in the world in terms of the number of startups (NASSCOM, 2015). According to NASSCOM, India ranks third globally with more than 4,200 Start-ups in which 1200 tech startup born in 2015 alone. It is the youngest start-up nation in the world with 72% of the founders are less than 35 years old. These start-ups are the new engines of growth of Indian economy and can grow faster if the quality of business environment improves quickly. Much more can be done to improve the quality of doing business in India by following the best practices of the top ten countries listed on the ranking list as there are many areas still left for improvements. In India, it takes on average 29 days to start a business while it takes half a day in New Zealand. When it comes to bankruptcy, the complete filing process takes approximately

4.3 years in India as compared to only 0.8 years in Singapore. In terms of payment of taxes, India ranks a low 157 owing to a complicated tax structure and the number of declarations to be made (World Bank, 2016).

**2.1 MAKE IN INDIA**

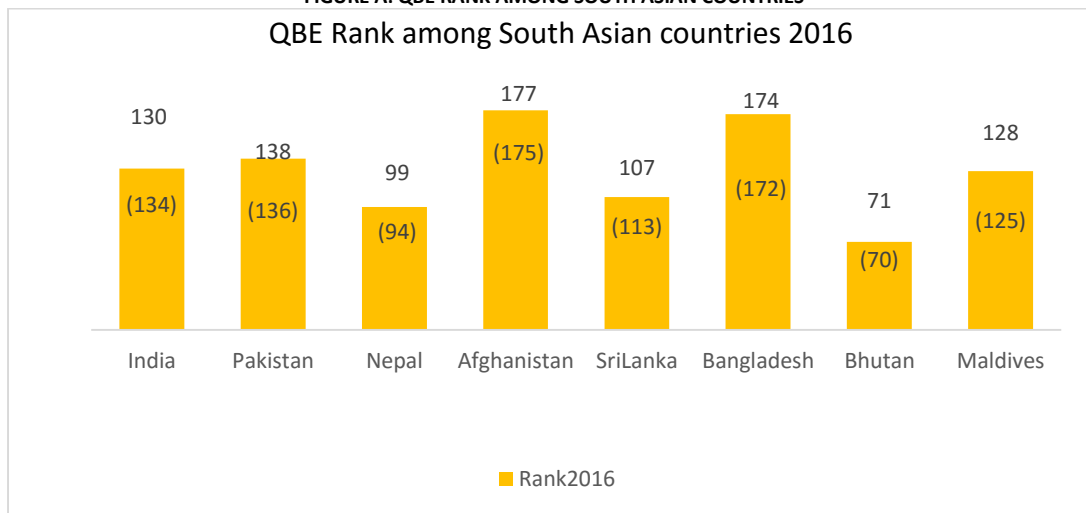
Make in India is an initiative of the Indian government to encourage multinational, as well as domestic, companies to manufacture their products in India. It was launched on 25 September 2014. At present, it addresses the needs of 25 sectors of the economy. The situation of the manufacturing sector in India is a cause of concern, especially when seen in comparison to the massive transformation registered in this sector by other Asian countries in similar stages of development. This sector is the backbone of any economy as it fuels growth, productivity, employment, and strengthens other sectors of the economy. In 2013, India's export basket 62%, comprised of manufacturing exports, is the lowest among most Asian economies such as China 94%, Japan 88%, Philippines 77%, and Thailand 74% (ASSOCHAM, 2014).

**2.2 QUALITY OF BUSINESS ENVIRONMENT (QBE)**

Quality of business environment is indicated by the duration of delay in obtaining government's permissions and clearances (Narayana, 2004). QBE measures how easy or difficult it is for a local entrepreneur to open and run a small to medium-size business when complying with relevant regulations. It measures and tracks changes in regulations affecting ten areas in the life cycle of a business (World Bank, 2016). These 10 parameters are aggregated to determine the QBE ranks and distance to frontier scores (DTF) for 189 countries. Ranking ranges from 1 to 189 representing the best and the worst while DTF scores are indicated on a scale from 1 to 100 where 0 represents the worst performance and 100 the frontier.

Since WBDB index-2016 has incorporated some changes in its parameters to capture the quality and efficiency, it makes the data more appropriate and comparable to assess the quality of business environment in any country of interest. India has shown an improvement over the previous year and ranked 130th among 189 countries (Figure a).

**FIGURE A: QBE RANK AMONG SOUTH ASIAN COUNTRIES**

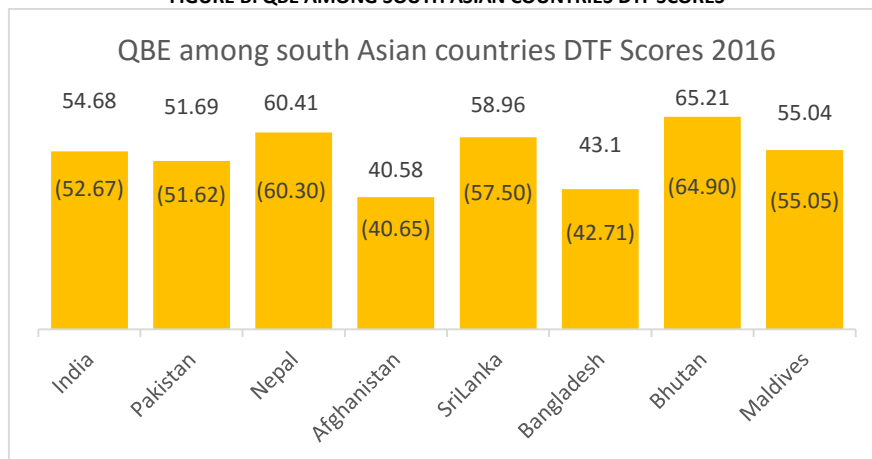


Source: compiled from World Bank's Doing Business (WBDB) database

Note: Number inside brackets shows rank in 2015

However, the distance to frontier scores (DTF) on QBE has not shown the same proportionate improvement (Figure b).

**FIGURE B: QBE AMONG SOUTH ASIAN COUNTRIES DTF SCORES**



Source: same as in Figure a

Note: Number inside brackets shows DTF scores in 2015

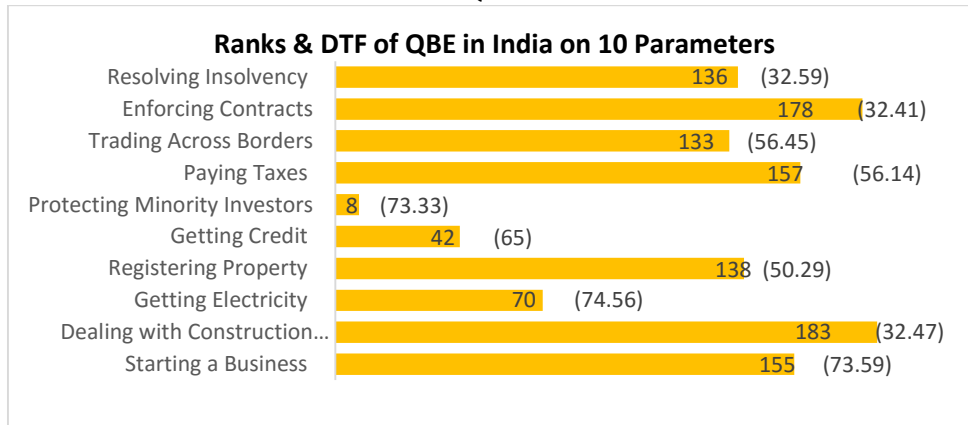
**2.3 PARAMETERS MEASURING QBE:** The ten parameters used by WBDB with explanation are listed below.

- STARTING A BUSINESS:** It measures the paid-in minimum capital requirement, number of procedures, time and cost for a small- to medium-sized limited liability company to start up and formally operate.
- DEALING WITH CONSTRUCTION PERMITS:** It tracks the procedures, time and cost to build a warehouse. It includes obtaining necessary the licenses and permits, submitting all required notifications, requesting and receiving all necessary inspections and obtaining utility connections.
- GETTING ELECTRICITY:** it tracks the procedures, time and cost required for a business to obtain a permanent electricity connection for a newly constructed warehouse.
- REGISTERING PROPERTY:** it examines the steps, time and cost involved in registering property.
- GETTING CREDIT:** It explores two sets of issues—the strength of credit reporting systems and the effectiveness of collateral and bankruptcy laws in facilitating lending.
- PROTECTING MINORITY INVESTORS:** It measures the strength of minority shareholder protections against misuse of corporate assets by directors for their personal gain as well as shareholder rights, governance safeguards and corporate transparency requirements that reduce the risk of abuse.

- 7) **PAYING TAXES:** It addresses the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year, as well as measures the administrative burden in paying taxes.
- 8) **TRADING ACROSS BORDERS:** It measures the time and cost (excluding tariffs) associated with three sets of procedures—documentary compliance, border compliance and domestic transport.
- 9) **ENFORCING CONTRACTS:** It measures the time and cost for resolving a commercial dispute through a local first-instance court.
- 10) **RESOLVING INSOLVENCY:** It identifies weaknesses in existing insolvency law and the main procedural and administrative bottlenecks in the insolvency process.

As it is clear from the Figure c that parameters such as ‘dealing with construction permits’, ‘enforcing contracts’, ‘paying taxes’ and ‘starting a business’ are major problem areas in India.

FIGURE C: RANKS & DTF OF QBE IN INDIA ON 10 PARAMETERS



Source: same as in figure a

Note: Number inside the bar shows rank on that parameter and Number in brackets shows Distance to frontier scores.

### 3. METHODOLOGY

The data for analysis consist of secondary data collected from WBDB database. The sample size comprises 8 south Asian countries; Nepal, Bangladesh, Bhutan, Sri Lanka, India, Afghanistan, Pakistan and Maldives. This sample of south Asian countries was chosen because of its matching characteristics. All South Asian countries fall under either low-income or lower middle-income category, all of them are developing countries with similar social and political environment. QBE is analysed on ten parameters based on three indicators- such as the number of procedures, time and money required before setting up and running a business formally in a country. These three indicators on their own or in comparison with the indicators of a benchmark practice country or those of south Asian countries may reveal bottlenecks reflected in large numbers of procedures, long delays or high costs. They may also reveal unexpected strengths in an area of business regulation—such as a regulatory process that can be completed with a small number of procedures in a few days and at a low cost.

Throughout, the data descriptions and analyses are carried out by time, cost and number of procedures for each parameter and then are compared with rest of the countries on the same parameter. This cross-country analysis enables one to identify the best performer as well as the poor performer among South Asian countries. The performance gap is identified to underline the supportive and additional evidence on QBE and effectiveness of ‘Make in India’ program to achieve its objectives.

**3.1. STARTING A BUSINESS:** This parameter with its rank, distance to frontier score (DTF), number of procedure, duration and cost across all the south Asian countries are presented in table 1. The quality of starting a business is measured by these indicators. The best performer globally on starting a business presents a benchmark for all other countries.

TABLE 1: STARTING A BUSINESS

Parameter Starting a Business	India	Bangladesh	Sri Lanka	Nepal	Pakistan	Afghanistan	Bhutan	Maldives	Best Performer Globally
Rank	155	117	98	105	122	34	91	48	New Zealand (1)
DTF Score	73.59	81.72	84.98	83.48	80.94	93.05	85.57	91.26	New Zealand (99.96)
Procedures (number)	12.9	9	8	7	10	3	8	5	New Zealand (1.00)
Time (days)	29	19.5	10	17	19	7	15	9	New Zealand (0.50)
Cost (% of income per capita)	13.5	13.9	18.7	28.4	9.4	19	4	4.9	Slovenia (0.00)

Source: Compiled from the World Bank’s Doing Business database

Starting a business in India on average takes 29 days, requires 12.9 procedures and costs 13.5% of income per capita while it takes only 7 days and 3 procedures in Afghanistan. Among the South Asian countries, Afghanistan is the best performer in ‘starting a business’, followed by Maldives, Bhutan Sri Lanka, Nepal, Bangladesh, and Pakistan. The number of procedures and days India takes to start a business is the highest among all the South Asian countries. New Zealand is the best performer globally with only one procedure and half day requirement to start a business. The lengthy bureaucratic process, unnecessary number of procedures makes India very unhealthy for start-up and SMEs to start and operate. Bangladesh contributed around 18% manufacturing value to GDP as compared to India’s 14% in 2012, is the biggest competitor of India in South Asia for attracting foreign investment and ranked 117 on starting a business parameter.

**3.2. DEALING WITH CONSTRUCTION PERMITS:** To build a warehouse in India, complying with all the formalities, it requires on average 33.60 procedures, takes 191.50 days and costs 26% of the warehouse value (Table 2).

TABLE 2: DEALING WITH CONSTRUCTION PERMITS

Parameter Construction permits	India	Bangladesh	Sri Lanka	Nepal	Pakistan	Afghanistan	Bhutan	Maldives	Best Performer Globally
Rank	183	118	77	78	61	185	79	41	Singapore (1)
DTF Score	32.47	65.27	70.39	70.25	72.62	22.94	70.07	75.36	Singapore (92.97)
Procedures (number)	33.6	13.4	12	10	10	11	21	10	5 Economies (7.00)
Time (days)	191.5	269	116	86	250.4	353	151	140	Singapore (26.00)
Cost (% of warehouse value)	26	1.7	0.2	8.3	3.2	76.6	1.3	0.5	Qatar (0.00)
Building quality control index(0-15)	11	11	5.5	9	13.7	1.5	13	8.5	New Zealand (15.00)

Source: Same as in Table 1.

It is the second worst ranking among South Asian countries on this parameter. The best performer among South Asian countries is Maldives followed by Pakistan, Sri Lanka, Nepal, and Bhutan. Maldives takes on average 140 days, 10 procedure and only 0.5% cost of warehouse value. Singapore, on this parameter, is the global leader with 26 days to build a warehouse while Qatar is the global leader and costs 0% the warehouse value. India performs poorly on this parameter and stands close to Afghanistan which has the worst ranking among South Asian countries. Rules and regulation in construction are not very favorable for the growth of start-ups and SMEs in India.

**3.3. GETTING ELECTRICITY**

In developing and industrialised economies, electricity is the vital source of energy to run businesses and manufacturing plant. To be cost effective, it is the first step for a business to gain access to it by obtaining a connection whether the supply is reliable or not. In India, it takes on average 90.1 days, requires 5 procedure and costs 442.3% of income per capita to obtain a new electricity connection (Table 3). Globally, India stands at 70 in the ranking of 189 economies.

TABLE 3: GETTING NEW ELECTRICITY CONNECTION

Parameter Getting electricity	India	Bangladesh	Sri Lanka	Nepal	Pakistan	Afghanistan	Bhutan	Maldives	Best Performer Globally
Rank	70	189	81	131	157	156	50	141	Korea, Rep. (1)
DTF Score	74.56	15.31	70.82	57.51	45.47	45.52	80.09	53.65	Korea, Rep. (99.88)
Procedures (number)	5	9	5	5	5	5	4	6	14 Economies (3.00)
Time (days)	90.1	428.9	100	70	178.3	114	61	91	Korea, Rep. (18.00)
Cost (% of income per capita)	442.3	3,140.5	829.5	1,134.9	1225.5	3496.7	550	296.8	Japan (0.00)
Reliability of supply and transparency of tariff index(0-8)	5.5	0	5	0	0	0	5	0	18 Economies (8.00)

Source: Same as in Table 1.

The best performer among South Asian countries is Bhutan which takes on average 61 days and requires 4 procedures to obtain a new electricity connection. The global leader on this parameter is Korea Republic.

**3.4. REGISTERING PROPERTY**

Easy process of registering or transferring property and effective land administration make it easier for start-ups and SMEs to utilize the limited resources effectively and efficiently. The property may serve as a collateral for loans and provide access to finance. In India, registering a property requires on average 7 procedures, takes 47 days and costs 7.5% of the property value (Table 4).

TABLE 4: REGISTERING PROPERTY

Parameter Registering property	India	Bangladesh	Sri Lanka	Nepal	Pakistan	Afghanistan	Bhutan	Maldives	Best Performer Globally
Rank	138	185	153	72	137	184	51	171	New Zealand (1)
DTF Score	50.29	27.48	46.76	66.96	50.31	27.5	73.4	39.97	New Zealand (94.46)
Procedures (number)	7	8	9	3	6	9	3	6	4 Economies (1.00)
Time (days)	47	244	51	5	50	250	77	57	3 Economies (1.00)
Cost (% of property value)	7.5	7	5.1	4.8	7.5	5	5	15.9	Saudi Arabia (0.00)
Quality of the land Administration index(0-30)	7	4.5	3.5	5.5	5	3	24	8.5	3 Economies (28.50)

Source: Same as in Table 1.

Bhutan followed by Nepal is the best performer among South Asian countries leaving India far behind. It requires only on average 3 procedures, costs 5% of property value to get a property registered and gets 24 points on quality of land administration index while India gets only 7 points on the same index. The global leader on registering property parameter is New Zealand. Saudi Arabia is the global cost leader in registering property with 0% cost of property value. The number of procedure to register the property and quality of land administration makes India a bit problematic to attract investors for business.

**3.5. GETTING CREDIT**

India performs well on this parameter and comes under top 50 among 189 countries. It ranks 42 globally and has the highest rank among South Asian countries (Table 5). India has a score of 7 out of 8 on the 'depth of credit information index' and a score of 6 out of 12 on the 'strength of legal rights index' for borrowers and lenders. The credit information system and collateral and bankruptcy laws in India facilitate access to credit to a greater extent than other South Asian countries.

TABLE 5: GETTING CREDIT

Parameter Getting credit	India	Bangladesh	Sri Lanka	Nepal	Pakistan	Afghanistan	Bhutan	Maldives	Best Performer Globally
Rank	42	133	97	133	133	97	79	126	New Zealand (1)
DTF Score	65	30	45	30	30	45	50	35	New Zealand (100)
Strength of legal rights index(0-12)	6	6	3	6	3	9	4	2	3 Economies (12.00)
Depth of credit information index(0-8)	7	0	6	0	3	0	6	5	26 Economies (8.00)
Credit bureau coverage(% of adults)	22	0	50.3	1.3	4.8	0	23.2	0	22 Economies(100)

Source: Same as in Table 1.



The global leader on ease of getting credit is New Zealand. The strength of legal rights index is better in Afghanistan than in India.

**3.6. PROTECTING MINORITY INVESTORS**

It is the only parameter where India is under top 10 performer globally. It stands at 8 in the ranking of 189 economies on the ‘strength of minority investor protection’ index (Table 6).

**TABLE 6: PROTECTING MINORITY INVESTOR**

Parameter Protecting minority investor	India	Bangladesh	Sri Lanka	Nepal	Pakistan	Afghanistan	Bhutan	Maldives	Best Performer Globally
Rank	8	88	49	57	25	189	115	134	Singapore (1)
DTF Score	73.33	53.33	60	58.33	66.67	10	46.67	43.33	Singapore (83.33)
Strength of minority investor protection index(0-10)	7.3	5.3	6	5.8	6.7	1	4.7	4.3	3 Economies (8.30)
Extent of conflict of interest regulation index(0-10)	6.7	6.3	6	5.3	6	1.7	4.7	5.3	Singapore (9.30)
Extent of shareholder governance index(0-10)	8	4.3	6	6.3	7.3	0.3	4.7	3.3	4 Economies (8.00)

Source: Same as in Table 1.

India has a score of 7.3 out of 10 on the strength of ‘minority investor protection index’ and a score of 8 out of 10 on the extent of shareholder governance. It makes India the best performer among South Asian countries. Singapore emerges as the best performer globally on this parameter.

**3.7. PAYING TAXES**

Many countries around the world have made paying taxes faster, easier and less costly for businesses. Many Practices such as consolidating payments and filings of taxes, offering electronic systems for filing and payment, lowering tax rates, establishing taxpayer service centers or allowing for more deductions and exemptions are being followed by these countries. In India, on average, firms make total 33 tax payments a year, spend 243 hours a year filing, preparing and paying taxes, and pay total taxes amounting to 60.6% of the profit of their business (Table 7).

**TABLE 7: PAYING TAXES**

Parameter Paying taxes	India	Bangladesh	Sri Lanka	Nepal	Pakistan	Afghanistan	Bhutan	Maldives	Best Performer Globally
Rank	157	86	158	124	171	89	28	128	United Arab Emirates(1)
DTF Score	56.14	74.42	55.23	66.5	44.46	74.14	85.5	65.31	United Arab Emirates(99.44)
Payments (number per year)	33	21	47	34	47	20	18	30	Hong Kong SAR,China(3)
Time (hours per year)	243	302	167	334	594	275	85	394.5	Luxembourg (55.00)
Total tax rate (% of profit)	60.6	31.6	55.2	29.5	32.6	36.3	35.3	30.2	Ireland (25.90)

Source: Same as in Table 1.

India ranks 157 on ease of paying taxes parameter globally. It ranks poorly among South Asian countries and is placed third from the bottom. Bhutan comes first which requires almost half the number of payments made per year, almost one third time it takes to file taxes as compared to India. Moreover, Bangladesh and Afghanistan have scored well and have been placed above India on paying taxes parameters. Globally, Ireland has the minimum tax rate (25.9%) while Luxembourg requires minimum time (55 hours per year) to file the taxes.

**3.8. TRADING ACROSS BORDERS**

It is increasingly important for business to trade across the borders for their growth and survival in today’s globalized world. Businesses suffer due to excessive document requirements, burdensome customs procedures, inefficient port operations and inadequate infrastructure resulting in extra costs and delays for exporters and importers. India stands at 133 globally on the ‘trading across borders’ parameter (Table 8).

**TABLE 8: TRADING ACROSS BORDERS**

Parameter Trading across Borders	India	Bangladesh	Sri Lanka	Nepal	Pakistan	Afghanistan	Bhutan	Maldives	Best Performer Globally
Rank	133	172	90	160	169	174	21	137	Denmark (1)
DTF Score	56.45	34.86	70.7	81.6	38.11	28.9	95.49	55.87	Denmark (100)
Time to export: Border compliance (hours)	109	100	43	64	79	48	2	42	15 Economies (0.00)
Cost to export: Border compliance(USD)	413	408	366	226	426	511	59	596	18 Economies (0.00)
Time to export:Documentary compliance(hours)	41	147	76	19	62	243	2	48	Jordan (0.00)
Cost to export:Documentary compliance(USD)	102	225	58	85	307	344	50	300	20 Economies (0.00)

Source: Same as in Table 1.

It stands third among the South Asian countries on the same parameter. Bhutan is the leader among South Asian countries and takes, on average, only 2 hours for border compliance and 2 hours for documentary compliance. Denmark is the global leader on ease of ‘trading across borders’. Moreover, there are many countries globally which cost nothing, in terms of time and money spent, to business for trading across the borders.

**3.9. ENFORCING CONTRACTS**

Speedy trials are essential for SMEs, which lack the resources to stay in business while awaiting the outcome of a long court dispute when a customer fails to pay. Efficient and transparent courts are essential for businesses to protect their economic rights and are instrumental to building a good business environment in the country. Globally, India stands at 178 on the ‘enforcing contracts’ parameter (Table 9).

**TABLE 9: ENFORCING CONTRACTS**

Parameter Enforcing Contracts	India	Bangladesh	Sri Lanka	Nepal	Pakistan	Afghanistan	Bhutan	Maldives	Best Performer Globally
Rank	178	188	161	152	151	172	50	95	Singapore (1)
DTF Score	32.41	22.21	39.31	45.26	45.35	35.11	65.36	57.66	Singapore (84.91)
Time (days)	1,420.00	1442	1318	910	993.2	1642	225	665	Singapore (150.00)
Cost (% of claim)	39.6	66.8	22.8	26.8	23	25	23.1	16.5	Iceland (9.00)
Quality of judicial process index(0-18)	7.5	7.5	7.5	5.5	6	6	5.5	6.5	3 Economies (15.50)

Source: Same as in Table 1.



It is the second poorest performer among the South Asian countries and takes, on average, 1420 days and costs 39.6% of the value of the claim to enforce the contracts and settle the disputes as compared to Bhutan which takes, on average, 225 days and 23.1% of the claim value. Singapore is the benchmark country on the 'enforcing contracts' parameter.

### 3.10. RESOLVING INSOLVENCY

Effective and efficient bankruptcy system facilitate faster and cheaper insolvency proceeding which result in the speedy return of business to normal operation and increase returns to creditors as well as debtors. Sound insolvency system provides access to finance and saves viable businesses as well. In India, resolving insolvency takes, on average, 4.3 years and costs 9% to the debtor. The average recovery rate in India is 25.7 cents on the dollar as compared to Maldives'49.7. Globally, India stands at 136 on the 'resolving insolvency' parameter (Table 10).

TABLE 10: RESOLVING INSOLVENCY

Indicator Resolving Insolvency	India	Bangladesh	Sri Lanka	Nepal	Pakistan	Afghanistan	Bhutan	Maldives	Best Performer Globally
Rank	136	155	78	86	94	160	189	135	Finland (1)
DTF score	32.59	26.36	46.4	44.19	42.96	23.62	0	33.02	Finland (93.81)
Recovery rate (cents on the dollar)	25.7	25.8	45.6	41.5	39.2	26.5	0	49.7	Japan (92.90)
Time (years)	4.3	4	1.7	2	2.7	2	*	1.5	Ireland (0.40)
Cost (% of estate)	9	8	10	9	5.6	25	*	4	Norway (1.00)
Strength of insolvency framework index(0-16)	6	4	7	7	7	3	0	2	4 Economies (15.00)

Source: Same as in Table 1.

Note:\*indicates no such practice exists

It is an average performer on this parameter. Among South Asian countries, Sri Lanka is the best performer followed by Nepal and Pakistan. Finland, the best performer globally provides the benchmark for other countries. Japan provides the highest recovery rate (92.9 cents per Dollar) while Ireland takes the least time (0.4 years) to deal with insolvency issues.

## 4. RESULTS AND DISCUSSION

This paper has analysed the quality of business environment for SMEs in India and in South Asian countries as well. The results are based on ten parameters developed by WBDB index. The measurement of quality of business environment is presented in terms of time and cost associated with excessive and unnecessary documentation procedures required to complete formalities before the business can be started and run. However, basic infrastructure facilities and efficient legal and financial systems are vital for any business to function properly and therefore, making a country healthy and attractive for doing business. Delay in obtaining required administrative permissions and clearances from the Government agencies, costly processing fees and services, taxes, outdated laws and inefficient legal and financial systems make businesses suffer. Especially, SMEs suffer most from this unhealthy business environment because of their limited resources.

Dealing with construction permits, enforcing contracts, paying taxes and starting a business are the worst affected parameters of quality of business environment in India. Poor ranking of India on the WBDB index is severely affected by all these parameters. The primary cause of this poor performance of India is attributed to the excessive and unnecessary documentary procedures which are not very healthy for businesses to start and to run quickly. For instance, starting a business in India requires almost 13 procedure while Bhutan and New Zealand require on average 3 and 1. When it comes to construction permits, India requires on average 33.6 number of procedures as compared to Nepal's 10, Pakistan's 10 and Maldives's 10. Moreover, it requires on average 33 number of payments per year to pay taxes while Nepal and Hong Kong require on average 18 and 3.

The other causes which have direct impacts on India's poor performance on WBDB index are time and money it requires for setting up business. It takes, on average, 29 days to start a business, 191.5 days to deal with construction permits, 4.3 years to resolve insolvency issues, 1420 days to enforce contracts, 109 hours border compliance and 42 hours documentary compliance to export across borders, 47 days to get property registered and 90.1 days to get new electricity connection. When India is compared with South Asian countries on the same parameters it performs poorly. Afghanistan, Maldives and Sri Lanka take on average 7, 9 and 10 days respectively to start a business; Nepal, Sri Lanka and Maldives take on average 86, 116 and 140 days respectively to deal with construction permits; Maldives, Sri Lanka and Nepal take on average 1.5, 1.7 and 2 years to resolve insolvency issues; Bhutan, Maldives, Nepal and Pakistan take, on average, 225, 665, 910 and 993.2 days respectively to enforce contracts; Bhutan takes on average 2 hours border compliance and 2 hours documentary compliance to export across borders; Nepal takes on average 5 days to get property registered; Bhutan and Nepal take on average 61 and 70 days to get a new electricity connection. Merely looking at the numbers, India has a lot of space for improvement by cutting delays causing businesses to suffer.

Besides time, money is also an important factor of business profitability and efficiency. The cost to business reflects the attractiveness of location where business can be set up and run. India shows weakness as compared to other South Asian countries on this indicator; enforcing contracts costs on average 39.6% of the claim value to business as compared to Maldives's 16.5%; costs almost 60.6% of the profit as total tax rate as compared to Nepal's 29.5%. In case of bankruptcy, India offers 25.7 cents on a dollar recovery rate as compared to Maldives' 49.7. Therefore, India can follow some of their best practices to improve this area as well.

## 5. CONCLUSION

India does not provide a very favourable business environment for enterprises, especially for SMEs. Indian SMEs are weighed down by inflexible and complicated regulatory policies which make starting and running a business difficult. Owing to this prohibitive business climate, many innovative entrepreneurs are not able to enter the markets or sustain a business. In order for SMEs to compete with large scale enterprises and other global counterparts, it is important that they are provided with cost effective, easy to start and run quality business practices.

Comparison with results of other south Asian countries on quality of business environment provides evidence to poor performing areas where India should focus on to improve the quality of business environment. Since SMEs today are the foundation of the Indian industrial economy and they hold the potential to make India a global economic powerhouse. It is of critical importance that India should provide SMEs with the right business environment to facilitate their sustainable growth and development. Therefore, it becomes imperative for policy makers to provide the right incubation support and start-up incentives to facilitate ease of doing business.

The National Manufacturing Policy and the 'Make in India' program are the first of its kind for the manufacturing sector as it addresses areas of regulation, infrastructure, skill development, technology, availability of finance, exit mechanism and other pertinent factors related to the growth of the sector. The basic purpose of this program is to create jobs for the growing population and to speed up economic growth of the country. To achieve this purpose and to make the national program 'Make in India' a success, India needs to improve the quality of business environment first and then to set an example for other South Asian countries to follow it. This paper studies only South Asian developing countries to assess their relative strength and weakness. The future researcher may study the business environment between highly industrialised Asian countries and developed countries to understand the business practices.

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**CONSUMER ATTITUDE TOWARDS THE MARKETING-MIX OF THE GREEN PRODUCTS**

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**ABSTRACT**

*The environment is deteriorating because of the consumption pattern of consumers and the fast growing nature of economies. This degradation of environment may be brought up to the track by the consumption of green products. It will not only help in conserving the present resources but will also help the environment to sustain for a longer time. Thus, it is very important to market the Green Products among consumers. American Marketing Association says that green marketing is the marketing of products that are presumed to be environmentally safe. This concept has gained tremendous importance in the recent past only. Consumers are being informative about the long-term benefits of green products and thus are showing their high involvements during the selection of environment friendly products. This makes green marketing inevitable in nature and a hot topic for further research. The current paper focuses on identifying the different dimensions of green marketing, knowing about the attitude of customers towards the green products and developing a model of green marketing mix. A survey of more than 100 respondents from Delhi/NCR was undertaken to identify the attitude of consumers towards the green products and their marketing, so as to develop a model of green marketing mix from it and to know about the attitude of customers towards the green products which are a bit costly but friendly with nature.*

**KEYWORDS**

green marketing, attitude, marketing-mix, 4p's.

**INTRODUCTION**

Across the globe, we have experienced a high growth rate in the economies. Especially, the industrial growth rate had been high enough in recent decades to cause environmental deterioration. The major reasons for such degradation has been the over-consumption of the natural resources which has caused ozone depletion, global warming and distinct kind of pollution. Grunert (1993) reported that about 40% of environmental degradation has been brought about by the consumption activities of private households. Reports of environmental pollution being showcased as a major reason for damage to the crops, people and wildlife in almost all countries like USA, Brazil, Mexico, Europe etc. have made the protection of the environment as a major domain of current field of research. It is seen to highly impact infant deaths, premature births, low birth weights etc. All these things call for changing the alignment of the marketers and the policy makers towards utilising the current resources very efficiently and effectively as resources are limited on this planet and needs are unlimited.

In such situation, marketers need to re-think about their marketing strategies and product offerings. Various government policies and current environmental conditions has forced marketers to think and provide products which are environment friendly and acceptable by society and market. Also, profit driven firms are usually motivated to adopt the concept of green marketing in their businesses provided that consumers demonstrate a high degree of environmental attitude and hence translate this into environmental friendly purchasing commitment. However, some of the greatest challenges faced by these firms are changes in consumer preferences, suspicion of green advertising claim, unfavourable consumer perception of green products and the high cost invested in developing green products. Green marketing is a holistic marketing concept where the production, consumption and the disposal of products/services happens in a manner which is least hazardous to the environment and with maximum concern for safeguarding the ecological balance of nature.

Green products are expected to have characteristics like recyclable, reusable and biodegradable. Their composition must be all natural. No use of toxic chemicals must be there so that they must not harm the environment in any way. Such products are not supposed to be tested on animals. Packaging of such products has to be eco-friendly. They must be grown in their original state.

Last decade has witnessed the enlightenment of customers on the environmental issues. There are people who are now willing to pay extra for the purpose of safeguarding the environment. People are showing high involvement in the matters concerning the environment. Such things make green marketing an opportunity to the marketers to develop products/services to create a different niche of the market, satisfy their needs and use it to create differentiation for them in the long run. This paper focuses on investigating the attitude of the customers towards different dimensions of green marketing and developing a model of green marketing mix.

**REVIEW OF LITERATURE**

The concept of green marketing came into existence in the late 1980's and early 1990's. After the coining of this theory a lot of research has been done on distinct perspective. Some of the researches have been highlighted here which are in context of Green Marketing and the strategies related to it. Major focus has been given to theories of Green Marketing-Mix. Soonthonsmai (2007) defined green marketing as the activities taken by firms that are concern about the environment or green problems by delivering the environmentally sound goods or services to create consumers and society's satisfaction. Peattie (1995) and Welford (2000) defined green marketing as the management process responsible for identifying, anticipating and satisfying the requirements of customers and society in a profitable and sustainable way. Pavan & Payal (2010) discussed that how the businesses potentially increase their rate of targeting the green customers' i.e. the ones which are concerned about the environment and allow it to affect their decision of what to buy and what not. It explains the opportunities and the challenges that the companies face with green marketing. It also enlightens the three different segments of green customers. This study also discusses that why companies take up green marketing, present trends in it and its future in India. It finally concludes that green marketing is something that will grow both in practice and demand in the near future.

Globally companies are assigning a higher status to environmental management and weaving it into all levels and functions of their corporate structure (Ghahremani, 1990). These forces and institutional pressures from investors and employees (including management), have been major catalysts for the greening of business, which, in turn, has given rise to the concept of green marketing. Peattie (2001) divided the entire domain of green marketing into three phases including that of ecological marketing, environmental marketing and the sustainable marketing. The scope of the green marketing moved from a narrower dimension to a much broader one which is applicable currently. The initial focus was to reduce dependence on the harmful products while the current focus is to

create a sustainable advantage where resources are used effectively and future generations are not left to work for themselves and depleting all the resources from the earth.

Mathur & Midha (2012) in their study discussed that differentiation is the core essence of strategy today. It not only provides competitive advantage but the firms' sustainability quotient is also leveraged. Sources of differentiation exist in all industries. And green marketing is one such concept which can enable firms to gain maximum customers and differentiate their offerings in a way which is clearly unique, identifiable and clearly agreeable. Consumers are becoming aware about the environmental issues and are showing willingness to pay extra for every green product they purchase. This gives marketers a chance to use green marketing as a source of differentiation. Various researchers have contributed to the knowledge of Green marketing-mix elements. Ginsberg & Bloom (2004) used the primary marketing-mix tools of product, price, place and promotion to divide green marketing into distinct strategies like, the lean green strategy, the defensive green strategy, the shaded green strategy and the extreme green strategy. The researchers also described how firms may adopt these strategies for achieving their marketing goals.

Green products namely, environmentally friendly products or environmentally conscious products are referred to as products designed to lessen the consumption of natural resources required and minimize the adversely environmental impacts during the whole life-cycles of these products (Albino et al., 2009; Janssen & Jager, 2002; Tsai, 2012). Pricing of green marketing is important and considering the fact that they support environmental friendliness so the value can be added to the product for changing its appearance, functionality and through customization, etc. (Shrama & Goyal, 2012). Green promotion needs to communicate substantive environmental information to consumers that has meaningful links to corporate activities. As such, it is unlikely to be an effective strategic tool unless it is supported by other corporate activities. Thus, promoting some real environmental attribute of a product or firm requires a change in the product, process or corporate focus. Such changes do not have to be strategic in nature (Solaiman, et. al. 2015).

Mendleson & Polonsky (1995) in their study discussed the problems that producers face while manufacturing green products including lack of credibility, consumer cynicism, and consumer confusion over claims. However such issues can be addressed by ensuring proper ties with different environmental groups. Not only the above problems will be solved but we will also have adequate information on the environment, reduced public criticism, increased access to new markets and increased awareness of customers on the green marketing. While, Kilbourne (1995) proposed that the current paradigm of green marketing had many limitations unless and until its boundary was widened to include a holistic approach. Such approach has to be not just holistic but multi-disciplinary in nature as well. Only then the true value of green marketing can be realized and its benefits can be reaped.

In reality, companies that pursue green marketing encounter numerous challenges mainly from the variability of demand, unfavourable consumer perception and high cost (Gurau and Ranchhod, 2005). The key concern lies in an understanding of green consumers and their characteristics to enable firms to develop a new target and segmentation strategies (D'Souza et al., 2007). Prakash (2002) focused on the development of green marketing mix which is not just a combination of the general 4 P's of marketing but also involves a proper understanding of the public policy processes. It extends its wings to explaining the need on part of marketers to arrive on their environmental claims and give customers what they expect in a green product/service.

## RESEARCH METHODOLOGY

Based on the research problem and extensive literature review researchers have come to the point where the study should be focused upon and brought up the following research objectives.

### RESEARCH OBJECTIVES

1. To identify the different dimensions of green marketing-mix.
2. To investigate the attitude of customers towards the green products/services.

### RESEARCH HYPOTHESES

1. There is no significant difference among all the green marketing mix components, i.e., 'Product', 'Price', 'Promotion' and 'Place'.
2. There is no significant impact of 'Product\_Mix' of marketing of green products on the 'Attitude of customers'.
3. There is no significant impact of 'Price\_Mix' of marketing of green products on the 'Attitude of customers'.
4. There is no significant impact of 'Promotion\_Mix' of marketing of green products on the 'Attitude of customers'.
5. There is no significant impact of 'Place\_Mix' of marketing of green products on the 'Attitude of customers'.

### RESEARCH DESIGN

The study was conducted in National Capital Region which encompasses the entire national capital territory of Delhi which includes New Delhi as well as urban areas surrounding it in states like Haryana, Uttar Pradesh etc. The research design of this proposed research study has been chosen as survey research design. The purpose is to generalize from the sample to the population so that inferences can be made about the attitude of customers towards the green products. This survey research design warrants us to make a survey where in questionnaires will be administered on the sample. Primary data has been collected through self-administered questionnaires. The sample size for the population has been chosen above 100 from Delhi/NCR. The sample size is so taken because of the set benchmark from the previous researchers. The type of questionnaire used during the study is structured and formalized and the types of questions asked during the study are straight forward and limited probing. Non-probability judgmental sampling was used as the sampling procedure.

## DATA ANALYSIS AND FINDINGS

Analysis of the data was started for finalizing the questionnaire with proper set of items to be asked from the respondents. The questions were asked on a five-point Likert scale ranging from Strongly Disagree to Strongly Agree. These scales were finalized based on previous researches, pretesting and pilot testing of the scales with the help of subject experts. Initially, a pilot survey was conducted with 21 items initially. After using the factor analysis technique 4 items were dropped from the final questionnaire. Rest 17 items has been considered with a set of five different variables for the final study. The final section of the questionnaire comprised of questions related to demographic of the respondents.

### FACTOR ANALYSIS

The data were gathered from more than 110 respondents using the questionnaire. Only relevant responses were considered for the final analysis. Total of 103 responses were received among which 63% of the respondents were male and rest were female. Most of the respondents were post-graduates or they possessed a degree of doctorate. More than two-third of respondents come from a family where annual income is higher than 6 Lacs per annum. This may signify that most of the respondents may have a good amount of disposable income. Responses were collected from people who were either professionals or students which are considerably equal in numbers. These data were entered into a computer database using MS Excel and then analysed using SPSS. The data analysis consists of factor analysis, reliability testing, analysis of variance (ANOVA), correlation analysis, regression analysis and descriptive statistics including frequencies, means and standard deviations.

Factor analysis is an important technique to assess the internal construct validity. Previous studies show that Dimension Reduction technique is used for factor analysis. In this technique KMO measure is tested for all the items used in the questionnaire and value of KMO above 0.6 is considered for adequate sampling.

TABLE 1: DESCRIPTIVE STATISTICS, KMO, FACTOR LOADING & AVE

Variable	KMO Measure (Significance)	Construct Items	Factor Loading	Avg. Variance Explained
Attitude	.771 (4 Items) Sig.= .000	Knowledge Possession	.922	81.576%
		Awareness Level	.920	
		Information Seeking	.900	
		Feeling Associated	.870	
Product_Mix	.713 (4 Items) Sig.= .000	Choice Variation	.896	61.069%
		Guarantee	.844	
		Packaging	.696	
		Services Attached	.666	
Price_Mix	.656 (3 Items) Sig.= .000	Value for Money	.939	78.297%
		Pricing	.872	
		Extra Pay	.841	
Promotion_Mix	.615 (3 Items) Sig.= .000	Health Conscious	.904	68.762%
		Protect Environment	.821	
		Store Attribute	.756	
Place_Mix	.619 (3 Items) Sig.= .000	Easy Availability	.868	62.170%
		Distribution	.864	
		Door Step Availability	.606	

**RELIABILITY TEST**

As per the reliability test conducted, value of Cronbach's Alpha for all the 17 items have come out to be 0.813 which is considered to be very good for such type of study. Individual reliability statistics have been shown in the table below for all the distinct variables.

TABLE 2: RELIABILITY STATISTICS

Factors/ Constructs	Cronbach's Alpha	No. of Items
Attitude	.922	4
Product_Mix	.776	4
Price_Mix	.856	3
Promotion_Mix	.767	3
Place_Mix	.743	3

In the study of green products and the marketing mix technique, it was observed that all the four P's of marketing mix, i.e., Product\_Mix, Price\_Mix, Promotion\_Mix and Place\_Mix were the independent variables. Correlation test was applied using SPSS to check how closely or distinctly the variables are related to each other. The correlation coefficients are described in the table below.

TABLE 3

Correlations		Consumer Attitude	Product_Mix	Price_Mix	Promotion_Mix	Place_Mix
Consumer Attitude	Pearson Correlation	1	.279	.493**	.389**	.204
	Sig. (2-tailed)		.027	.000	.000	.037
Product_Mix	Pearson Correlation	.279	1	.245	.385**	-.253
	Sig. (2-tailed)	.027		.044	.004	.049
Price_Mix	Pearson Correlation	.493**	.245	1	.670**	.197
	Sig. (2-tailed)	.000	.044		.000	.037
Promotion_Mix	Pearson Correlation	.389**	.385**	.670**	1	.140
	Sig. (2-tailed)	.000	.004	.000		.046
Place_Mix	Pearson Correlation	.204	-.253	.197	.140	1
	Sig. (2-tailed)	.037	.049	.037	.046	

\*\* . Correlation is significant at the 0.01 level (2-tailed).

We can observe that Consumer Attitude is significantly correlated with Price\_Mix and Promotion\_Mix but the level of correlation is moderate. Also, Product\_Mix is moderately and significantly correlated with Promotion\_Mix. Promotion\_Mix is highly correlated with Price\_Mix. In fact, this is the only correlation which is highly correlated and from this we can deduce that high level of promotion from the marketers end may result into convincing the consumers for pricing of the green product offerings. All of these mentioned correlations are significant even at 1% level, which have been marked with double asterisk. Rest of the variables which are not mentioned here are weakly correlated with other variables.

**HYPOTHESES TESTING**

Based on proposed model, given hypotheses are tested followed by description of statistical procedures used in testing the null hypotheses, stating no relationship between variables. The established significance level for rejecting all null hypotheses taken is 0.05.

TABLE 4

S No	Null Hypotheses	Accepted/Rejected
1	There is no significant difference among all the marketing mix components of green products, i.e., 'Product', 'Price', 'Promotion' and 'Place'.	Rejected.
2	There is no significant impact of 'Product_Mix' of marketing of green products on 'Consumer Attitude'.	Rejected.
3	There is no significant impact of 'Price_Mix' of marketing of green products on the 'Consumer Attitude'.	Rejected.
4	There is no significant impact of 'Promotion_Mix' of marketing of green products on the 'Consumer Attitude'.	Rejected.
5	There is no significant impact of 'Place_Mix' of green marketing of green products on the 'Consumer Attitude'.	Rejected.

Further, observations are made from the regression line which is developed using the tools and tests with the help of SPSS. In this Regression test all the four P's are taken as independent variables and the Attitude of the respondents is set to be dependent variable. The Model Summary from the regression test gives the value of adjusted R square as 51%.

TABLE 5: MODEL SUMMARY<sup>a</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.724 <sup>a</sup>	.524	.510	.437	1.372

a. Predictors: (Constant), Place\_Mix, Promotion\_Mix, Product\_Mix, Price\_Mix

b. Dependent Variable: Consumer Attitude

Furthermore, residual values of linear regression can be checked for better results and to strengthen the proposed model. One of the tools used is Durbin-Watson statistics which tests the null hypothesis that the residuals from an ordinary least-squares regression are not auto-correlated against the alternative that the residuals follow an AR1 process.

The Durbin-Watson statistic ranges in value from 0 to 4. A value near 2 indicates no autocorrelation; a value toward 0 indicates positive autocorrelation; a value toward 4 indicates negative autocorrelation. Because of the dependence of any computed Durbin-Watson value on the associated data matrix, exact critical values of the Durbin-Watson statistic are not tabulated for all possible cases. Instead, Durbin and Watson established upper and lower bounds for the critical values.

Typically, tabulated bounds are used to test the hypothesis of zero autocorrelation against the alternative of *positive* first-order autocorrelation, since positive autocorrelation is seen much more frequently in practice than negative autocorrelation. To use the table, one must cross-reference the sample size against the number of regressions, excluding the constant from the count of the number of regressions.

TABLE 6: ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16.962	4	4.991	17.756	.000 <sup>b</sup>
	Residual	27.041	98	.207		
	Total	44.003	102			

a. Dependent Variable: Consumer Attitude

b. Predictors: (Constant), Place\_Mix, Promotion\_Mix, Product\_Mix, Price\_Mix

TABLE 7: COEFFICIENTS<sup>a</sup>

Model		Standardized Coefficients	t	Sig.	Collinearity Statistics
		Beta			VIF
1	(Constant)		7.908	.000	
	Product_Mix	-.188	-1.105	.038	1.094
	Price_Mix	.626	5.597	.001	1.926
	Promotion_Mix	.354	2.274	.026	2.002
	Place_Mix	-.163	-.717	.047	1.061

a. Dependent Variable: Consumer Attitude

Another diagnostic tool is the Variance Inflation Factor (VIF), which represents the inflation that each regression coefficient experiences above the ideal. The VIF for the *i*th regression coefficient is written  $VIF = 1/1-R^2$ , where the coefficient of the multiple determination of the regression is produced by regressing the variable *X<sub>i</sub>* against the other independent variables. If this value is large, the *i*th independent variable has a strong linear association with the remaining independent variables. If VIF becomes larger than 10, severe multi-collinearity is indicated (Myers, 1990).

**CONCLUSION**

As this study was focused to identify the different dimensions of green marketing and understanding the attitude of customers towards the green products, therefore the respondents were targeted from urban and metropolitan region where awareness about the green products is more as compared to other parts of the country. This study was conducted using a structured questionnaire among the respondents who are well educated and are living in these areas.

More than one hundred respondents participated in giving input through the survey. After using certain tools and techniques the data were gathered, tabulated and analyzed using software package like SPSS. The results show that people are familiar with the concept of green marketing and the initiatives taken by marketers to promote green products through marketing mix are well versed but need to look at some of the areas where possibilities for improvement are there. The above results show that consumers are affected by the marketing mix of green products, i.e., Product, Price, Promotion and Place.

The hypotheses were tested and we can conclude that Price and Promotion are major marketing mix components which make better impact over the attitude of consumers regarding green products as compared to Product and Place. Consumers will be willingly investing for using the green products if they are satisfied with the pricing of the green products and also if the promotion may influence the consumers attitude. We also found that it is not the discounts and offers on green products which can make people switch to them but the factors like Health-consciousness of respondents, Eco-friendly nature of green products, better Promotion techniques and other benefits related to green products. However, Product and Place components of marketing mix show significant impact of on Attitude of consumers but the impact is much weaker when compared to former mentioned marketing mix components.

**LIMITATIONS AND FUTURE RESEARCH**

In this study, there are certain limitations. The results of this research must be used with caution as the sample size of the exploratory study is very less if the population for consumers of green products is considered. Subsequent study should include a cross section of the Indian metropolitan population. Future research should also include the perception, behaviour and purchase pattern of consumers, as it is essential for the researcher to understand the overall consumer behaviour to foster a favourable attitude towards the green products. Also, additional attention need be devoted to examine the effects of perceived consumer effectiveness on environmental attitudes. Additionally, the study on the social norms is suggested to be included in the future research to compare its impact with personal norms on the consumers' attitudes towards green products. As the current research is restricted to the investigation on the green product generally, future study should focus on the consumers' attitude and perception on the green label, green packaging and green values or green service on a specific type of green product in the market. Finally, future research should consider including the areas of green purchase intention and green buying commitment rather than just considering 4P's of marketing mix.

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**E-COMMERCE: TRANSACTION SECURITY ISSUE AND CHALLENGES**

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**ABSTRACT**

*E-commerce applications are becoming popular day by day as they are working like a virtual shop. Writing good E-commerce application is tedious task and complex also. The applications if made complex are very difficult to maintain. Usability is a very basic concept in the E-commerce application. User has to get the information at one click and with proper feedback. As these are web based applications efficiency matters a lot for this application. As transaction in e-commerce faces the problems such as database exploits, log data mining and sniffing attacks which can be resolved by using different security measure. Hence security is important issue and challenges in current e-commerce applications.*

**KEYWORDS**

sniffing attack, log data mining, dbms exploit.

**INTRODUCTION**

 Electronic commerce lets companies integrate internal and external business processes through information and communication technologies. Companies conduct these business processes over intranets, extranets, and the Internet. E-commerce lets businesses reduce costs, attain greater market reach, and develop closer partner relationships. However, using the Internet as the underlying backbone network has led to new risks and concerns. Often, industry analysts cite trust and security as the main hurdles in growing e-commerce. A number of factors have hampered the growth of e-commerce in developing countries. Yet, the main perceived obstacle to increased Internet usage is very similar in companies from both developed and developing countries. Firms already using the Internet consider the lack of network security to be the primary problem, followed by slow and unstable connections.

Further to the fundamental maxims of e-Commerce above, e-Commerce providers must also protect against a number of different external security threats, most notably Denial of Service (DoS). These are where an attempt is made to make a computer resource unavailable to its intended users through a variety of mechanisms discussed below. The financial services sector still bears the brunt of e-crime, accounting for 72% of all attacks. But the sector that experienced the greatest increase in the number of attacks was e-Commerce. Attacks in this sector have risen by 15% from 2006 to 2007 (Symantec, 2007).

One of the key developments in e-commerce security and one which has led to the widespread growth of e-commerce is the introduction of digital signatures as a means of verification of data integrity and authentication. In 1995, Utah became the first jurisdiction in the world to enact an electronic signature law. An electronic signature may be defined as "any letters, characters, or symbols manifested by electronic or similar means and executed or adopted by a party with the intent to authenticate a writing".

The rapid increase in use of e-commerce is accompanied by rise in the number and kind of attacks against the security of online transactions. The vulnerabilities that these attacks exploit range from loopholes in third-party components utilized by websites, such as shopping cart software to different types of vulnerabilities such as SQL injection, cross-site scripting, information disclosure, path disclosure, price manipulation, and buffer overflows.

**RELATED WORKS**

Security is one of the principal and continuing concerns that restrict customers and organizations engaging with e-commerce. The aim of this paper is to explore the perception of security in e-commerce B2C and C2C websites from both customer and organizational perspectives.

With the rapid development of E-commerce, security issues are arising from people's attention. The security of the transaction is the core and key issues of the development of E-commerce. This paper about the security issues of E-commerce activities put forward solution strategy from two aspects that are technology and system, so as to improve the environment for the development of E-commerce and promote the further development of E-commerce.

Web applications increasingly integrate third-party services. The integration introduces new security challenges due to the complexity for an application to coordinate its internal states with those of the component services and the web client across the Internet.

E-commerce web site owners on one side are thinking of how to attract more customers and how to make the visitors feel secured when working on the site, on the other side how the end users should rate a e-commerce website and what they should do to protect themselves as one among the online community. Our objective of writing this research analysis journal is to make the readers to have clarity of thoughts on the technology which helps all of us to do secure transactions along with safety tips. And how e-commerce site owners, have to make their online visitors to be of much comfort or Trust an e-commerce site via Trust marks, and by their security strategies.

E-Commerce offers the banking industry great opportunity, but also creates a set of new risks and vulnerability such as security threats. Information security, therefore, is an essential management and technical requirement for any efficient and effective Payment transaction activities over the internet. Still, its definition is a complex endeavor due to the constant technological and business change and requires a coordinated match of algorithm and technical solutions.

**OBJECTIVES OF STUDY**

1. Study the Overview of E-commerce security.
2. Understand the purpose of Security in E-commerce.

**E-COMMERCE SECURITY TOOLS**

- Firewalls – Software and Hardware
- Public Key infrastructure
- Encryption software
- Digital certificates
- Digital Signatures
- Biometrics – retinal scan, fingerprints, voice etc
- Passwords
- Locks and bars – network operations centers

**SECURITY ISSUES**

E-commerce security is the protection of e-commerce assets from unauthorized access, use, alteration, or destruction. While security features do not guarantee a secure system, they are necessary to build a secure system. Security features have four categories.

- Authentication: Verifies who you say you are. It enforces that you are the only one allowed to logon to your Internet banking account.
- Authorization: Allows only you to manipulate your resources in specific ways. This prevents you from increasing the balance of your account or deleting a bill.
- Encryption: Deals with information hiding. It ensures you cannot spy on others during Internet banking transactions.
- Auditing: Keeps a record of operations. Merchants use auditing to prove that you bought a specific merchandise.
- Integrity: prevention against unauthorized data modification
- Nonrepudiation: prevention against any one party from renegeing on an agreement after the fact
- Availability: prevention against data delays or removal.

**SECURITY ISSUES IN E-COMMERCE APPLICATION**

There are following types of security issues in any e-commerce application which needs to be addressed

**1. MALICIOUS CODE**

- Viruses: They have ability to replicate and spread to other files; most also deliver a "payload" of some sort (destructive or benign); include macro viruses, file-infesting viruses, and script viruses
- Worms: They are designed to spread from computer to computer
- Trojan horse: They appears to be benign, but then does something other than expected
- Bots: It can be covertly installed on computer; responds to external commands sent by the attacker

**2. UNWANTED PROGRAMS**

These are installed without the user's informed consent. Following are its types. Browser parasites: It can monitor and change settings of a user's browser  
Adware: It calls for unwanted pop-up ads

- Spyware: It can be used to obtain information, such as a user's keystrokes, e-mail, IMs, etc.

**3. PHISHING AND IDENTITY THEFT**

Any deceptive, online attempt by a third party to obtain confidential information for financial gain – Most popular type: e-mail scam letter – It is one of fastest growing forms of e-commerce crime.

**4. HACKING AND CYBER VANDALISM**

Hacker: Individual who intends to gain unauthorized access to computer systems

- Cracker: Hacker with criminal intent (two terms often used interchangeably)
  - Cyber vandalism: Intentionally disrupting, defacing or destroying a Web site.
5. Credit Card Fraud: Fear that credit card information will be stolen deters online purchases. Hackers target credit card files and other customer information files on merchant servers; use stolen data to establish credit under false identity. One solution: New identity verification mechanisms.

**TRANSACTION SECURITY FOR E-COMMERCE APPLICATION****1. ENCRYPTION APPROACH**

Encryption is the process of transforming plain text or data into cipher text that cannot be read by anyone other than the sender and the receiver. The purpose of encryption is:

- (a) To secure stored information and
- (b) To secure information transmission.

There are several types of encryption that differs in the context of its functionalities.

In Symmetric Key Encryption, both the sender and the receiver use the same key to encrypt and decrypt messages while Public Key Encryption used two mathematically related digital keys which are public key and private key.

**2. SECURE SOCKET LAYER**

The most common form of securing channels is through the Secure Sockets Layer (SSL) of TCP/IP. The SSL protocol provides data encryption, server authentication, optional client authentication, and message integrity for TCP/IP connections. Secure Socket Layer (SSL) is a security protocol, first developed by Netscape Communications Corporation and now taken over by the transport layer security working groups. The design goal of the protocol is to prevent eavesdropping, tampering or message forgery when a data is transported over the Internet between two communicating applications.

**3. SECURE HYPERTEXT TRANSFER PROTOCOL (S-HTTP)**

S-HTTP is a secure message-oriented communications protocol designed for use in conjunction with HTTP. It is designed to coexist with HTTP and to be easily integrated with HTTP applications. Whereas SSL is designed to establish a secure connection between two computers, S-HTTP is designed to send individual messages securely. Using S-HTTP, any message may be signed, authenticated, encrypted or any combination of these. Generally, S-HTTP attempts to make HTTP more secure.

**4. TRUST SEALS PROGRAMS**

A number of Trustmark seals have been developed to provide assurance about Web business practices and policies through the Web interface. One example is TRUSTe, which audit a site's stated privacy policies and allows sites to display the TRUSTe seal if privacy policies and disclosure meet specific standards. Cheskin and Sapient (1999) found that where trust mark seals were recognized, they increase consumer perceptions of a site's trustworthiness. Seal programs such as TRUSTe, BBBOnline, MultiCheck and Web Trust allow licensees who abide by posted privacy policies and/or allow compliance monitoring to display means for addressing consumer privacy concerns.

**5. DIGITAL SIGNATURE**

Digital signature means a digital method executed by a party with the intent to authenticate a record, which is a unique to the person using it and is capable of verification. It is linked to the data in such a manner that if the data is changed, the electronic signature is invalidated. A digital signature is normally a hash of the message which is encrypted with the owner's private key.

**6. SECURE ELECTRONIC TRANSACTION (SET)**

A SET specification for credit/payment card transactions is required for the safety of all involved in e-commerce. It is designed to meet three main objectives. First, it will enable payment security for all involved, authenticate card holders and merchants, provide confidentiality for payment data and define protocols and potential electronic security service providers. It will also enable interoperability among applications developed by various vendors and among different operating systems and platform.

**7. PRIVACY POLICY STATEMENTS**

A privacy policy statement is a contractual commitment to consumers outlining how their personal information will be treated. The evidence suggests that posting a self-reported guarantee of compliance with e-commerce standards is an effective means of increasing consumer trust. Privacy policy statements appear to be most beneficial to the web merchants that have the greatest need to increase consumer trust. Privacy is the willingness of consumers to share information over the Internet that allows purchases to be conducted.

**8. DIGITAL CERTIFICATE**

A digital certificate is a digital document issued by a trusted third party institution known as a certification authority that contains the name of the subject or company, the subject's public key, a digital certificate serial number, an expiration date, an issuance date, the digital signature of the certification authority and other identifying information. The Certification Authority (CA) is a trusted third party that hands out certificates and publishes identities and public keys in a directory. The certificate is signed with the private key of the Certification Authority; therefore, its authenticity can be confirmed by using the known public key of the CA.

**RECOMMENDATIONS**

The rapid pace at which technology is changing has provided large opportunities for organizations to develop new business models, services, and products. While the digital revolution has transformed the way we do business, it has also created complex and sophisticated security issues. Assets and Information that were once protected within the organization are now accessible online; customer channels are vulnerable to disruption; criminals have new opportunities for theft and fraud. With organizations growing organically and inorganically, complexity of managing businesses & security operations are also becoming complex. Organizations today thus face a continuously evolving threat landscape where the speed and intensity of attack is incrementing and response time is subsiding. As a result, organizations need to have rapid detection and response capabilities that allow for the synthesis of external and internal threat intelligence in a timely manner. This "situational awareness" is a required component of an organization's overall security posture and critical to maintaining the confidentiality, integrity, and availability of its information assets. Some of the key recommendations for an organization to step towards an effective security equation include:

- Set risk appetite and drive focus on what matters. Establish purpose and direction. Clearly articulate your cyber risk appetite and strategy. Support it by requisite action through funding and resourcing.
- Define the right balance between threat-centric vs. compliance-centric programs. Fully integrate cyber risk management into IT disciplines.
- Break down silos. Cyber risk is an enterprise-level issue. Lack of information-sharing is a top inhibitor for effective risk management.
- Be creative about cyber risk awareness. Your weakest link is the human factor. There is not enough talent to do everything in-house, so take a strategic approach to sourcing decisions.
- Incentivize openness and collaboration. Build strong relationships with partners, law enforcement, regulators, and vendors.
- Prepare for cyber-attacks by conducting war games, penetration tests, and exercising the cyber incident response plans.
- Have a threat intelligence mechanism in place. Focus on restructuring the diverse unstructured security data and information gathered from all the security entities and devices (recent and past events) to consolidate intelligent feeds, advice or a product, which could be used to make informed decisions in order to mitigate dynamic threats as per the environment.

**CONCLUSION**

E-commerce is widely considered the buying and selling of products over the internet, but any transaction that is completed solely through electronic measures can be considered e-commerce. Day by day E-commerce and M-commerce playing very good role in online retail marketing and peoples using this technology day by day increasing all over the world.

E-commerce security is the protection of e-commerce assets from unauthorized access, use, alteration, or destruction. Dimensions of e-commerce security; Integrity: prevention against unauthorized data modification, No repudiation: prevention against any one party from reneging on an agreement after the fact. Authenticity: authentication of data source. Confidentiality: protection against unauthorized data disclosure. Privacy: provision of data control and disclosure.

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