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ROLE OF HR PRACTICES, JOB SATISFACTION, AND ORGANIZATION COMMITMENT IN EMPLOYEE RETENTION

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ABSTRACT

In today's working environment individuals have different aspirations to fulfill this employee's change their jobs constantly. Thus there is a problem of employee retention. The study was undertaken to find out the role of different variables such as HR practices, job satisfaction and organization commitment in managing employee retention. Survey instrument using likert scale was used to collect data. The sample size for the study was 180 employees of selected IT firms in Bangalore. One way anova and correlation statistics were used to derive the result. The study found that HR practices and Job satisfaction significantly influence Organizational Commitment and in turn Organization Commitment significantly influence Employee retention. The study suggests that organizations should strive to have good HR practices in place and keep all employees satisfied. It would help the organizations to have committed employees in organization and in turn it would contribute in retaining the employees.

KEYWORDS

employee retention, hr practices, job satisfaction, organization commitment.

1. INTRODUCTION

 Organizations of today are identifying the significance of human resources like never before. Many have realized the fact that employees are the assets of the organization. Right Employees are the real need of any business of the day to reach its objectives and earn the profit. No doubt that employees fall into the asset side of the balance sheet of every organization. People are the means to earn profit in the organization. Therefore, it is utmost important that right employees are attracted, developed and retained in the organization. Employee retention is the buzzword in Human Resource Management. An organization's ability to retain its employees is closely related to its ability to achieve high performance levels and earn greater business results. Employee retention refers to the various policies and practices which let the employees stick to an organization for a longer period of time. Every organization invests time and money to groom a new joiner, make him a corporate ready material and bring him at par with the existing employees. The organization is completely at loss when the employees leave their job once they are fully trained. That is why it is very important to understand the role of key factors in employee retention. The present study empirically tests the role of HR Practices and Job Satisfaction in Organization Commitment and its impact on the Employee Retention.

2. LITERATURE REVIEW

2.1 Employee retention

Dahlgard and Eskildsen (2000) in their study observed that employees who are satisfied with their jobs are more dynamic, resourceful and are likely to be retained by the company. Elangovan (2001) noted that the concept of job satisfaction and organizational commitment being casually related has not been incorporated in most turnover model

2.2 HRM Practices and Organization Commitment

Numerous researchers have observed the relationships between HRM practices and organizational commitment. Paul and Anantharaman (2004) observed that HRM practices and organizational commitment have a positive relationship among the software professionals. Wright and Kehoe (2007) concluded that commitment to goals, to the job, to the supervisor, or to the workgroup might play as significant a role as commitment to the organization. The study suggested that a broader view of the potential commitments could be impacted by HR practices and that might be related to firm performance. The authors opined that people make sense of the HR practices they experience, and this will have influence on their commitment

2.3 Job Satisfaction and Organization Commitment

Coetzee, Tladinyane, & Ferreira (2011) found that employees who are satisfied with pay, promotion, supervision, fringe benefits, contingent rewards feel more emotionally attached to their organizations. The study concluded that there is a positive relationship between job satisfaction and Organization Commitment. Meyer et.al(2002) found the strongest correlation between affective commitment and overall job satisfaction.

2.4 Organization Commitment and Employee Retention

Van Dyk, J., & Coetzee, M. (2012) found that employees satisfaction with retention factors has a significant relationship with their organizational commitment and that the biographical groups differ significantly in terms of the variables. Employees who are happy with their jobs are improbable to leave compared to employees who are unhappy. Employees who are unhappy will more than likely leave the organization (Chen et al., 2011; Kim & Jogaratnam, 2010; Yücel, 2012). Affective commitment involves being happy with one's job and the desire to remain in the organization.

3. RESEARCH OBJECTIVES

The present research has been undertaken to fulfill the following objectives:

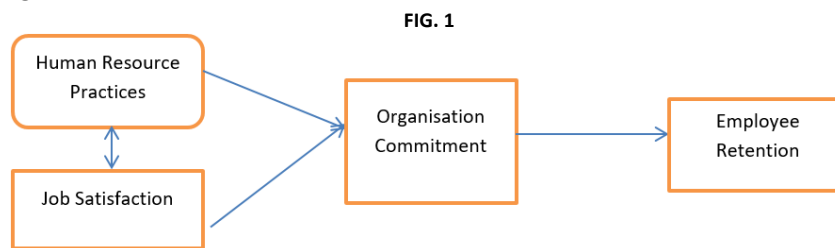
1. To examine the role of HR practices and Job Satisfaction in Organization Commitment
2. To analyze the impact of Organization Commitment towards Employee Retention

4. RESEARCH HYPOTHESES

The objectives of the study are empirically tested and statements of hypothesis for this study are as follows:

- H₁: HR practices will significantly influence Organizational Commitment
 H₂: Job Satisfaction will significantly influence Organizational Commitment
 H₃: Organization Commitment will significantly influence Employee Retention

5. CONCEPTUAL FRAMEWORK



6. METHODOLOGY

For the study the target population was identified as employees of IT companies in Bangalore. List of employees provided by the companies was the sampling frame. Simple random sampling was used for the purpose. The sample size was 180 employees of selected IT companies in Bangalore. The data was collected using a survey instrument using 1 to 5 Likert scale ranging from Strongly disagree to Strongly agree. Four constructs were used in the study. They are HR Practices, Job Satisfaction, Organization Commitment and Retention. **HR Practices** Scale was adapted from Edgar & Geare (2005); **Job Satisfaction** Scale was drawn from Minnesota Satisfaction Questionnaire Weiss, Davis, & England (1967). **Organisational Commitment** scale was adopted from the Organisational Commitment Questionnaire of Mowday et al (1979). **Retention** scale was adopted from Mobley, Horner, & Hollingsworth (1978). Primary data collected for the purpose of analysis have been checked, coded, classified and tabulated by following the statistical procedures. Analysis and interpretation of primary data are based on the tabulated data. The raw data was analyzed using SPSS 20.

7. RESULTS AND DISCUSSIONS

The reliability analysis of the scales Cronbach alpha was found, as it is shown in table 1 it is in the acceptable range of 0.76 to 0.97 (Nunnally, 1978). Thus the scale found to be reliable.

TABLE NO. 1: CRONBACH'S ALPHA

Item	Items scale summated	Cronbach's Alpha
Human Resource Practices	5	.972
Job Satisfaction	4	.973
Organisation Commitment	5	.890
Employee Retention	4	.762

In order to examine the role of HR Practices and Job Satisfaction towards Organization Commitment, ANOVA was performed. In this regard, HR Practices and Job Satisfaction were considered as dependent variable and Organization Commitment was considered as the factor. The results of ANOVA are displayed in the following table no 2.

TABLE NO. 2: ANOVA

ANOVA		Sum of Squares	df	Mean Square	F	Sig.
Human Resource practices	Between Groups	150.082	16	9.380	59.847	.000
	Within Groups	25.548	163	.157		
	Total	175.629	179			
Job Satisfaction	Between Groups	153.355	16	9.585	66.682	.000
	Within Groups	23.429	163	.144		
	Total	176.784	179			

The results revealed that both HR Practices and Job Satisfaction are significant with Organization Commitment. Hence H1 and H2 are accepted. This is in accord with the study Dossava (2011) who evidenced that HR Practices and Job Satisfaction are significant with Organization Commitment

TABLE NO. 3: CORRELATIONS

Correlations		Organisation Commitment	Employee Retention
Organisation Commitment	Pearson Correlation	1	.895**
	Sig. (2-tailed)		.000
	N	180	180
Employee Retention	Pearson Correlation	.895**	1
	Sig. (2-tailed)	.000	
	N	180	180

** . Correlation is significant at the 0.01 level (2-tailed).

In order to examine the correlation between Organization Commitment and Employee Retention, Pearson Correlation test was performed. The result in the table no.3 reveals that both Organization Commitment and Employee retention are positively correlated with 89.5%. Hence H3 is accepted.

8. IMPLICATIONS FOR MANAGERS AND RECOMMENDATIONS

The present study suggests that good human resource practices and employee job satisfaction will increase organizational commitment and it in turn will ensure employee retention. Therefore, the relationship the researchers observed between these constructs are critical for managers who are interested in retaining the staff they have identified as key, talented employees.

9. CONCLUSION

The present study highlights the significant role of human resource practices and employee satisfaction in employees' commitment to their organizations and in turn their retention. In future researchers need to replicate these findings with broader samples and analysis of the constructs can be done with respect to the demographic variables. Based on the encouraging conclusions of this study, future empirical investigations can be conducted relating to retaining key and talented employees.

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ROLE AND PERFORMANCE OF SELF HELP GROUP IN PROMOTING WOMEN EMPOWERMENT**DR. S. CHITRA****HEAD****DEPARTMENT OF COMMERCE
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The present study is an attempt to analyse the role and performance of SHGs in promoting women's empowerment in Kancheepuram District of Tamilnadu. The broad objective of the study is to analyses the operating system of SHGs for mobilization of saving, delivery of credit to the needy, management of group funds, repayment of loans, in building up leadership, establishing linkage with banks and examines the social benefits derived by the members. Thus, SHGs have served the cause of Social empowerment, social solidarity and socio-economic betterment of the poor for their consolidation. The primary objective of this paper is to review the SHGs growth and performance trends in the Kancheepuram district, Tamilnadu. This can help in identifying the gaps and to take necessary policy measures to correct the system. The study identified the members of the SHG should be more active, enthusiastic and dynamic to mobilize their savings by group actions. In this process NGOs should act as a facilitator and motivator. The office bearers managing the group should be given nominal financial benefits, which will enable them to be more involved in the activities of the Group. The bank should advance adequate credit to the SHG according to their needs. Uniformity should be maintained in formation and extension of financial assistance to them by banks in all blocks. The procedure of the banks in sanctioning credit to SHG should be simple and quick.

KEYWORDS

social benefits, financial assistance, leadership, linkage with banks, group growth, self help group.

1.1 INTRODUCTION

Empowerment can take place at a hierarchy of different levels – individual, household, community and societal – and is facilitated by providing encouraging factors (e.g. exposure to new activities, which can build capacities) and removing inhibiting factors (e.g. lack of resources and skills). In this connection Micro-finance with Self Help Groups play an effective role for promoting women empowerment. It is not only an efficient tool to fight against poverty, but also as a means of promoting the empowerment of the most marginalized sections of the population, especially women. According to Ellie Bosch it is just old wine in a new bottle (Bosch, 2002). It consists of a group of people of three to eight persons on the condition that each of them would be assuming responsibility for the development of all. It is true that the concept of microfinance is yet to spread its wings all over India, but at the rate in which it is expanding its branches, very soon it would be reaching at the doorsteps of the poor houses. The most successful region for microfinance is the Southern part of India; Andhra Pradesh has become the example for the other states in this case. The present study is an attempt in this direction to analyse the impact of micro-credit on poor women in Kancheepuram district of Tamilnadu.

1.2 BRIEF PROFILE OF THE STUDY AREA

Kancheepuram District is one of the Historical Districts of Tamil Nadu. The district has a total geographical area of 4, 43,210 hectares and coastline of 57 Kms. Kancheepuram, the temple town is the District headquarters. For administrative reasons, the District has been divided into 3 Revenue Divisions comprising of 8 Taluks with 1214 Revenue villages. For development reasons, it is divided into 13 Development Blocks with 648 Village Panchayats. The Mahalir Thittam Project implemented in Phase III is functioning from 01-11-1999 in Kancheepuram District A major project for the development and empowerment of poor and rural women was put in place in 1989 with the assistance from the International Fund for Agricultural Development (IFAD). It has been implemented through a network of women Self-Help Groups which are established with the support of Voluntary Organisations (VOs). The success of the Project encouraged to extent the project to all the rural areas in the State in a phased manner. Thus the Mahalir Thittam was extended to all the district of Tamil Nadu. Subsequently the scheme was extended to urban panchayats. The vision of the project is to reach out and empower women below the poverty line through Self-reliant and sustainable Self Help Groups.

2. REVIEW OF LITERATURE

Nayak (2007) made an attempt to analyze the empowerment of the poor through SHG and micro finance to the Kalahandi district of Orissa. The questionnaires were prepared and presented to 997 members of sample 80 SHGs. The study found that 89194 families of Kalathandi district benefited from SHGs and bank linkage program and suggested strengthening of cooperative sector.

Anitha and Revenkar (2007) made an attempt to study rural development through micro credit, the growth of SHGs from 1992-93 to 2003-04, and agency-wise SHGs linked on March, 31, 2004. They concluded that the success of SHGs not only improved the economic status of women, but also brought lot of changes in their social status.

Vinayamoorthy and Pithoda (2007) made an attempt to examine women empowerment through SHGs in three villages of Tamil Nadu. They selected a sample of 398 members of 20 SHGs from Vellore, Thiruvannamalai and Dharmapuri districts of the state. The main objectives of the study were to examine the income, expenditure and the savings of the members after joining SHGs and the role of SHGs in providing credit. They concluded that the economic activities of SHGs were quite successful.

Murugan and Begum (2008) made an attempt to examine the predominant barriers to women entrepreneurs. The study was based on the primary data collected from the sample 100 entrepreneurs of Chennai City. The study revealed that social and cultural barriers are prominent formidable block for the development of women entrepreneurs. The study concluded that entrepreneurs with ability to plan and run a business, deliver quality products.

Gudaganavar and Gudaganavar (2008) made an attempt to examine the empowerment of rural women through SHG. They highlighted the progress of SHGs in India from 1992-93 to 2006-07. They also highlighted the region-wise progress of SHGs and employment of women through SHGs. They concluded that no development was possible without empowerment of women.

Vasanthakumari (2008) made an attempt to examine the role of micro enterprises in empowering women in Kerala. The author took a sample of 328 micro entrepreneurs. The study revealed that these enterprises helped in empowering rural women economically, socially and individually. The study suggested giving priority to commercial viability of enterprises.

Shiralashetti and Hugar (2008) made an attempt to examine the progress of SHGs and their linkage to bank. The study was based on the secondary data collected from annual reports of the NABARD. The main objectives of the study were to examine the progress of SHGs and bank linkage in India and in Karnataka State and to study the district-wise and bank-wise linkage of SHGs in Karnataka State. They concluded that SHG movement is a powerful tool for alleviating the poverty of the people.

Lalitha and Prasad (2009) made an attempt to analyze the empowerment of women through Development of Women and Children in Rural Area (DWCRA) program in the Guntur district of Andhra Pradesh. The study revealed that income of individual after joining. DWCRA program has increased comparatively. The study concluded that the potential of women is not fully tapped and utilized for the community.

Sankaran (2009) made an attempt to analyze the trends and problems of rural women entrepreneurs in India. The study highlighted the conceptual aspects of trends and problems of rural women entrepreneurs in India. It concluded that women have creative ability, easy adaptability and ability to cope with setbacks.

Sarawathy et al. (2009) made an attempt to analyze the role of micro finance in Krishnagiri district. They highlighted the role of Government of India, NABARD, NGO and Banks. The questionnaire was prepared and presented to 75 members of 16 SHGs of 9 NGOs. The studies revealed that majority of members have agreed that their income has increased after joining SHG. It concluded that SHGs have become the development ambassador of villages.

The research done by Saurabh (2009) focuses on the experience of microfinance programs in the context of liberalization. The author highlighted the rural Indian society and Indian rural financing system. the study suggested eliminating the shortcomings of the existing rural financing system by establishing more micro-finance project and RRBs.

Das Gupta (2005) in his article commented that a paradigm shift is required from "financial sector reform" to "micro-finance reform". While the priority sector needs to be made lean, mandatory micro credit must be monitored rigorously. Simultaneously space and scope have to be properly designed for providing competitive environment to micro-finance services. Extensive database needs to be created by the RBI for understanding micro-finance.

Sinha (2005) in his study has observed that micro-finance is making a significant contribution to both the savings and borrowing of the poor in the country. According to him the main use of micro-credit is for direct investment. There is of course some fungibility, depending on household credit requirements at the time of loan disbursement. Some studies reveal that micro-finance programmes have had positive as well as negative impacts on women. Some researchers have questioned how far micro-finance benefits women (Goetz and Sen Gupta, 1996). Some argue that micro-finance programmes divert the attention of women from other more effective strategies for empowerment (Ebdon, 1995), and the attention and the resources of donors from alternative, and possibly more effective means of alleviating poverty (Rogaly, 1996). In some cases, women's increased autonomy has been temporary. It only benefits women who are already better off. But in most cases the poorest women are least able to benefit because of their low initial resources base, lack of skill and market contact.

3.1 OBJECTIVES OF THE STUDY

The broad objective of the study is to examine the role and performance of SHGs in promoting Social empowerment in the study area. However, the study has some specific objectives. They are:

1. To analyse the structure and membership pattern of SHGs in Kancheepuram district.
2. To examine the Credit facilities given to Self Help Groups.
3. To analyse the operating system of SHGs in distributing internal revolving fund, progress in economic assistance, youth skill training, entrepreneur's development training in the district.
4. To assess the control of the activities of SHGs by comparing the actual with budgeted activities.
5. To suggest appropriate policy intervention for the effective performance of SHGs.

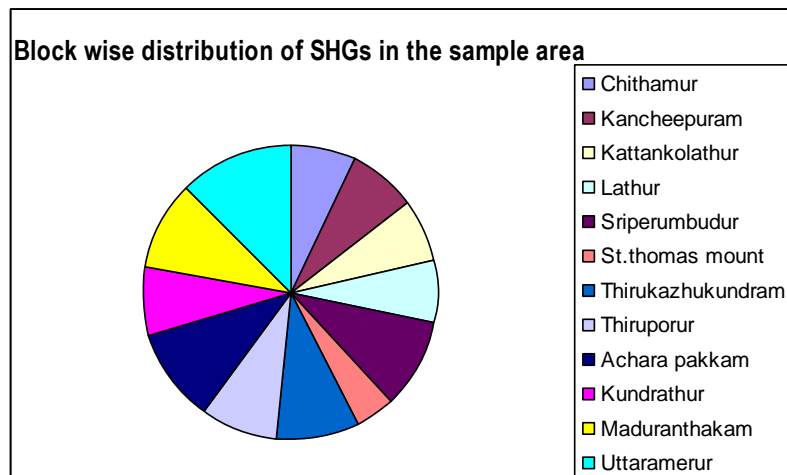
3.2 METHODOLOGY

Selection of Study Area and Sample Units: The study was carried out in selective clusters spread over five blocks of Kancheepuram district in Tamilnadu. The performance and activities of the SHGs is supervised by a block level and district level authorities nominated by the government. The membership pattern, growth trends of the initiatives under SHGs for social empowerment and government role and need for intervention is clearly discussed in the paper. The data required for the study is collected from the secondary sources and in very few cases the personal discussion with the regulatory authorities is discussed. For the easy understanding of the reader, simple figures are prepared and presented in the paper.

TABLE 3.1: SAMPLING FRAME OF THE STUDY

Block	SHGs	SHG Members	Average number of members per SHGs
Chithamur	43	485	11.28
Kancheepuram	43	465	10.81
Kattankolathur	39	421	10.79
Lathur	41	412	10.05
Sriperumbudur	58	525	9.05
St.thomas mount	25	265	10.60
Thirukazhukundram	54	595	11.02
Thiruporur	50	469	9.38
Achara pakkam	59	526	8.92
Kundrathur	44	256	5.82
Maduranthakam	58	550	9.48
Uttaramerur	73	498	6.82
Total	587	5467	9.31

FIGURE-3.1: BLOCK WISE DISTRIBUTION OF SHGS IN THE SAMPLE AREA



3.2: BLOCK LEVEL ADMINISTRATION AND CONTROL SET UP OF SHGS IN KANCHEEPURAM DISTRICT

Block Development Officer (VP)			
Dy.BDO (ADW) & Dy.BDO (PRO)			
Extension Officer (A.D.W.,)			
Rural Welfare Officers			
Officer Work		Field Work	
RWO	RWO	RWO	RWO

TABLE 3.3: ECONOMIC ACTIVITY OF THE GROUPS

Most of SHG members are involved in the following activities

Sponge Toy	Leather bags	Bathic Saree	Agarbathies
Cleaning Powder	Chilly Powder	Wire Bags	Plastic Lilly flower garland
Floor Mats	Plastic Welcome Mats	Palm Products, Garland Tray	Nighties
Hand Kerchiefs	Hair bands	Country Bricks	Jute Chapels & Bags
Petticoats Bamboo products	Cotton Churidars Simple Chemicals	Washing Powder Dairy Products	Catering

4.1 DATA COLLECTION AND ANALYSIS

4.1.1 CREDIT LINKAGE WITH BANKS

On completion of Six months, a team rates the groups, consisting of representatives of Mahalir Thittam, DRDA, concerned Bank officials and VOs at Block Level Bankers coordination committee once in a quarter. The successful groups are financially assisted through various institutions.

TABLE 4.1.2: CREDIT FACILITIES GIVEN TO SELF HELP GROUPS

Sl	Scheme	No. of SHG's	Amount (Rs. in lakhs)	Amount allocated per SHG
01	RF to Urban Group-Mathi	8220	4886.27	1.682
02	DL	19315	22612.95	0.854
03	SGSY RF *	10571	6244.43	1.693
04	SGSY EA *	1832	2716.97	0.674
05	TAHDCO RF	1328	331.15	4.010
06	TAHDCO EA	711	972.65	0.731
07	RMK	263	38.30	6.867
08	SJSRY	141	31.31	4.503
Total		42381	37834.03	
02	Others (TAMCO & TABCEDCO)	1279	121.66	10.513
Grand Total		43660	37955.69	1.150

4.2 PROGRESS ON REVOLVING FUND

Revolving funds to SHGs at rate of Rs 10,000 subsidy each was provided for the first time in 2006-07 to help SHGs take up small economic activities and also for internal lending among members.

4.2.1: NUMBER OF SHG MEMBERS BENEFITED THROUGH INTERNAL REVOLVING FUND ALONG WITH GROWTH RATE

Year	No. of Members	Growth rate	Raking based on growth rate
2000-01	225	100	
2001-02	214	(95.11)	X
2002-03	1175	522.22	VI
2003-04	1080	480.00	VII
2004-05	911	404.89	IX
2005-06	1977	878.67	IV
2006-07	986	438.22	VIII
2007-08	1524	677.33	V
2008-09	8000	3555.56	I
2009-10	3000	1333.33	III
2010-11	3190	1417.78	II
Total	22282		

It is observed from the table 4.2.1, that, highest growth rate is recorded in the year 2008-09 and lowest growth rate is observed during 2001-02. It infers that the financial services availability, accessibility and awareness has close relationship with the usage of funds, growth prospects of the socially deprived class. The primary step for growth and development of rural areas is to provide wide availability and accessibility of financial institutions, markets and services. This can improve the awareness level of the individuals among the SHG members and their attitude towards financial services and economic activities.

FIGURE 4.2.1: SHOWING REVOLVING FUND BENEFICIARIES TREND

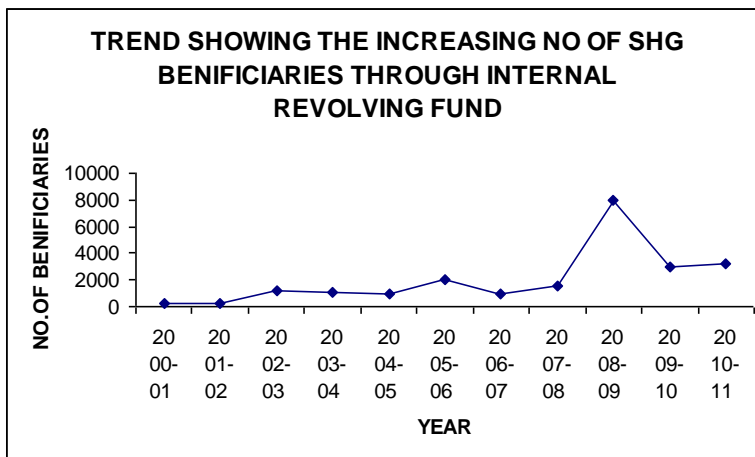
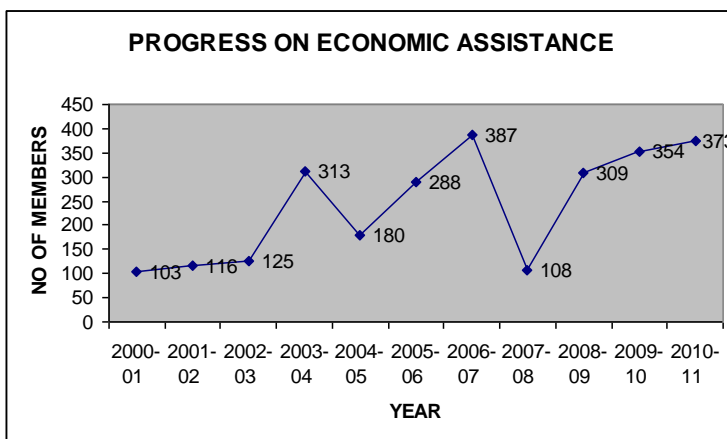


TABLE 4.2.2: PROGRESS ON ECONOMIC ASSISTANCE AND ITS GROWTH TREND

Year	No of members	Growth rate	Rank
2000-01	103	100	
2001-02	116	112.62	IX
2002-03	125	121.36	VIII
2003-04	313	303.88	IV
2004-05	180	174.76	VII
2005-06	288	279.61	VI
2006-07	387	375.73	I
2007-08	108	104.85	X
2008-09	309	300.00	V
2009-10	354	343.69	III
2010-11	373	362.14	II
TOTAL	2656		

It is observed from the above table that, SHGs over a period of time improved its performance in terms of providing economic assistance to its members and making involved in economic activities. The targeted performance is achieved in the recent years very easily due to increased level of awareness and accessibility of financial services and institutions to the public at large.

FIGURE 4.2.2: PROGRESS ON ECONOMIC ASSISTANCE AND ITS GROWTH TREND



4.3 YOUTH SKILL TRAINING

Youth Skill Training is provided to impart marketable skills to unemployed youth through established industries and reputed institutions to get either wage employment or self-employment.

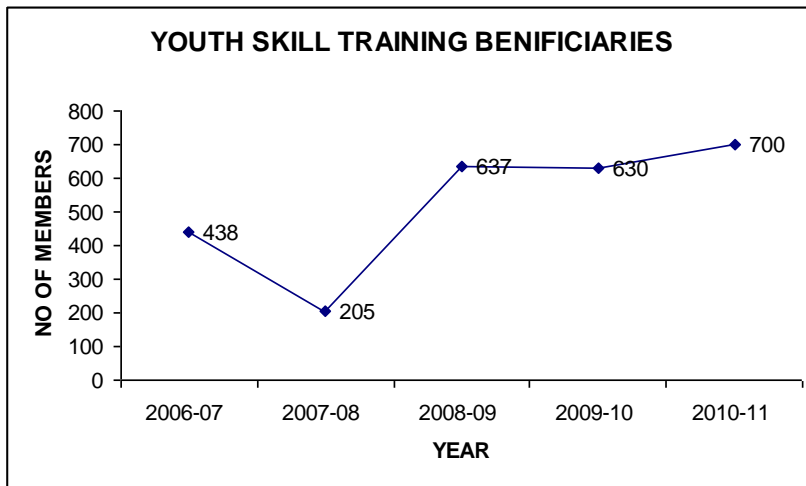
TABLE 4.3.1: YOUTH SKILL TRAINING PROGRAMMES GROWTH TRENDS

Year	No. of Members	Growth percentage	Rank
2006-07	438	100	
2007-08	205	46.80	IV
2008-09	637	145.43	II
2009-10	630	143.84	III
2010-11	700	159.82	I
Total	2610	522	

SHG /A&R Training

To make the Project Implementation more successful, training programmes are conducted with the help of resource persons to Animators and Representatives and Self Help Group members. For Animators and Representatives, the training will be given in 3 modules covering 6 days and the resource persons will give SHG training in 4 modules covering 4 days. The training programme is entirely participatory and need based nature. A sum Rs.45/- has been disbursed to the SHG members as remuneration per day.

FIGURE 4.3.1: YOUTH SKILL TRAINING PROGRAMMES GROWTH TRENDS



4.4: ENTREPRENEURS DEVELOPMENT TRAINING

TABLE 4.4.1: SHOWING GROWTH TRENDS OF ED TRAINING PROGRAMMES

Year	No. of Members	Growth Percentage	Rank
2006-07	170	100	
2007-08	380	223.53	I
2008-09	200	117.65	II
2009-10	175	102.94	III
2010-11	175	102.94	III
Total	1100	220	

It is a new dimension of SHGs growth with the increased number of ED training programme on the basis of identification of needs of the changing economic activities as new businesses in an economy. There are around 200 plus new economic activities in rural areas, are not performed professionally. These activities, if managed professionally, the estimated turnover is around 10000 crores per year with annual growth rate of 200 percent. It indicates the potential of rural entrepreneurship. This opportunity is due to urbanization and non-availability of manpower for normal organization activities in the celebrations, events and other personal and informal functions in rural areas. Social functions organization systems are increasing day by day.

FIGURE 4.4.1: SHOWING GROWTH TRENDS OF ED TRAINING PROGRAMMES

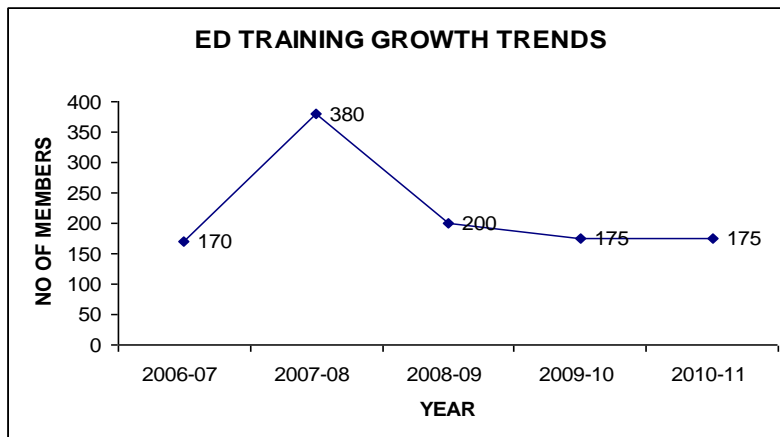
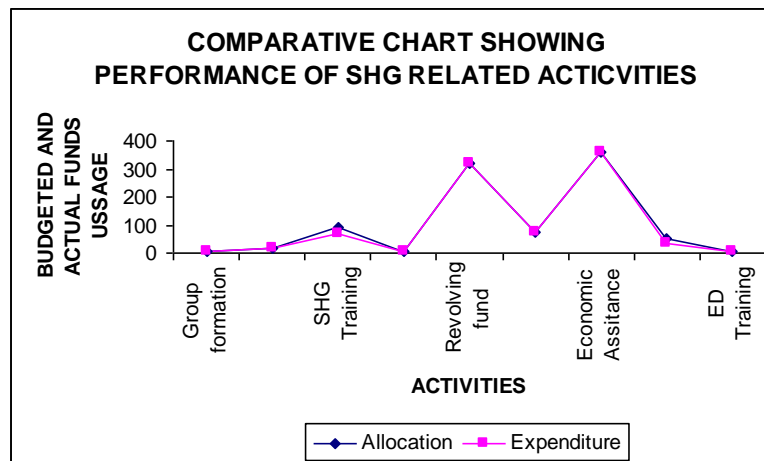


TABLE 4.5: SHOWING 2010-11 PROGRESS OF SHGS IN THE SAMPLE AREA

	Details	Physical				Financial Rs. in Lakhs		
		Target	Up to last month	Current month	Actual	Budgeted	Actual	%
1	Group Formation		1242	272				
	Rural	1313			1313	4.46	4.51	101
	Urban	800			800	2.80	2.80	100
	Total	2113			2113	7026	7.31	101
2	A&R Training							
	Rural	1313			1313	10.32	9.90	96
	Urban	800			800	6.48	6.11	94
	Total	2113	0	0	2113	16.80	16.01	95
3	SHG Training							
	Rural	1313			1313	56.36	41.55	74
	Urban	800			800	35.36	27.90	79
	Total	2113	0	0	2113	91.72	69.45	76
4	First year monitoring cost							
	Rural	1313			1313	3.82	3.62	95
	Urban	800			800	2.40	2.40	100
	Total	2113	0	0	2113	6.22	6.02	97
5	Revolving fund							
	Rural (Mathi)	1303			1303	130.30	130.30	100
	Rural (Non-Mathi)	370			370	37.00	37.00	100
	Urban	800			800	80.00	80.00	100
	VKP	717			717	71.70	71.70	100
	Total	3190	0	0	3190	319.00	319.00	100
6.	Economic Assistance	373	113	24	373	357.70	357.70	100
7.	Youth Skill Training	750	372	24	700	49.28	33.61	68
8.	EDT	175	150	-	175	6.78	6.71	99
9.	Credit linkage(in Crores)	155	42.28	10.46	155.65	15500	15565	100

FIGURE 4.5.1: PERFORMANCE ANALYSIS COMPARISON BETWEEN BUDGETED AND ACTUAL ACTIVITIES FOR THE YEAR 2010-2011



The above figure shows the very low variance in the budgeted performance of SHGs in the sample area, during the last financial year is an appreciable trend. The variation observed in the training programmes is due to lack of required strength for a particular programme. In all other aspects the growth and development of the SHGs in the sample area is quite appreciable and commended.

5.1 REFORMS AND IMPLEMENTATION

5.1.1 PANCHAYAT LEVEL FEDERATION

In Kancheepuram District there are 648 Village Panchayat (Grama Panchayat). In order to reduce the dependency of SHGs on its project partners, it has been decided to form Panchayat Level Federation in every Village Panchayats. All the Self Help Group that are functioning at each Panchayat have to select two members and formed as one federation at Panchayat level, which will guide the group members as well as interact district level functionaries. In Kancheepuram District 648 PLF have been formed. In Order restructure the existing PLF Government have issued Orders vide G.O.Ms 125 RD&PR(CG-1) Dept Dated.21.07.2008 Initially 5 PLFs have been restructured and action is being taken to restructure the remaining PLFs systematically and also registered under TN Societies Registration Act 1975 vide G.O.Ms 135 RD&PR(CG-1) Dept Dated.14.08.2008.

The main role of PLF is as per following:

- i. Monitoring and Evaluation of SHGs in that particular Village Panchayat.
- ii. Strengthening the weak groups.
- iii. Acting as coordination Agency.
- iv. Exchange of information and ideas.
- v. PLF should provide a forum for exchange of information and ideas, besides helping in negotiating with buyers/suppliers and establishing valuable linkages to SHGs with bankers, Government agencies and local institutions like local bodies.
- vi. To assist the SHGs for grading

PLF SEED MONEY

Out of 648 PLF a sum of Rs. 10,000 have been disbursed for the year 2006-07 as Seed Money to 87 PLF. For the year 2007-08 Target allotted 360 out of which 219 PLFs would be given Seed money of Rs. 21, 90,000

5.1.2 DISTRICT PROJECT COORDINATION COMMITTEE

At district level there is district project coordination committee headed by the District Collector for effective coordination of all partners in the project and various Government departments while also bring about convergence of schemes and integration of services of line departments.

6 SUGGESTIONS AND CONCLUSION

Considering the findings of the study, the following suggestions were prescribed.

1. Literacy and numeric training is needed for the poor women to benefit from the micro-credit schemes.
2. Training in legal literacy, rights and gender awareness are important complements to micro-credit for the empowerment of women. The members should be given necessary training and guidance for the successful operation of the group.
3. The members of the SHG should be more active, enthusiastic and dynamic to mobilise their savings by group actions. In this process NGOs should act as a facilitator and motivator. The office bearers managing the group should be given nominal financial benefits, which will enable them to be more involved in the activities of the Group.
4. The bank should advance adequate credit to the SHG according to their needs. Uniformity should be maintained in formation and extension of financial assistance to them by banks in all blocks. The procedure of the banks in sanctioning credit to SHG should be simple and quick.
5. Marketing facilities for the sale of products of SHG may be created. Periodical exhibitions at block-level may be organized where the products of SHG can be displayed. Meetings and Seminars may be organized where the members will get a chance to exchange their views and be able to develop their group strength by interactions.
6. Active intervention by district administration, professional bodies and voluntary organisations is precondition for the successful conception of micro enterprises in terms of skill training, designing products, providing new technology and access to market.

7. POLICY IMPLICATIONS

In this twenty-first century, we must take along an active people-centred and growth-oriented poverty alleviation strategy – a strategy which seems to incorporate women's aspirations, dynamism and involvement. It is envisaged that self-help groups will play a vital role in such strategy. But there is a need for structural orientation of the groups to suit the requirements of new business. Micro credit movement has to be viewed from a long-term perspective under SHG framework, which underlines the need for deliberate policy implications in favour of assurance in terms of technology back-up, product market and human resource development. Hence, there is a need for the development of an innovative and diversified micro-finance sector, which will make a real contribution to women empowerment.

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IMPACT OF INTERNET USAGE RISKINESS, ATTITUDE TOWARDS WEBSITE SAFETY, ONLINE SHOPPING CONVENIENCE ON ONLINE PURCHASE INTENTION

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ABSTRACT

The last decade has witnessed a phenomenal growth in online sales across the globe. This paper studies the impact of risk associated with internet usage, attitude towards the safety features of a website and convenience linked to shopping online and how the three together impact online purchase intention. Multiple regression was used to carry out the study. The Cronbach's alpha and other tools for checking the reliability and validity of the data were duly applied and the values were found to be satisfactory. It is found out the attitude towards the website safety has the highest impact on online purchase intention followed by convenience of shopping online. It also emerges that risk associated with using internet is negatively linked to online purchase intention. It is suggested that the safety features of online stores should be highlighted and the risk associated with using the internet should be mitigated. The online stores should emphasize on the convenience of navigating and placing orders on the online stores.

KEYWORDS

online purchase intention, convenience, website safety, internet usage

1. INTRODUCTION

The recent Internet development has altered the commercial models of retail stores and the factors responsible for this are low costs in setting up these retail shops. The low costs are considered responsible for setting up of online shops which have turned into an important channel for startup companies or retail shops to operate. There is no doubt that the e-tailing is progressing swiftly and population of online shoppers is growing but it is "still perceived immature due to risks" (Chi and Li, 2008) and as per Horrigan study (2008) fifty-eight per cent internet users pronounce it as frustrating, confusing, and an overwhelming activity. By tradition, numerous researchers recognize that perceived risks impact purchasing behaviour (Peter and Tarpey, 1975) and as compared with conventional or long established shopping, online purchase is alleged to be extra risky and proves to be an impediment for consumer impetus for online purchase (Nenonen, 2006). Perceived risk allied with attitude towards website safety and uncertainty online prove to be the key inhibitor of online shopping (Liang and Huang, 1998).

2. REVIEW OF LITERATURE

2.1 INTERNET USAGE RISKINESS AND ONLINE PURCHASE INTENTION

Risk involves a notch of insecurity and "the consequences that are associated with each course of alternative" (Leeraphong and Mardjo, November 2013) and "each alternative will differ in the degree of perceived risk" (ibid). Ideally, a buyer will pick that alternative which produces the best results. As compared with purchasing in a physical store, online purchases are considered to be riskier and for consumers website safety remains an important consideration for buyers. Risks are subjectively determined loss expectations by an online consumer in contemplating a particular online purchase (Hasan and Rahim, 2008). Mayer et al. (1995) mention that risk perception refers to the "..... trustor's belief about likelihood of gains and losses outside of considerations that involve the relationships with the particular trustee". The acknowledged perceived risks are financial, product, performance, social, psychological and time convenience loss (Nenonen, 2006 and Hasan and Rahim, 2008). Secure purchase environment and good quality service are considered significant while making purchases. The prerequisites of online buying consist of giving of personal particulars (such as dispatching address, contact number), financial information (such as payment particulars). Samadi and Yaghoob-Nejadi (August 2009) mention that there are four specific risks when consumers are buying online and these are monetary risk, functional risk, convenience risk and physical risk. The study (ibid) found that monetary risk as the main determinant factor in online shopping because of "perceived risk that the consumer will lose their money" (ibid).

Mathew and Mishra study (2014) also established that the Indian online users have perceived risks related to security of credit card information, confidentiality of personal information and trust in e-tailers. Giving of personal information like credit card numbers make online buyers feel uncertain about online purchasing. There are also risks whether they will receive the products akin to the ones they have placed orders as they have seen the portrayal and image of products on the website of the seller only. In other words, absence of pre-purchase inspection of the product quality influences purchase intention which is considered to be a high level of risk (Festervand, Snyder, Tsalikis, 1986). Kanungo and Jain (January 2004) study also found that the absence of physical interface between buyer and the product "induces an element of uncertainty in the mind of consumer about expected performance of the purchased product". There is also the risk of damage to the product during transportation. It needs to be pointed out here that the false online evaluations, used to excite the probable buyer, is another risk in online buying.

A number of studies consider security and privacy concerns as major barriers to e-tailing. Matic and Vojvodic (2014) find that lack of trust can "discourage online consumers from online retailing, and can influence purchase intention". The research (ibid) indicates that the "insecurity of the online environment is evident and it influences consumers' attitudes and intentions towards online purchasing". Shin et al. (2001) lay emphasis on those consumers' attitudes towards online shopping which affect consumers' intention to use internet for purchasing. Li, Kim and Park (2007) study finds that "greater consumer trust motivates customers generate more intention to purchase in the internet shopping malls". Chen and Barnes (2007) find that trust and understanding of online buying have a positive effect on purchase intention. The results of Hajiha, Ghaffari and Gholamali study (2010) confirm that purchase intention is impacted by perceived risk, and "as the perceived risk of the customers increases, their internet purchase intention decreases". It is so because perceived risk generates "inhibiting aspects of consumers' eagerness to participate in online shopping" (Faqih, 2013) because it increases instability and "vulnerabilities of online shopping" (ibid).

2.2 ATTITUDE TOWARDS WEBSITE SAFETY AND ONLINE PURCHASE INTENTION

Web is the principal interface with customers by firms engaged in e-tailing. Thus, safety of website is a vital attainment element for e-tailing firms. Safety perception is outlined as "the degree to which a person believes that the online vendor or website is secure" (Meskaran, Ismail and Shanmugam, 2013). For the purpose of

safety in online selling, for a buyer, would also include consistency from the retailer to deliver goods on time as described, an ability to return goods and receive a refund if the product is faulty or misleading and a "mission statement that sets out the retailer's privacy and security policy" (Galeziewska, September 2014). It needs to be understood that the security has the most important impact on a person's intention and outlook to shopping through the Internet (Kim and Shim, 2002). It may also be mentioned here that the success of Internet shopping is governed in part whether consumers trust sellers and products they cannot see or touch (Mathew and Lee, 2001). The findings of Mathew and Lee (ibid) point to the fact that merchant uprightness is most important positive basis of the trust of consumer in Internet shopping.

Shergill and Chen (2005) find in their study that online conduct is influenced by website security / privacy as identified by online buyers among other things like website design, website trustworthiness / fulfilment, website customer service. It is a prerequisite for the internet sellers, who usually make use of websites, to satisfy buyers of their proficiency in Internet shopping business. It is essential for sellers to observe the value which the buyers treasure as adequate. In the Shergill and Chen study (2005), it is found that the buyer rated reliability / fulfilment factor had the highest mean score. "This implied that they were more satisfied with the honesty attributes of E-tailers" (ibid).

Experience a consumer gets by using the website helps him form a judgement about the company which has possession of the website and also form a belief whether the company gives the impression of being professional and trustworthy (Tan and Theon, 2001). Trust is crucial for a consumer to begin transacting with an online retailer (Yoon, 2002) because it is the trust in the vendor / website's competence which encouragingly shapes the intention to get information and the purchase intention (Lu et al., 2010). The analysis of Matic and Vojvodic (2014) study concludes that the insecurity of the online environment has an effect on consumers' online purchase decision. It is so because safety of website is one of the "determinants of consumer trust in Internet shopping" (Cheung and Lee, 2003).

As for as the consequences of assessments of online retailer's ethical conduct on consumer purchase and revisit intentions, Limbu et al study (2012) found that the perceived ethics of an Internet retailer's website ominously affected consumers' trust and attitudes to the retailer's website that eventually had positive impacts on purchase and revisit intentions.

A safe website is likely to have a physical address or phone number, have a return policy, prices are not very low and it accepts credit cards.

2.3 SHOPPING CONVENIENCE AND ONLINE PURCHASE INTENTION

The best apparent gain and crucial element of online shopping is convenience. It is convenient because a consumer can shop when it is convenient for him because the orders are accepted 24 hours a day, the consumer has the facility of ordering products from around the world and it is comfortable to compare prices and products. Online shopping is considered to be convenient because it is stress free to hunt for information as compared with brick and mortar retail shops. The results of the study by Rajamma, Paswan and Hossain (2009) indicate that the perceived inconvenience is the most important forecaster of shopping cart abandonment. The consumers who prefer to shop from home are prepared to purchase without touching the products as they fancy convenience (Gillet, 1970). Darian (1987) remarks that online shopping contains numerous doles in terms of convenience such as less time guzzling, flexibility, very less physical effort et cetera. Robinson, Riley, Rettie and Wilsonz (2007) consider a major motivation for online purchasing is convenience in terms of shopping at any time and having large number of items delivered at door step.

Traditionally, convenience was taken to indicate providing convenient service to buyers consisting of time savings and minimization of efforts (Etgar, 1978, Kotler and Zaltman, 1971). Effort saving has concern with minimization of cognitive, physical and emotional activities that customers must bear to purchase goods and services (Berry et al., 2002). The literature on marketing gives emphasis to the importance of desire for convenience and value of time (Jiang, Yang and Jun, 2013). Jiang et al. (ibid) in their study find that convenience of online shopping comprises of access convenience, search convenience, evaluation convenience, transaction convenience and possession / post purchase convenience. Of these conveniences, search convenience is the most important and for this it is important to have user friendly websites, simple and accommodating payment procedures and the web sellers should monitor their delivery process.

Swaminathan et al. (1999) study finds that convenience is the reason for shoppers to buy online. Convenience consists of price comparison, saving of time, availability of product information et cetera.

3. NEED OF THE STUDY

A review of literature has revealed that the combined effect of the three factors chosen has not been studied before. Also, the chosen factors have not been studied in the context of Punjab, India. The study looked to plug the gap in the literature.

4. HYPOTHESIS

H1a: Risk associated with internet use has significant effect on online purchase intention.

H1b: Attitude towards website safety has significant effect on online purchase intention.

H1c: Convenience of shopping online has significant effect on online purchase intention.

The study looks to study the combined effect of the three factors on online purchase intention.

5. RESEARCH METHODOLOGY

5.1 RESEARCH DESIGN

Descriptive research was considered appropriate as the statement of the problem was well defined, hypothesis framed were specific and the type of information required was clear (Malhotra, 2011).

5.2 QUESTIONNAIRE DESIGN

The questionnaire was divided in three parts. The first part contained purpose of research and instructions for responses, the second part contained scaled response questions and third part contained the demographic profile of the respondents.

The items were taken from various sources of the literature. Standardized statements were taken for the purpose of carrying out the research. A five point Likert scale with points ranging from strongly disagree (1) to strongly agree (5) was used for collecting the responses for the dependent and independent variables. Five-point rating scales maybe preferred as increments with regard to reliability were found to be insignificant (Choudhury, 2014).

5.3 SAMPLING

All the respondents had experience of online shopping, i.e. they had done online shopping at least once. Convenience sampling, which is a non-probability sampling method was used for collecting data from the state of Punjab and the city of Panchkula. The sample size for analysis was 580.

The questionnaires were self-administered. A total of 600 questionnaires were distributed out of which 7 questionnaires were not returned. 13 respondents lacked the willingness to respond and submitted incomplete responses. These were removed from the sample. The resultant questionnaires were analyzed using SPSS version 21.

5.4 DEMOGRAPHIC PROFILE

The males and females accounted for 45 % and 55 % of the respondents respectively. Majority of the respondents (70%) belonged to Punjab. 72% of the respondents were less than 35 years of age, 53 % were post graduates, 56 % were unmarried and 68 % belonged to families earning up to eight lac rupees a year. 43 % of the respondents were not working.

5.5 RELIABILITY TEST

All the constructs were tested for the consistency with the help of Cronbach's alpha and the score for Internet Usage Riskiness was 0.876, Attitude towards Website (Safety) was 0.781, Online Shopping Motivation (Convenience) was 0.889 and Purchase Intention at Website was 0.761. The measurement scales were found to be consistent.

5.6 VALIDITY TEST

Construct validity was used for measuring the validity and factor analysis was used to measure the construct validity. The factor analysis scores were appropriate because the value of Kaiser-Meyer-Olkin (KMO) was 0.898 and the statistical test for the Bartlett test of sphericity was significant ($p=0.00$, $d.f=276$) for all the

correlations within a correlation matrix. The extraction method used was Principal Component Analysis and the rotation method used was Varimax with Kaiser Normalization. The rotation converged in five iterations. The Eigen values for all three constructs showed a score more than 1, ranging from 5.284 (Internet Shopping Motivation-Convenience) to 2.107 (Attitude towards the Website-Safety). The factors loadings for all items within a construct were above 0.50, so the conditions for convergent validity were satisfied. All items were allocated according to the different constructs and there was no overlap. The items supported the respective constructs meeting the condition of discriminant validity.

6. FINDINGS

All six conditions before the application of multiple regression were addressed. The normality assumption was met because the distributions of residuals was unimodal and symmetric. The scatter plot showed the residuals to be randomly scattered, thus meeting the condition of linearity and free from heteroscedacity. The condition of independence of error term was met because the value of Durbin-Watson stood at 1.843. The VIF values and tolerance statistics were below 10 and above 0.2 respectively, meaning data did not suffer from multicollinearity. The P-P plot analysis showed that the data was free from outlier and influential observations because the normal probability plot was seen to be a straight line. The outputs of multiple regression are given in Table 1.1.

TABLE 1.1: COEFFICIENTS OF OUTPUT

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics		
	B	Std. Error	Beta			Tolerance	VIF	
(Constant)	1.258	.247		5.102	.000			
1	<u>Mean_Int_Shop_Mot_Convenience</u>	.309	.047	.245	6.648	.000	.971	1.030
	<u>Mean_Attn_Website_Safety</u>	.367	.038	.374	9.707	.000	.886	1.129
	<u>Mean_Int_Usage_Riskiness</u>	-.108	.043	-.099	-2.547	.011	.879	1.137

The p value for Internet Usage Riskiness (p=0.011) is less than alpha value of 0.05.

The p value for Attitude towards Website Safety (p=0.000) is less than alpha value of 0.05.

The p value for Online Shopping Motivation (Convenience) (p=0.000) is less than alpha value of 0.05.

Based on the SPSS output, the following equation was formulated:

$$\text{Online Purchase Intention} = 1.258 + 0.367 (\text{Attitude Toward's Website-Safety}) + 0.309 (\text{Internet Shopping Motivation-Convenience}) - 0.108 (\text{Internet Usage Riskiness})$$

The values of unstandardized beta coefficients show that attitude towards website safety has the highest effect on explaining online purchase intention. Internet Usage Riskiness has the least effect on explaining online purchase intention.

The R2 value is .242 which means that the explained variance is 24.2 %. It means that the explained variance is nearly 24 %. In the realm of social science research an explained variance of 24 % is considered to be healthy.

TABLE 1.2: DEPICTION OF R² VALUE

R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
			R Square Change	F Change	df1	df2	Sig. F Change	
.242	.238	.88074	.242	61.248	3	575	.000	1.843

7. RECOMMENDATIONS

In the present era of exponential growth and competitive landscape of online shopping, it is imperative that managers of online shopping sites take serious note of the factors which shape online shopping intentions. Managers need to design safety mechanisms into the websites to meet the expectations of the online shoppers. The shopping websites should have user friendly features. The process for navigating the website, placing the order and payment facilities should be easy and time efficient. Efforts should be directed towards educating the consumers about online frauds. Strategies should be formulated so that users feel more comfortable sharing personal and financial information online. The prospect of co-creation of online shopping websites should be given due consideration.

8. CONCLUSION

The study has made valuable contributions to the field of management research as the combined effect of three factors on online purchase intention has been studied. It has emerged that the three factors have a significant effect on online purchase intention. The value of R² is around 25% which means that around 25 % of the variance is explained by the proposed model. Further review should be carried out in future to identify other factors which may influence online purchase intention.

9. LIMITATIONS

The study while offering a fresh perspective into the realm of online purchase intention, does suffer from some limitations. The first major shortcoming is that the demographic variables and their effect on online purchase intention has not been explored. The limitations inherent to small sample sizes are found in the research. It is advised to increase the sample size for more generalized results. The use of probability sampling techniques needs to be explored to gain more meaningful insights into the research problem. Another dimension which needs to be addressed is the sampling area. The present study is restricted to Punjab and Panchkula. It would be beneficial if more states are included in the study. The sample was composed mostly of younger people which is another limitation of the research.

10. SCOPE OF FUTURE RESEARCH

Future studies need to consider the role of demographic variables on the independent variables in order to gain a comprehensive insight on the factors which shape the online purchase intentions. A larger sampling area needs to be considered so that findings are more generalized. The research should be carried out on people in the older age groups. This would be helpful in understanding the issues faced by the older people while shopping online

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A STUDY ON WOMEN CONSUMERS' SERVICE EXPECTATIONS AT A BEAUTY PARLOUR WITH SPECIAL REFERENCE TO MUMBAI CITY

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ABSTRACT

"Beauty lies in the eyes of the beholder." Looking and feeling beautiful matters to women and it is very important for them to feel appreciated both in their personal life and at their work places. Looking good, boosts their confidence level. Most women spend a lot of time, effort and money to look and feel good. For enhancing and maintaining their beauty, women are dependent on various beauty products and services. The beauty and beauty care industry caters to this particular demand of women consumers. The beauty and wellness industry in India was around US\$ 7736 million in 2012-13 and is expected to double by 2017-18. It employs a workforce of 3.4 million and the changing demographics of women in India will greatly contribute towards its growth and success. One of the major contributors of the beauty care service industry are beauty salons / parlours. The beauty care service industry consists of both organised and unorganized players. The main criteria which determines the success of beauty salons is service quality which is synonymous with effective and efficient customer service. These dimensions of 'Service Quality' leads to customer satisfaction which in turn results into customer loyalty. Also, the need of this study is to find out the factors which are important for selection of a particular beauty parlour by women.

KEYWORDS

beauty care industry, beauty parlour, beauty salon, women consumers, working women.

INTRODUCTION

Being beautiful matters." Since time immemorial beauty has been given a lot of importance. People have always been influenced by beauty and have taken efforts for its upkeep. Being attractive gives one confidence to face challenges in their work and personal life. Therefore, people do not hesitate to spend on beauty products, beauty services, apparels, accessories etc.

The changing demographics in India has brought a lot of focus to the beauty industry. Since the opening up of the Indian Economy since 1991, not only major domestic players have entered the beauty industry but also several foreign players have entered the Indian market. The major positives for these companies is the ever growing Indian population and the totally 'transformed' Indian woman. Indian women have never been more aware about their looks, personality and attire. The beauty industry has always had its major focus on women. Since time immemorial women have been known for resorting to various ways for preserving and maintaining their beauty; be it hair, skin general health or overall personality. In the earlier times, women resorted to household remedies for grooming themselves. However, since the past five decades the demographics of women has undergone a rapid change due to rise in education levels, increasing income patterns and greater awareness for the need of self-grooming etc. Beauty has become a parameter for success among women both at their jobs and in their personal life and therefore they have become more conscious about their health and beauty. This psychographic change that is change in lifestyle patterns of women has given an impetus to the beauty industry in India; both for beauty products as well as beauty services such as beauty parlours, hair salons and spas.

According to a report of National Skill Development Corporation prepared by KPMG (Consulting firm), the global beauty and wellness industry is pegged at around \$ 1.4 trillion. The major markets for this particular industry are China, Brazil, US, Indonesia, followed by India. Also, this particular industry is expected to grow at a CAGR of 18.6% driven by the increasing number of affluent and middle class customers all over the world. (Bhushan R. et.al. 2015)

In India, the beauty and wellness industry is expected to double by 2017-18 due to the changing demographics and economic prosperity. This industry has become so attractive that many domestic as well as international companies are trying to enter this sector. Domestic companies like VLCC, Kaya, Naturals, Javed Habib, Belleza, Anushka Salons, Strands Salon and Trends in Vogue are already in the fray. Many MNC's have also entered the Indian market driven by the increasing population, changing demographics and affluence.

There has been a rapid increase in number of beauty salons in each and every locality in the urban cities as well as towns in India. Personal grooming industry rose by leaps and bounds with different products entering the market place as well as various companies entering this arena with their varied products. Small private parlours and more recently conglomerates like Hindustan Lever, ITC, La'Oreal entered the Indian market space with their creative and innovative beauty services. The Indian beauty industry consists of both organised and unorganised players. Among the organised players are Marico's Kaya Skin Clinic, Shahnaz Husain Herbals, Keune, Lakme Beauty Salon, VLCC, Jawed Habib Hair & Beauty, besides others. Since this is a booming industry at the moment, several entrepreneurs are also making an entry into this field to reap the benefits of an ever growing consumer segment. This is a very attractive industry for start-ups as the investment required is comparatively lower than other industries. Women are spending more and more on beauty products and services and this rise in demand has given a great impetus to the beauty sector. There are several factors for the success of this particular industry. With respect to beauty products variations of existing products, herbal concoctions, mineral based, precious metals based, pearl based creams and facial packs have invaded the market space. With respect to beauty services, much emphasis is given to innovative services, efficient customer service, ambience and hygiene.

When we study consumer behaviour of women towards beauty parlour services, an emphasis has to be placed on the service quality parameters of the beauty parlour. For a customer, these parameters are a dictating factor in deciding their loyalty towards a specific parlour.

LITERATURE REVIEW

Parasuraman, Zeithaml and Berry identified ten dimensions of Service Quality. In their 1988 work, they reduced the ten service determinants to five. Perceived Service Quality can be defined as the difference between what the customer's expectations are from the service and what are his perceptions after the service is delivered. (Parasuraman, Zeithaml, Berry, 1985). It is all about the dissonance a customer experiences after the delivery of the service – it may be positive or negative. It is this range of dissonance that dictates customer satisfaction leading to customer loyalty. The SERVQUAL model is universal and it can be applied to the services offered by any firm or organisation. SERVQUAL model was developed by few marketing researchers, Parasuraman, Zeithaml and Berry in 1985 and this particular questionnaire was a framework for measuring the service parameters for any service industry. They continued their pioneering efforts in the field of services and continued to conduct research and published various improvisations to their study with their various research papers in the subsequent years. In

this study, we are going to apply the same to find out as to what are the factors of a beauty salon / parlour that influences a customer's choice of a particular beauty parlour.

1. Tangibility: this includes physical facilities, equipment, and the physical appearance of an employee.
2. Reliability: this refers to the ability to provide the exact required service according to given specifications and conditions.
3. Responsiveness: the inclination and willingness of the employees to serve customers quickly and properly.
4. Assurance: feelings of trust and confidence in dealing with the organization. This reflects the workers' knowledge and experience and their ability to build self-confidence as well as confidence in the customers themselves.
5. Empathy: understanding the customers' personal needs, taking care of them individually and showing them all sorts of sympathy and affection, looking at them as close friends and distinguished clients.

As per study by Syeda Shaharbanu et al (2013) on their study on 482 male and female respondents to find out the importance of service quality dimensions to build successful relationship with customers, it was found out that customer gave the highest preferences to service quality over all other factors. It was also found that pricing of services at the beauty parlour was the least important factor in determining customer loyalty towards a Beauty Salon from the customers' perspective. Also, it was suggested through the study that the service provider has to increase services range, create customer responsive environment, maintaining state-of-the-art facilities, maintaining a convenient communicating and pricing system. Thus it was found the service quality dimensions were of utmost importance in determining customer loyalty towards a beauty parlour service. In continuation to these studies it is further required to find out as to which of the variables of service dimensions are extremely important for the selection criteria of a particular beauty parlour.

In a study conducted by Parisa Islam et al (2011) in Dhaka to find out regarding the service quality parameters and customer satisfaction level of high end womens parlors in Dhaka, four factors were identified to determine the success of services provided at beauty parlour - Support & Facility Factor, Employee Performance Factor, Customer Relation Factor and Communication Factor.

A study was conducted in Karachi city by Dr. Rukhsar Ahmed & Dr. Kamran Siddiqui (2013); to understand a woman's perception and attitude towards beauty parlour services and to find out as to what factors influence a woman's choice of a particular parlour chain. It was found out through the study that there were many opportunities for new entrants as well as affiliations with foreign brands for catering to women consumers but offering exemplary service would be of prime importance. It was found that quality of service provided was the main factor which dictated women's choice of a particular parlour. Also, another factor considered very important was the beautician's expertise with respect to service offered. Another major finding was that the mother or 'lady of the house' was the major influencer for women.

In a study conducted by Savla Swati (2014) on 220 women respondents in Mumbai city, considerable difference was found in the attitudes and preferences among women of different age groups. Very young respondents feel the need to visit beauty salons whereas the elderly women feel that beauty salon visits are not required. Preference for good ambience is directly related to qualification of respondents. Hygiene factor is very important for a majority of young women. Majority of unmarried women feel a greater need for visiting beauty salons.

NEED OF THE STUDY

It is well known that women in general are very conscious about their beauty and appearance. Working women in particular pay a lot of attention to their personal styling and grooming. To meet this end, they avail the services of a beauty parlour/ salon. Women depend on the services of the salon for grooming their personalities. The success of any parlour depends upon the effectiveness of their service determinants. Previous studies related to service dimensions had been conducted in Pakistan and Dhaka. However, in India by Salva Swati Jayesh et al. (2014), where it was studied whether there is an association between demographic factors and parameters concerning a beauty parlour. However, factors were not derived related to service determinants such as Reliability, Accessibility, Tangibility, Empathy and Responsiveness. It was therefore necessary –

- a. to derive major factors from variables related to service determinants.
- b. to find out the most influential source of information for women's selection of a particular parlour.
- c. to help the beauty care service industry to focus on the important parameters for the success of their businesses.

OBJECTIVES OF THE STUDY

- a. To find out the source which influences women the most for selection of a particular parlour.
- b. To derive the factors of services considered important by women for selection of a particular parlour.

METHODOLOGY

The study was conducted in Mumbai city to understand the factors which determine women's selection of a particular parlour. The focus is on the services offered at the parlour Respondents for the study were women with age ranging from 20 to 55 years. These respondents are independent working women with incomes of their own. A questionnaire was designed to know the variables important to them with respect to availing parlour services. The questionnaire was framed on the lines of SERVQUAL model for measuring the service aspects of a beauty salon. Questions pertaining to the five determinants – Reliability, Responsiveness, Accessibility, Empathy and Tangibility were used in the questionnaire. Also, it is very essential to know as to who are the most reliable sources or word of mouth sources which influences women the most for the selection of a particular parlour. In all, three questions pertaining to demographic variables and one question pertaining to the source of information women resorted to the most and twelve questions pertaining to the determinants of service quality were included in the questionnaire. Both primary data and secondary data were used for the research. Secondary data consisted of article reviews, research papers and newspaper articles.

Sampling method used was Convenience sampling as we required women belonging to a specific demographic group. Out of the 70 questionnaires distributed we recovered 66 questionnaires duly filled in by the respondents. The questionnaires were evaluated using descriptive statistics and SPSS package.

FREQUENCY TABLE

AGE OF RESPONDENTS					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20 - 29	19	28.8	28.8	28.8
	30 - 39	22	33.3	33.3	62.1
	40 - 49	24	36.4	36.4	98.5
	> 50	1	1.5	1.5	100.0
	Total	66	100.0	100.0	
EDUCATIONAL QUALIFICATION					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	under graduate	3	4.5	4.5	4.5
	graduate	36	54.5	54.5	59.1
	post graduate	24	36.4	36.4	95.5
	doctorate	3	4.5	4.5	100.0
	Total	66	100.0	100.0	
ANNUAL INCOME					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	200,001 - 400,000	14	21.2	21.2	21.2
	400,001 - 600,000	20	30.3	30.3	51.5
	600,001 - 800,000	19	28.8	28.8	80.3
	800,001 - 1,000,000	9	13.6	13.6	93.9
	1,000,001 - 1,200,000	4	6.1	6.1	100.0
	Total	66	100.0	100.0	
SOURCE OF INFORMATION FOR WORD OF MOUTH					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Friends	37	56.1	56.1	56.1
	Neighbours	6	9.1	9.1	65.2
	family members	21	31.8	31.8	97.0
	employees of parlour	2	3.0	3.0	100.0
	Total	66	100.0	100.0	
CASE PROCESSING SUMMARY					
		N	%		
Cases	Valid	66	100.0		
	Excluded ^a	0	.0		
	Total	66	100.0		
a. Listwise deletion based on all variables in the procedure.					
RELIABILITY STATISTICS (Table 1)					
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items			
.830	.834	12			

FACTOR ANALYSIS

KMO AND BARTLETT'S TEST (Table 2)		
Bartlett's Test of Sphericity	Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.652
	Approx. Chi-Square	391.230
	Df	66
	Sig.	.000

COMMUNALITIES (Table 3)		
	Initial	Extraction
service delivered as promised	1.000	.700
professional attitude for service offered	1.000	.653
service offered was prompt	1.000	.687
complaints handled effectively	1.000	.815
employees possess relevant skills	1.000	.773
employees are courteous	1.000	.925
personal attention paid to customers	1.000	.701
physical space is well maintained	1.000	.668
physical space is hygienic	1.000	.828
equipments are clean	1.000	.827
employees are well dressed	1.000	.500
location of parlour is an important aspect	1.000	.673
Extraction Method: Principal Component Analysis.		

TOTAL VARIANCE EXPLAINED (Table 4)						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.482	37.350	37.350	4.482	37.350	37.350
2	1.969	16.412	53.762	1.969	16.412	53.762
3	1.226	10.216	63.978	1.226	10.216	63.978
4	1.073	8.942	72.920	1.073	8.942	72.920
5	.838	6.986	79.906			
6	.626	5.217	85.123			
7	.554	4.613	89.736			
8	.471	3.924	93.660			
9	.289	2.408	96.068			
10	.233	1.942	98.009			
11	.135	1.124	99.134			
12	.104	.866	100.000			

COMPONENT MATRIX ^a (Table 5)				
	Component			
	1	2	3	4
service delivered as promised	.674	-.382	.093	-.302
professional attitude for service offered	.672	-.165	.004	-.417
service offered was prompt	.672	-.480	-.025	-.065
complaints handled effectively	.714	-.428	-.345	.059
employees possess relevant skills	.847	-.023	-.230	.044
employees are courteous	.650	-.145	-.153	.677
personal attention paid to customers	.426	.609	-.065	.381
physical space is well maintained	.726	.238	.255	.137
physical space is hygienic	.438	.715	-.228	-.270
equipments are clean	.583	.639	-.026	-.280
employees are well dressed	.374	-.087	.592	-.049
location of parlour is an important aspect	.308	.080	.741	.152

a. 4 components extracted.

ROTATED COMPONENT MATRIX ^a (Table 6)				
	Component			
	1	2	3	4
service delivered as promised	.797	.052	-.006	.250
professional attitude for service offered	.736	.278	-.085	.163
service offered was prompt	.779	-.077	.225	.154
complaints handled effectively	.788	.002	.423	-.123
employees possess relevant skills	.649	.387	.448	.041
employees are courteous	.318	.011	.901	.105
personal attention paid to customers	-.158	.607	.540	.127
physical space is well maintained	.300	.450	.377	.484
physical space is hygienic	.068	.904	.010	-.077
equipments are clean	.184	.877	.018	.154
employees are well dressed	.236	.017	-.015	.666
location of parlour is an important aspect	-.006	.049	.104	.812

Extraction Method: Principal Component Analysis.
 Rotation Method: Varimax with Kaiser Normalization.
 a. Rotation converged in 5 iterations.

COMPONENT TRANSFORMATION MATRIX				
Component	1	2	3	4
1	.725	.451	.424	.303
2	-.547	.836	.017	.042
3	-.172	-.156	-.218	.948
4	-.382	-.272	.879	.088

Extraction Method: Principal Component Analysis.
 Rotation Method: Varimax with Kaiser Normalization.

DATA ANALYSIS, INTERPRETATION AND FINDINGS

(A) With respect to demographic data, the following was observed:

- a. In the age ranges between 20 to 49 years, the number of respondents were roughly the same.
- b. With respect to the educational qualification, the number of graduates and post graduates were 55% and 36% respectively. A small percentage were under graduates and doctorates.
- c. With respect to income, it was found that 21% were in the range 200,001 to 400,000, 30% were in the range 400,001 to 600,000, 29% were in the range 600,001 to 800,000, 14% were in the range 800,001 to 1,000,000 and 6% were in the range 1,000,001 to 1,200,000.

With respect to the specific question regarding source of influence regarding positive word of mouth with respect to beauty parlour services it was found that friends and family members were the most influential source for women for selection of a beauty parlour.

(B) Reliability Test

A higher Cronbach's α value of 0.834 (Table 1) suggests that the variables under study are highly correlated and that factor analysis can be applied to this data.

(C) KMO and Bartlett's Test

Table 2 shows two tests that indicate the suitability of your data for structure detection. The Kaiser-Meyer-Olkin Measure of Sampling Adequacy is a statistic that indicates the proportion of variance in the variables that might be caused by underlying factors. In this study, the result of Bartlett's test of Sphericity (0.00) was found to be significant and KMO of 0.652 indicates that the data is appropriate for factor analysis.

(D) Factor Analysis Results

As evident from the Table 4, we find the three factors extracted together accounts for 72.920 % of the total variance. (information contained in the original 12 variables).

Hence we have reduced the number of variables from 12 to 4 underlying factors.

From the Rotated Component Matrix (Table 6), we can see the loadings of the variables on a particular factor. A cut-off of > 0.7 was taken for selecting variables for constructing factors. Factor 1 was named '**Exemplary Service Delivery**' and the variables contributing to this factor were : service delivered as promised (0.797), professional attitude for service offered (0.736), service offered was prompt (0.779) & complaints handled effectively (0.788). Factor 2 was named '**Cleanliness and Hygiene**' and the variables contributing to this factor were, physical space is hygienic (0.904), equipments are clean (0.877). Factor 3 was named '**Courteous Employee**' and the variable contributing to this factor was 'employees are courteous' (0.901). Factor 4 was named '**Convenient Location**' and the variable contributing to this factor was 'Location of the parlour is important'(0.812).

CONCLUSION

The beauty industry and beauty care service industry is gaining a lot of importance in India due to changing demographics, people becoming more conscious about their personality and appearance and growing economic prosperity. People possess more dispensable income and spend it on beauty products and services. Women in general are very much conscious about their appearance and personality and working women in particular have to be presentable and well-dressed at their work places too. These women therefore rely on beauty products and beauty care industry such as beauty salons / parlours for grooming themselves. This is a very competitive market and parlours / salons have to provide the best of services and products in order to gain a competitive edge as well as garner Customer loyalty. Service dimensions are very important for the success of a parlour and this study helped us to find out the source women rely upon the most for the selection of a beauty parlour. It was found that women rely upon the opinion of their friends and family members for selecting a beauty parlour.

From the various variables determining services at a parlour, we could derive four factors which are extremely important for criteria for women's selection of a particular parlour. customer satisfaction. They are 'Exemplary Service Delivery', 'Cleanliness and Hygiene', 'Courteous Employees' and 'Convenient Location'. Therefore, it is evident through this study that the service providers in the beauty care industry have to be focussed on these four derived factors. For the success of their service station they would have to provide excellent services coupled with cleanliness, hygiene and dedicated employees. Location of the service station will also play an important role in its success. In India, with the changing demographics wherein women have become powerful consumers due to education and economic prosperity, grooming and personality enhancement has taken a front seat. Also, since the beauty care industry is not capital intensive, new entrants can, new entrants can easily enter this industry and succeed if they focus on the four factors derived through this study.

LIMITATIONS OF THE STUDY

1. This study has been conducted on women belonging to a specific age group. Older women and non-working women also visit beauty parlours but they were not included in this study.
2. The study has been limited to Mumbai region where the women have an urban mind-set and therefore the results of this study would not apply to women of rural areas and also Tier 2 or Tier 3 towns/cities.
3. We have used Convenience sampling method for this study and therefore a certain amount of bias would be experienced through this study.
4. The sample size being small (66), and therefore is not an accurate representation of women population belonging to the age group 20 to 55 years.

SCOPE FOR FURTHER RESEARCH

1. Studies could be conducted on some other aspects of the beauty care service industry.
2. In-depth studies could be conducted upon each of the service determinants such as Reliability, Accessibility, Tangibility, Empathy and Responsiveness.
3. Other segments of women such as teenagers, older women or non-working women could be studied or women belonging to Tier 2, Tier 3 cities or rural areas could be studied with respect to their consumer behaviour.
4. The beauty care industry consists of several sectors such as skin care, hair care, pedicure, manicure etc. Individually these aspects could be studied in detail
5. The seven P's of services marketing could be individually studied with respect to women consumers.
6. A comparative study could be conducted on rural vs. urban women with respect to their consumer behaviour regarding beauty care services.

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BOLSTERING STARTUPS AND INCUBATORS CENTERS THROUGH INDUSTRY-ACADEMIA PARTNERSHIP

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ABSTRACT

"Startups" have become a buzzword, thanks to the Prime Minister Narendra Modi's ambitious 'Startup India' & 'Stand up India,' campaign to take India to the head of the global entrepreneurship and make India Number 1 in startups. On January 16, 2016 the prime minister unveiled and announced India's new national startup policy under the 'Startup India' programme. This initiative aims to tap into India's much celebrated entrepreneurial spirit. To promote the culture of entrepreneurship and innovation, startup ecosystem has to be enable in India; the start-up ecosystem is often described as young, innovative, aspirant and futuristic. A research mindset in our top educational institutes will help educate students steeped in innovation to solve India's problems in agriculture, energy, water, pollution, healthcare, education and infrastructure. Therefore, linking of academic and research with business is must to produce entrepreneurs. Our universities and premiere institutes should become inexpensive incubators and accelerators for nurturing ideas unique to India's development. The present study is an attempt to explore the initiatives undertaken by premier B-schools and Technological institutes to foster the budding entrepreneurs and the review of Startup Action plan to bolster the Industry-Academia partnership.

KEYWORDS

bolstering startup, incubators centers, industry-academia partnership.

INTRODUCTION

As far as the Start Up companies are considered, there is no succinct or widely accepted definition of Start Up Companies. However, as per recently announced startup policy, **Definition of Startup (only for the purpose of Government schemes)** Startup means an entity, incorporated or registered in India not prior to five years, with annual turnover not exceeding INR 25 crore in any preceding financial year, working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property. Provided that such entity is not formed by splitting up, or reconstruction, of a business already in existence. Provided also that an entity shall cease to be a Startup if its turnover for the previous financial years has exceeded INR 25 crore or it has completed 5 years from the date of incorporation/ registration. Provided further that a Startup shall be eligible for tax benefits only after it has obtained certification from the Inter-Ministerial Board, setup for such purpose.

There are several examples in advanced countries and also in India where successful start-ups have grown into large companies and even large trans-national corporations. Several policy measures and mechanisms have been evolved over the years to promote and support the start-ups in various phases, more so in advanced countries where large number of new technologies are available in the publicly supported R&D and academic institutions for commercialization and transfer to industry. The supporting mechanisms include technology business incubators, science & technology parks, accelerators, venture capital, concessional financing grants, and fiscal incentives, etc.

In India, various types of these mechanisms have been evolved and further being evolved to promote and support startups. The technology start-up ecosystem in India has matured immensely over the last five years. Occasional startups associated with academic institutes and universities have been known since the in 1980's. Back then, the goal of such early efforts was enhancement of academia-industry interaction or translation of technology development efforts from academia into commercial products. Government R&D programs in defense, space, and atomic energy often supported these initiatives. In the 90's, the entrepreneurial culture became more pronounced especially at premier academic institutions of the country such as the IIT's though the process remained sporadic and without any structured support or direction. There was no policy to promote entrepreneurship and there were no official incubators. The pioneers amongst the faculty had converted their laboratories into some kind of incubators. The formal incubators started emerging over the next five years and by 2010, they were integral to many engineering and management institutes across the country.

Academic incubators and accelerators are largely focused on first time entrepreneurs, even though at times, experienced entrepreneurs return after exiting their earlier start-ups to leverage the facilities offered in a university system.

The unique Indian scenario, where the proportion of engineering graduates in B-schools is exceptionally high compared to Western countries, also bodes well for entrepreneurs, particularly those in the tech startup space, this refers to startups that are currently up and running, like Urban Ladder (IIM-B), Urban Clap (IIM-A), EduKart (IIM-K), Thrillophilia (ISB), Zostel (IIM-C).

The total number of ventures spawned at these B-Schools — including those that failed or got sold — is much higher. TaxiFor-Sure, for example, set up by IIM-A alumni Raghunandan G and Aprameya Radhakrishna in 2011, was acquired by Ola earlier this year in a ₹ 1,240 crore cash and stock deal. "Graduates who take up entrepreneurship are likely to produce many more new jobs, relieve bottlenecks and inefficiencies and contribute more to economic growth than managers in large companies." Thus most incubatees in the academic setting are just beginning to learn the ropes of entrepreneurship.

However, a quick survey of literature indicates paucity of data and research studies related to the experiences and difficulties faced by start-ups, except that there are some studies for computer software enterprises and also some data for small enterprises in the science parks promoted by DST.

In view of growing need and importance of startups and their significant contribution to the economy, it was considered desirable to undertake a study related to the status and experience of educational institutes in Promoting startups through incubators and Accelerators.

OBJECTIVES OF THE STUDY

Following are the specific objectives of the study:

1. To examine the role of Premier B-schools and Technology institutes to enable Startup ecosystem.
2. To study the Startup India Action plan proposed by the Government for fostering Industry-Academia partnership

RATIONALE OF THE STUDY

Fresh or recent graduates, who wish to start their own ventures has to face several challenges, including societal and familial resistance against the comfort-zones of 'safe employment'. Often the founders may not realize the complexities of starting and running a business on their own.

Here comes to role of Academic institutions to nurture such aspired youth, to nurture such budding entrepreneurs most of the premier educational has already started the Academic incubators and accelerators to provide a platform for the creation, operationalization and growth of start-ups.

Incubators have to present an empathetic and mature environment for dealing with and providing support and space for startups to mature in.

Moreover, the incubators also need to be vibrant to be able to support start-ups at various stages of maturity and operating in diverse market segments (such as high technology, social, environmental, rural, etc.). In addition, the requirements of academic start-ups go beyond the traditional needs for space and infrastructure: access to business support services (legal, IP, accounting, company secretary), training and a management team who constantly interfaces with the entrepreneurs assessing their progress and requirements is crucial.

An attempt is made in the present study to understand how the Startup India Action plan launched by the Government can give impetus to the endeavour of Academics institution in incubating and spawning entrepreneurs.

METHODOLOGY

The study is primarily based on qualitative literature survey method. It facilitates in depth analysis of the issues related to Startup ecosystem and the opportunities for budding entrepreneurs. Extensive review of the literature provided useful insight about the major constraints and bottlenecks that the educational institutes face during the establishment of startups and incubation centres. The study is based on secondary data, which has been collected from various Publications, research studies, and committee reports on the startups at the national level to bring out relevant viewpoints by understanding the policies and programmes as well as progress of the startups.

INITIATIVES UNDERTAKEN BY IIM'S, IIT'S & OTHER PREMIER EDUCATIONAL INSTITUTES TO ENABLE START-UPS ECOSYSTEM

Five of the country's leading B-schools — IIM Bangalore, Indian School of Business (ISB), IIM Kozhikode, IIM Ahmedabad and IIM Calcutta — have spawned more than 400 entrepreneurs in the last five years. This is testimony to the growing clout of India's B-schools as breeding grounds of startups. Fittingly enough, it's IIM Bangalore, located in India's very own Silicon Valley that leads the pack with over 150 entrepreneurs among those who have graduated in the last five years. ISB comes in at second place with around 124 entrepreneurs from its flagship programme, while IIM Kozhikode, IIM Ahmedabad and IIM Calcutta have around 58, 50 and 20 entrepreneurs respectively in the last five years. "It's remarkable that so many graduates from marquee institutes, who had the option of highflying corporate careers, have moved into

➤ *IIM Calcutta Innovation Park*

The incubator at the Indian Institute of Management Calcutta – IIM Calcutta Innovation Park – focuses on healthcare, education, cleantech, lifestyle, analytics, Internet of Things. There is a special focus on social enterprises. There is a big need, to promote social enterprises in India, as it impacts those at the bottom of the pyramid, and there are not many business incubators that focus on this area.

The IIMCIP conducts seminars, roundtables and a business plan contest to promote social entrepreneurship. This is done in partnership with the Tata group under the Tata Social Enterprise Challenge. IIMCIP is spread over 10,000 sq ft and it is a not-for-profit company established in 2014, run by an independent board and has on its governing body a good mix of faculty and alumni, who are also either serial entrepreneurs or involved with the venture capital ecosystem.

IIMCIP takes a small percentage of equity, typically up to 5 per cent, as a consideration for the incubation support. IIMCIP sells its stake when the venture raises the next level of funding. Formal incubation through IIMCIP as a separate Entity started in September 2014. Prior to this, IIMC offer incubation support through its Centre for Entrepreneurship and Innovation. One of the success stories of four students from IIMC who started Zostel in 2014. Zostel is a backpacker hostel and affordable hotel chain that is present in 35 cities. It has just announced opening a hostel in Vietnam. Zostel recently raised another round of funding and had previously raised \$1 million.

On the start-up scene, the success stories of internet businesses have created a buzz. Now more and more students and young professionals are opting out of jobs and starting their own ventures.

➤ *National Institute of Design, Ahmedabad*

The National Design Business Incubator (NDBI) at the National Institute of Design, Ahmedabad, is meant to encourage entrepreneurs focused on design. It aims to foster a culture of entrepreneurship in young designers so that they come up with products and services that will find a good response in the market.

The objective is to create a new class of entrepreneurs – Designpreneurs – something that India needs in plenty. Spread over 4,000 sq ft at the NID, the premier institute for design in the country, the NDBI was established in 2004 and is run as an independent legal entity.

At NDBI, about 10 ventures are at the incubator at any given time and it admits about six new ventures every year. Though it admits any venture that is focused on design, the NDBI concentrates on those in the health, sanitation and renewable energy sectors. The incubator is open to any venture and need not have any NID connection, as long as it into designing products. Innovation, market potential and business plan are the criteria that the ventures need to satisfy for gaining admission to the incubator. The ventures are allowed to be in the incubator for three years. The NDBI picks up about a 5 per cent stake in the ventures, from the grants available to it, the incubator provides air-conditioned work space with computers, IPR registration, help in forming the company, legal and accounting services, seed capital, facilitating angel/ VC funding, networking with other incubators, product development and marketing.

According to information available on NDBI's website, various funding options are available, including a Technopreneur Promotion Programme, run by the Department of Scientific and Industrial Research, through grants. Besides, the Department of Industrial Policy and Promotion has set up a ₹10-crore Venture Ready Fund (VRF) at NDBI to support young designers aspiring to become entrepreneurs. This money will be disbursed over four years through loan, equity or a mix of both. Some of the start-ups incubated at NDBI and that have made it big are Sangaru Design Objects Pvt Ltd, Robots Alive Pvt Ltd, Yuga Design Pvt Ltd and Dhama Innovations Pvt Ltd.

➤ *Indian institute of Information Technology (IIT-Hyderabad campus): T-Hub Incubator of Incubators*

T-Hub is a Public Private partnership (PPP) model between the Government of Telangana, IIT-H, Indian school of Business, and NALSAR (National academy of research and legal studies), they are expected to be catalysts for promoting innovation similar to the roles played by the Stanford University and University of California in the success of Silicon Valley. T-Hub is not just about 800 people to work on innovative technology driven products and solutions, but an integral part of a larger ecosystem the state government is keen on is keen on creating.

Initially 50 start-ups will occupy the space and thereafter 50 more will get in, compared to private incubators, T-hub is an Industry-government partnership that seeks to provide entrepreneurship an edge in tune with the state's industrial Policy-Innovate, Incubate and Incorporate.

The government may have spent Rs 40 crore on the T-Hub building, but the best part of T-Hub will be minimal interference from the government. The government has said that government will not be involved in the day to day affairs in areas like which start-up to select, how long an enterprise should continue there and who will get funding. All the professional decision would be taken by people involved in the management and guided by 10-member empowered board in which the lone government representative will be the IT secretary.

➤ *The IIT-Madras startup incubator*

In early 2013, two IIT-Madras batch mates, Tarun Mehta and Swapnil Jain, quit their jobs and went back to their alma mater. Their intention was not further studies. They wanted to make a battery –one that could be used in electric two wheelers, and which would be far superior in performance than the available ones. The IIT-Madras startup incubator welcomed them and even provided Rs 5 lakh in funds. That was the start of Ather Energy, which expects to commercialize a high-performance electric scooter in the coming months at a little less than Rs 1 lakh, a price which they say is no more than for an equivalent petrol scooter. For the two friends, the objective was simple. They wanted to make an electric scooter that feels like a petrol one –much like what Tesla Motors in the US did with cars. The idea has attracted many, and Ather's funders now include the Central government, Tiger Global, Flipkart founders Sachin Bansal and Binny Bansal, and Silicon Valley-based big data firm Aerospike's co-founder V Srinivasan. The scooters will have a top-speed of 72 km per hour and a remarkable 90% battery charge in an hour. The vehicle produces 7 bhp power, only marginally less than the current petrol-based scooters. It will come with a smart dashboard that will enable users to create personalized profiles and choose riding modes, and it will have onboard diagnostics capabilities.

STARTUP INDIA ACTION PLAN FOR INDUSTRY ACADEMIA PARTNERSHIP AND INCUBATION

Recently Government of India has launched Start-up India action plan, unveiled by the Prime Minister, Mr. Narendra Modi, on 16th January, The Action Plan could not have come at a more opportune time. The country's manufacturing sector faced a slump, while the prospective young entrepreneurs looked towards the Government for ease of doing business. The Action plan consist of 19-point agenda, an analysis of the Start-up Action Plan shows that it has more than met the expectations of the Start-up sector. While some features like tax rebates will be effective with the next Budget, the Action Plan should bring cheer on the issue of finance and credit also. India may already hold the third position globally in Start-ups, but the Action Plan has brought more confidence in the sector.

The action plan proposed for Industry Academia Partnership includes:

Harnessing Private sector expertise for Incubator set up Showcasing Innovation

To ensure professional management of Government sponsored / funded incubators, Government will create a policy and framework for setting-up of incubators across the country in public private partnership.

India currently lacks availability of incubation facilities across various parts of the country. Incubation facilities typically include physical infrastructure, provision of mentorship support, access to networks, access to market, etc. Of all these features, physical infrastructure entails large capital investments which can generally be facilitated by the Government. However, requisite skills for operating an incubator are pivotal as well, for which expertise of the private sector needs to be leveraged. Considering this, Government shall encourage setting up of;

- 35 new incubators in existing institutions. Funding support of 40% (subject to a maximum of INR 10 crore) shall be provided by Central Government for establishment of new incubators for which 40% funding by the respective State Government and 20% funding by the private sector has been committed. The incubator shall be managed and operated by the private sector
- 35 new private sector incubators. A grant of 50% (subject to a maximum of INR 10 crore) shall be provided by Central Government for incubators established by private sector in existing institutions. The incubator shall be managed and operated by the private sector.

The funding for setting up of the incubators shall be provided by NITI Aayog as part of Atal Innovation Mission. Participating departments and agencies for setting up of new incubators shall be Department of Science and Technology, Department of Biotechnology, Department of Electronics and Information Technology, Ministry of Micro, Small and Medium Enterprises, Department of Higher Education, Department of Industrial Policy and Promotion and NITI Aayog.

Each of the above mentioned departments/agencies would enter into a standard MoU with identified private sector players for creation of academia-industry tie-ups for nurturing innovations in academic institutions.

Building Innovation centers at National Institutes

In order to augment the incubation and R&D efforts in the country, the Government will set up/ scale up 31 centers (to provide facilities for over 1,200 new Startups) of innovation and entrepreneurship at national institutes, including

- Setting-up 13 Startup centers: Annual funding support of INR 50 lakh (shared 50:50 by DST and MHRD) shall be provided for three years for encouraging student driven Startups from the host institute.
- Setting-up/ Scaling-up 18 Technology Business Incubators (TBIs) at NITs/IITs/IIMs etc. as per funding model of DST with MHRD providing smooth approvals for TBI to have separate society and built up space.

TABLE NO. 1: STARTUP CENTERS & TECHNOLOGY BUSINESS INCUBATORS

Startup centers		Technology Business Incubators		
RGIIIM Shillong	NIT Goa	MANIT Bhopal	IISER Bhopal	NIT Warangal
NIT Delhi	NIT Agartala	NIT Rourkela	IIM Rohtak	MNITJaipur
MNIT Allahabad	NIT Silchar	NIT Jalandhar	IIT Mandi	NIT Tiruchirappalli
VNIT Nagpur	IIT Bhubaneswar	IIM Udaipur	IISER Mohali	IIT Patna
IIITDM Kancheepuram	NIT Patna	NIT Calicut	IIT Roorkee	
PDPM-IIITDM Jabalpur	NIT Arunachal Pradesh	IIT Ropar	IIM Kozhikode	
ABVIITM Gwalior		IISER Thiruvananthapuram	IIM Raipur	

Source: Dipp.nic.in

Setting up of 7 New research parks Modeled on the research park setup at IIT Madras

To propel successful innovation through incubation and joint R&D efforts between academia and industry.

The Government shall set up 7 new Research Parks in institutes indicated below with an initial investment of INR 100 crore each. The Research Parks shall be modeled based on the Research Park setup at IIT Madras.

The IIT Madras Research Park endeavors to enable companies with a research focus to set up a base in the Park and leverage the expertise of IIT Madras. The Research Park breaks down the traditional, artificial barriers of innovation through its connectivity and collaborative interaction. This helps industry to create, integrate and apply advancements in knowledge. It leverages best practices from successful Research Parks such as those at Stanford, MIT and Cambridge.

The guiding principles behind the park include:

- Creating a collaborative environment between industry and academia through joint research projects and consulting assignments.
- Creating a self-sustaining and technologically fertile environment.
- Encouraging and enabling R&D activities and Startups that are aligned to potential needs of the industry.
- Providing world class infrastructure for R&D activities and incubation.
- Enabling development of high quality personnel and motivating professional growth for researchers in companies through part time Masters and PhD Programs.

Annual Incubator Grand Challenges

For a new idea to become a successful commercial venture, adequate support and mentoring at various stages of the business lifecycle is required. Incubators play an important role in identifying early stage Startups and supporting them across various phases of their lifecycle. In order to build an effective Startup ecosystem, it is imperative that world class incubators, adopting leading industry practices, are setup in the country.

The Government is proposing to make forward looking investments towards building world class incubators. In its first phase, the aim is to establish 10 such incubators. To enable this, GoI shall identify and select 10 incubators who have the potential to become world class. These incubators would be given INR 10 crore each as financial assistance which may be used for ramping up the quality of service offerings. The incubators shall also become reference models for other incubators aspiring to offer best-in-class services. Video interviews of these incubators would be showcased on the Startup India portal.

An "Incubator Grand Challenge" exercise shall be carried out for identification of these incubators. The exercise shall entail:

- Open invitation of applications from incubators
- Screening and evaluation based on pre-defined Key Performance Indicators (KPIs)
- The Incubator Grand Challenge shall be an annual exercise.

CONCLUSION

There is no doubt that startups play an important role in boosting innovation, entrepreneurship and creating new jobs. The country's premier engineering and Management like IIT's and IIM'S have taken significant steps in enabling startup ecosystem by establishing Incubators, Accelerators and research park and even the placement are seeing a fresh surge in hiring from startups.

The culture and practices of IIM' and IIT'S related to startups should also be percolated to other B-schools and engineering institutes located in TIER-II and Tier-III cities, where majority of the student's study. To begin with the ministry of HRD should provide the funds to set up incubators, Accelerators and research parks in Universities having the status of potential of excellence and thereafter to other universities and affiliated colleges looking into the success of the Programme. Even the corporates can be invited for funding startups through their corporate social responsibility activities.

There are lots of issues relating to provide venture capital to these startups. "We need innovations that solve Indian consumers' problems, with a grassroots level movement. Foreign venture capital firms tend to have a bias towards replicating business models proven in developed countries.

Let's hope that new policy would address the problems of startups in General and educational institutes particular to foster innovation and entrepreneurship.

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MEASURING CUSTOMER SATISFACTION USING ATM CARD IN BANGLADESH: AN APPLICATION OF EXPECTANCY-DISCONFIRMATION THEORY

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ABSTRACT

This empirical study is conducted to understand the satisfaction of customer using ATM (Automated Teller Machine) card in Bangladesh. It applies the Expectancy-Disconfirmation theory to meet the study objectives. A total 222 samples were collected using 5 points Likert-scale considering convenience sampling. Descriptive statistics, exploratory factor analysis (EFA) and regression analysis are conducted using SPSS.15.00. The descriptive study indicates that the average value of customer expectation is greater than the average value of customer perception. It indicates that the services offered by banks using ATM cards are disconfirmed. The result of the EFA explores six perceived performance factors (i.e., Assurance; Tangibles; Responsiveness; Cost; Empathy and Reliability) and the regression analysis confirms their positive relationship with overall satisfaction of customers. The study result also finds that all these factors are negatively disconfirmed. The result of regression analysis also indicates that negative disconfirmation negatively affects the overall satisfaction of customers. Therefore, the study suggests increasing the quality of services offered by different banks, it will also act to satisfy the ATM users or customer. The bankers will be benefited from this study in operating the banking activities smoothly to satisfy its clients and theoretical implications are discussed with limitations and future research directions.

KEYWORDS

ATM card, customer overall satisfaction, expectancy-disconfirmation paradigm, expectation, perception.

INTRODUCTION

Automated Teller Machine (ATM) is the most popular computerized electronic device in banking sector at present (Islam, 2015). It makes the normal banking activities easier for bank clients. The clients can be connected 24 hours with the bank. It links the bank with other financial institutions for several types of routine banking transactions (Santos & Peffers, 1993). Their study also states that it can fulfill the client's many special requirements (i.e., inquiries deposits, cash withdrawal, cash transfers and payments) at the closing time of bank. It was first introduced in America in the early 1970s (Santos & Peffers, 1993) and now using as one of the most important medium to satisfy the customer and to make them easily connected with the bank over the world. ATM card services have been introduced firstly by Standard bank in 1997 at Khulna division in Bangladesh. It is used now widely used all over the banks to satisfy and to retain the bank clients. It is the wonder of modern science in banking sector and the contribution of this technology has changed life style as well as the standard of living in the society (Kamal, Unndin & Oan, 2012, pp. 291).

However, ATM system is an inter-organizational system (Santos & Peffers, 1993) which enables to improve the operational efficiency of banks and customer services in the banking sectors (Banker & Kauffman, 1988; Glaser, 1988; Laderman, 1990). Although this system requires high fixed cost, it enables lower variable transaction processing cost (Mwatsika, 2016). This system also advocates bank to less direct customer service employment (Kantrow, 1989). Though ATM system is used as one of the most competitive tolls for bank to increase operational efficiency and customer service, it does not affect to increase market share (Banker & Kauffman, 1988). Moreover, other study states that it decreases the bank efficiency in some exceptional cases sometimes (Santos & Peffers, 1993).

LITERATURE REVIEW

CUSTOMER SATISFACTION

The term customer satisfaction is the most important issue in banking sector. This concept does not arise in sudden rather than a gradual modification. The term satisfaction is defined in different ways in different studies empirically also. This concept of satisfaction is primarily developed considering three constructs (i.e., cognitive, affective and systematic) by Hartmen (1973). Later on, Hunt (1977) redefines satisfaction as post purchase assessment and compares between expectation and perceived service to measure satisfaction. Further definition is given by Oliver (1980) and he has drawn a theory of satisfaction which is known as expectancy-disconfirmation paradigm. It comprises expectation, perception, disconfirmation and satisfaction. Again, Westbrook and Oliver (1981) define that customer satisfaction is the mental state with the comparison of performance prior purchase (i.e., expectation) and performance after a purchase (i.e., perception). The difference between expectation and perception exerts satisfaction (i.e., perception is greater than expectation) and dissatisfaction (i.e., expectation is greater than perception).

If the perception of customer regarding a product or service is higher, they are delighted towards the product or service. But the measurement of customer satisfaction is not an easy task. Literatures suggest that there are a lot of theories and ways to measure customer satisfaction. Seth, Deshmukh and Vrat (2005) conduct a review of nineteen service quality models that can be used to measure customer satisfaction with a product or service. These models include: Technical and functional quality model by Gronroos (1984); GAP model by Parasuraman, Zeithaml and Berry (1985); Attribute service quality model by Haywood (1988); Synthesis model of service quality by Brogowicz, Delene and Lyth (1990); Performance only model by Cronin and Taylor (1992); Ideal value model of service quality by Mattson (1992); Evaluated performance and normed quality model by Teas (1993); IT alignment model by Berkley and Gupta (1994); Attribute and overall effect model by Dabholkar (1996); Model of perceived service quality and satisfaction by Spreng and Mackoy (1996); PCP attribute model by Philip and Hazlett

(1997); Retail service quality and perceived value model by Sweeney, Soutar and Johnson (1997); Service quality customer value and customer satisfaction model by Oh (1999); Antecedents and mediator model by Dabholkar, Shepherd and Thorpe (2000); and Internal service quality model by Frost and Kumer (2000). However, the importance-performance model by Fishbein and Ajzen (1975) is the first and popular model to measure customer satisfaction. Whereas the measurement of customer satisfaction is dominated by the expectancy- disconfirmation paradigm model (Mwatsika, 2016). This study basically has considered this model to measure the satisfaction of ATM users in Bangladesh.

EXPECTATION

It is the first and an important element in expectancy-disconfirmation model. Customer expectation is the pretrial beliefs about a product or service that acts as a standard or reference points which is considered to judge a product performance (Li, Lai, Harril, & Wong, 2011). It is the simple and primary desire of customer before using a product or service and it is developed in their mind before purchasing a product or taking a service. Expectation of a customer can be developed through mass media, advertising, feedback of existing customer and from friends and relatives. The level of expectation may differ from one customer to another which indicates the customer satisfaction and dissatisfaction comparing with their perception. It may be formed either from user past experience or through existing user. The baseline or anchor level of satisfaction is also provided by expectation for a customer towards a service or product. This study considers 21 variables which are already used in different studies to know customer expectation of using ATM cards (**Table-1**).

PERCEIVED PERFORMANCE

It is the actual experience of customer regarding products or services which indicate the benefit received after using the products or services. It can be either better or worse than expectation. Hui, Wan and Ho (2007) suggest that the expected results are the higher quality of performance. Higher quality indicates a positive disconfirmation which makes customer satisfied to a product and service (Churchill & Surprenant, 1982). Performance may solely account for satisfaction even if simultaneously considered with expectation and/or disconfirmation (Wong & Dioko, 2013). Due to that, disconfirmation or perception is the only approach which can be used to measure customer satisfaction. This study considers 21 variables to know the customer perception or perceived performance using ATM card which are empirically tested by different studies (**Table - 1**).

DISCONFIRMATION

Disconfirmation is another important issue to measure customer satisfaction. It refers to the comparison of customers' expectations and to their experiences regarding a product or service offered by seller (Hui et al., 2007; Oliver, 1980; Pizam, Neumann, & Reichel, 1978). It might be positive disconfirmation or negative disconfirmation. Positive disconfirmation indicates higher perception than expectation of customer about a product and service. This is the expected results and it makes customer to be delighted concerning the product and service. On the other hand, negative disconfirmation occurs when perceived performance is lower than the expected performance.

OVERALL SATISFACTION

Customer satisfaction is the most important predictor to know about the customer purchase tendency. It is also the main topic in consumer behavior for investigating customer interest toward a product or service. If the customer will be satisfied, the company can sell its product and service easily. The satisfied customer is the valuable asset for the business survival. The task to satisfy a customer toward a product or service is not an easy task. Because the level of satisfaction varies from one customer to another customer and the level of parameter to satisfy them is not definite. It may also vary from situation to situation. Satisfaction is also the emotional condition of a customer after experiencing a product or service (Baker & Crompton, 2000; Valle, Silva, Mendes, & Guerreiro, 2006). It is the perceived performance which will exceed or equal to the level of expectation. While the overall satisfaction is the total benefits enjoyed during the use or consumption of a product or service (Hoffman & Bateson, 2001; Yu & Goulden, 2006). It can be measured using multi-dimensions of performance (Valle, et. al., 2006). Basically the satisfactions of customer toward ATM services are the service performance factors (i.e., *Assurance; Tangibles; Responsiveness; Cost; Empathy and Reliability*) which are considered by Mwatsika (2016). If a customer is being satisfied toward a product or service, he/she will repurchase it and recommend it with others. This gaining of a company will play for investment opportunity and will increase market share (Bhat & Quadir, 2013; Ojo, 2010). It indicates that the consumer decisions of repurchasing and loyalty are derived from customer satisfaction (Bhat & Quadir, 2013; Hawkins, Lamoureux, & Clemmons, 2005; Lee, Graefe., & Burns, 2004; Moore & Taplin, 2014; Rodger, Taplin., & Moore, 2015; Weaver & Lawton, 2011). On the other hand, a visitor becomes a threat when he/she gets dissatisfaction. This study considers one variable to understand the overall satisfaction of customer using ATM cards which is already used in different studies (**Table-1**) to measure customer satisfaction. Beside these, the following published academic articles are reviewed which mainly focusing the customer satisfaction regarding ATM services offered by different bank in Bangladesh and other countries. These are the important part for the study to find out gap and for designing questionnaire which are discussed in below.

Mwatsika (2016) conducted an empirical study on impact on ATM banking performance on customer satisfaction with the bank in Malawi. This study considered 25 ATM banking attributes (i.e., number of ATMs per station, convenient location, corporate branding appearance on ATMs, readable slips, issuing of clean notes, cleanliness of ATMs and ATM stations, range of services at ATMs, accuracy of ATM transactions, speed of ATMs, ATMs not out of order, ATM system usability, ease of access to ATMs, cash availability in ATMs, quick replacement of lost ATM cards, waiting times at ATMs, fast return of swallowed ATM cards, employee speed in dealing with ATM problems, employee effectiveness in solving ATM problems, privacy at ATMs, ATM usage and security advice, security at ATM stations, employee friendliness, ATM fees, ease of ATM card application process and employee accessibility to solve ATM issues) and applies regression analysis to attain the study objectives. It finally concludes that ATM banking has 40 % predictive capability of customer satisfaction. But it has no capability to attract customers for switching to other bank. This study also does not follow any reputed theory to measure ATM banking impacts on customer satisfaction.

Islam (2015) conducts an empirical study on customer satisfaction and ATM services in Bangladesh. This study considers some items as factors (i.e., speed of the ATM, location and number of ATM booth, sufficient amount of cash in the ATM, quality of notes, network capacity, security, safety and privacy of ATM, power backup, manners of guards and their consent to other related issues on ATM services) to measure the customer satisfaction. It also applies the Z-test and ANOVA to meet the study objectives. Beside these, the study concludes that security and PIN number represent the highest satisfaction of customer using ATM card. The rest of the factors also represent near less or same meaning. This study does not consider any theory (i.e., SERVQUAL or Confirmation and Disconfirmation Theory etc.) to measure satisfaction.

Finally, by reviewing different literatures it is noticed that some studies consider some variables which are excluded by others. It is also seen that most of the study does not considered any recommended theory to measure customer satisfaction regarding ATM services offered by the different banks. In this consequence, this study tries to consider all the variables or factors to measure customer satisfaction toward ATM services offered by different banks in Bangladesh by consider expectancy-disconfirmation theory. To fill up these gaps, this study considers the following **OBJECTIVES-**

1. To know about the services available to customer using ATM card.
2. To explore the perceived performance factors of customer using ATM card.
3. To understand the relationship between disconfirmation and customer overall satisfaction.
4. To understand the relationship between perceived performance and customer overall satisfaction.

METHODOLOGY OF THE STUDY

SAMPLING AND DATA COLLECTION

This study considers quantitative method to collect data which is very much popular in social science research. Data were collected using convenience sampling method. This method is used due to the convenience and availability of respondents (Babbie, 1990). A total 250 questionnaires were distributed to customers at bank and ATM both who are interested to participate in the survey. The respondents were selected who are used to at least one bank's ATM card among the selected 15 private and public banks in Bangladesh for this study. Data were collected from two cities (Dhaka & Rajshahi) in Bangladesh on July-August in 2016. After screening the completeness of the questionnaire, a total 222 samples were considered for final analysis.

SURVEY QUESTIONNAIRE DESIGN

The survey questionnaire was developed considering the existing literatures. The questionnaire contains three sections. The first section contains 22 variables where 21 variables were service item offered by different banks to customer using ATM card. The last variable was the overall satisfaction within this section. These variables are considered in different studies and are empirically tested (Table 1). The customer expectation and perception are asked to know for 21 variables using five points Likert-scale ranging 5= strongly agree and 1= strongly disagree. This scale is very much popular and widely used to understand and measure perception, evaluation, beliefs and attitude of customers or visitors toward an object, brand, place and product (Malhotra, Hall, Shaw, & Crisp, 1996). This scale was also used to ask the overall satisfaction of customer. The second section of the questionnaire was related to the socio-demographic information of the respondents to identify their characteristics.

PRE-TESTING OF THE QUESTIONNAIRE

Pre-testing of the questionnaire was also conducted for this study to ensure clarity, reliability and comprehensiveness of the questionnaire. A total twenty (20) questionnaires were distributed to 10 students and 10 faculties at University of Rajshahi (2nd largest University in Bangladesh) who were used to ATM card services among the selected fifteen (15) banks. The recommendations of the participants were considered and some modifications of wording were made.

SCALE RELIABILITY

Scale reliability test is used to determine the internal consistency or average correlation of items in a study. It is measured by the alpha coefficient value and the rules of thumbs for this value is greater than 0.5 (Hair, Anderson, Tatham, & Black, 1998). The alpha coefficient is 0.783 which exceed the minimum coefficient indicating the suitability of data for factor analysis.

PROPOSED MODEL

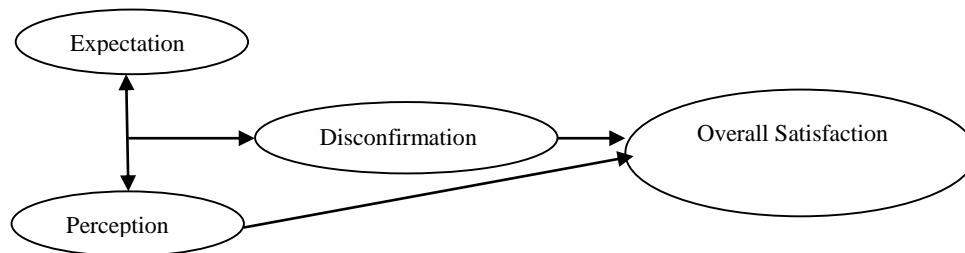
This study considers the Expectancy-Disconfirmation model that was proposed by Oliver (1980; 1997) to measure the customer satisfaction toward a product or service. The author used two components (i.e., expectation and perception) to measure the satisfaction level of customer. The customer satisfaction is the difference where perception is equal or greater than the expectation (Hoffman & Bateson, 2001; Hui et al., 2007). The model also concluded that there is a direct relationship of perception and satisfaction with overall satisfaction. Therefore, this study proposed the conceptual model (Figure-1) which was also used to measure satisfaction (Hui et. al., 2007). Therefore, the proposed hypotheses are as follows which are given in below.

H1: Customer expectations about the six factors are positively disconfirmed.

H2: Positive disconfirmation/satisfaction positively affects the overall satisfaction of customers.

H3: The six factors of perceived performance positively affect the overall satisfaction of customer.

FIGURE 1: A CONCEPTUAL MODEL FOR MEASURING CUSTOMER SATISFACTION TOWARD ATM SERVICES

**DATA ANALYSIS**

The collected data are analyzed using SPSS 15.00. Descriptive study, exploratory factor analysis (EFA), and finally regression analyses were performed to achieve the study objectives. Descriptive statistics are used to analyze the distribution of the data. An exploratory factor analysis is performed to reduce the number of items to a few correlated dimensions. It has been used to explore the possible underlying factor structure of a set of observed variables without imposing a preconceived structure on the outcome (Child, 1990). The Principal components and orthogonal (VARIMAX) rotation methodology is used and only factors with Eigen-value equal or greater than one (1) are retained. A variable with a factor loading of 0.5 or more is kept in a factor. Finally, regression analysis is performed where dependent variable is overall satisfaction and independent variables are disconfirmation and perceived performance factors (i.e., Assurance; Tangibles; Responsiveness; Cost; Empathy and Reliability).

RESULTS AND DISCUSSION**DEMOGRAPHIC PROFILE OF THE RESPONDENT**

The demographic profile of the respondents is shown in the table -2. The highest group of ATM user is from Dutch Bangla Bank and the second largest group of respondents uses Brac Bank ATM cards. 49.1% of the respondents have completed their post-graduation level of education (17 years) and 27.0% have completed their Graduation level (16 years) of education. Only 3.6% of users have completed their secondary school certificate (SSC) level of education (10 years) and 11.3% have completed higher secondary certificate (HSC) level of education. On the other hand, 37.8% of the respondents are students and 18.5%, 21.2% and 14.0% are government employee, private organizational employee and businessman respectively. While, 35.1% of the respondents live in Rajshahi division and 15.3% and 17.6% are from Rangpur and Dhaka division respectively. There are seven divisions in Bangladesh. 27.9% of the respondents represent their income 45,001-50,000 BDT (\$1=80 BDT) and 15.8% of the customers show their income level from 30,001-35,000 BDT. It is also shown from the demographic study that 55.4% of the respondents are male and the rests of them are female. Whereas, 54.5% of the customer are single and the rests of them are married.

EXPLORATORY FACTOR ANALYSIS

The Bartlett test of Sphericity which shows significant results ($\chi^2 = 717.398$, $p = 0.000$). It also indicates that nonzero correlation exists where the overall value of the Kaiser-Meyer-Olkin overall measure of sampling adequacy (MSA) is 0.710. This study fulfilled the criteria. The value of sampling adequacy should be 0.50 (Hair et. al., 1998). These two tests suggest that the data are suitable for exploratory factor analysis (EFA). The result EFA shows finally six factors which contain 17 variables based on Eigen value greater one, scree-plot criteria and percentage of variance criterion (Table-3) that captures 62.10% of total variance. Four variables are being deleted following the deletion criteria proposed by Hair et. al. (1998). These variables shows factor loading less than 0.5 and the name of the variables are the services (i.e., Speed of the delivery of ATM card; Complaint Book; Swiftness/fastest of cash withdrawal and Problems solve quickly relating to ATM card).

TABLE 3: EXPLORATORY FACTOR ANALYSIS

	Component						Perception	
	F1	F2	F3	F4	F5	F6	Mean	S.D
F1: Performance of Assurance								
Privacy of client's	.802						2.75	1.26
Security of client's	.745						2.79	1.25
Safety of clients	.580						2.81	1.25
Availability of pay slips	.509						2.72	1.25
F2: Performance of Tangibles								
Network capacity of ATM Booth		.750					2.82	1.10
Sufficient cash in ATM Booth		.744					2.88	1.09
Quality of notes is good		.731					2.89	1.09
F3: Performance of Responsiveness								
Clear directions to use ATM machine			.766				2.63	1.30
Card locking is avoidable			.705				2.50	1.29
Working keypad of ATM machine			.544				2.68	1.29
F4: Performance of Cost								
Charge of getting ATM card				.820			2.77	1.25
Cost of ATM using Card				.714			2.68	1.31
Fees for transactions through ATM card				.566			2.82	1.25
F5: Performance of Empathy								
Available power backup / Generator					.795		2.62	1.33
Manners of ATM guard / personnel					.765		2.69	1.22
F6: Performance of Reliability								
PIN (Personal Identification Number)						.783	2.97	1.04
Sufficient number of ATM Booths						.768	2.96	1.07
Eigen Values	3.335	2.105	1.587	1.292	1.159	1.078		
Variance (%)	19.62	12.38	9.34	7.60	6.82	6.34		
Cumulative Variance (%)	19.62	32.00	41.34	48.94	55.76	62.10		

HYPOTHESIS TESTING

The difference between customer expectation and customer perception indicates disconfirmation. If the perception is greater than the expectation, this situation means positive disconfirmation. While the expectation is greater than the perception, it indicates negative disconfirmation. Positive disconfirmation makes customers delighted and negative disconfirmation makes customers disappointed towards the product or service. This study tries to understand and considers the average value of customer expectation and customer perception (Table-4) about the six factors regarding ATM services offered by banks in Bangladesh. It has been seen that all these factors show negative disconfirmation. It indicates that customer expectation is greater than their perception. Therefore, the first hypothesis is rejected, it indicates the dissatisfaction of customers using ATM card.

TABLE 4: FACTOR WISE DISCONFIRMATION ABOUT SIX PERFORMANCE FACTORS

Factors	Expectation	Perception	Disconfirmation
Performance of Assurance	3.37	2.77	-0.60
Performance of Tangibles	3.43	2.86	-0.57
Performance of Responsiveness	3.31	2.60	-0.71
Performance of Cost	3.30	2.76	-0.54
Performance of Empathy	3.21	2.66	-0.55
Performance of Reliability	3.44	2.97	-0.47
Average	3.34	2.77	-0.57

If the perception of customers will match with the expectation, it indicates confirmation. The mismatch of the situation indicates disconfirmation. Confirmation indicates satisfaction of customers while disconfirmation indicates disappointed of customer toward the product and service. Positive disconfirmation or confirmation positively affects the overall satisfaction of customer and negative disconfirmation negatively affects the overall satisfaction of customer. Though the disconfirmation is negative, it negatively affects the overall satisfaction. Finally, the regression analysis is conducted where the independent variables are the six perceived performance factors and disconfirmation and the dependent variable is the overall satisfaction of customer. The test results show these values ($R^2 = 0.693$, $F\text{-value} = 69.011$ and $p\text{-value} = 0.000$) (Table 5).

TABLE 5: THE EFFECT OF SIX PERCEIVED PERFORMANCE FACTORS AND DISCONFIRMATION WITH OVERALL SATISFACTION OF CUSTOMER

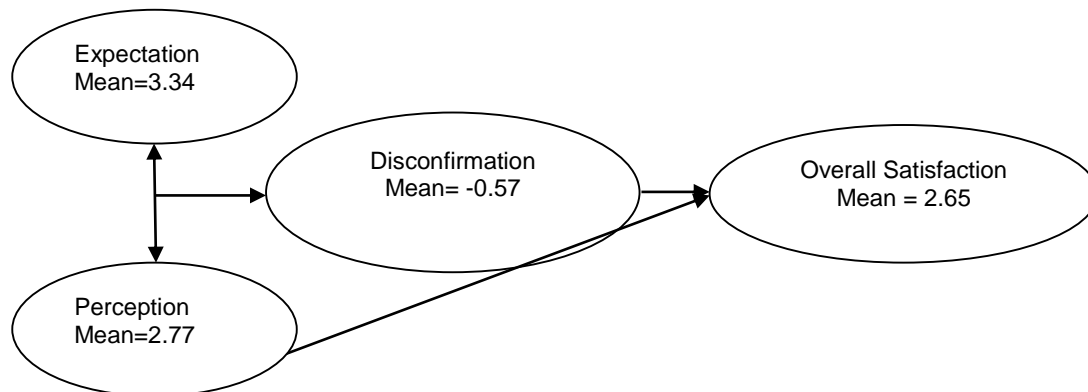
Multiple R	0.832				
Multiple R Square	0.693				
Adjusted R Square	0.683				
Standard error of estimates	0.335				
F value	69.011				
Significance F	0.000				
Model	Unstandardized Coefficients			Standardized Coefficients	
1	B	Std. Error	Beta	t	Sig.
(Constant)	2.727	.036		75.673	.000
Performance of Assurance	.256	.026	.430	9.952	.000
Performance of Tangibles	.160	.023	.268	6.868	.000
Performance of Responsiveness	.232	.023	.390	10.174	.000
Performance of Cost	.163	.023	.274	6.952	.000
Performance of Empathy	.241	.024	.404	9.851	.000
Performance of Reliability	.124	.023	.208	5.437	.000
Disconfirmation	-.003	.049	-.003	-.054	.957
a Dependent Variable: Customer Overall Satisfaction					

The result of regression analysis indicates that the independent variable (*i.e.*, *disconfirmation*) negatively affects the overall satisfaction of customer. The second hypothesis is rejected. The results of regression analysis also indicate the positive relationship of the six perceived performance factors with overall satisfaction of customer at 95% confidence level. Therefore, third hypothesis is accepted.

EXPECTANCY- DISCONFIRMATION MODEL TOWARD ATM SERVICES

Customer expectation and perception are the two important components of expectancy-confirmation model. The average value is 3.34 for expectation of customers and the average opinion is 2.77 for the perception of customer toward the ATM services in Bangladesh. Though the average value of customer expectation is greater than the average value of perception, it leads to make disconfirmation. The average value of disconfirmation is -0.57 which leads to create disappointed customer. The bank should try to make it positive. Because the disappointed customer creates risk for the bank to retain them, it also negatively affects the overall satisfaction of customers to the bank offerings or services. The average value of overall satisfaction is 2.65 for the customers also.

FIG. 2



CONCLUSION

This study is conducted to measure the customer satisfaction toward ATM services offered by different banks in Bangladesh. To fill up these objectives this study considers the expectancy-disconfirmation theory which is proposed by Oliver (1980 & 1997). Though there are numerous established theories to measure satisfaction of customers toward a product or service, this theory is one of the most important. Mwatsika (2016) states that the expectancy-disconfirmation theory dominates and widely used to measure the customer satisfaction. This study conducts descriptive study, exploratory factor analysis and finally regression analysis to meet the objectives. The exploratory factor analysis explores six perceived performance factors which are important to use ATM cards by the customer. These factors positively affect the overall satisfaction of customer. These factors contain 17 variables (Table-3) which are the services available to customer using ATM cards. The study also finds that the average value of customer expectation is higher than the average value of customer perception for all these factors. It indicates that all the factors are disconfirmed. It negatively affects the overall satisfaction of customer and makes customer disappointed about the ATM services offered by the banks. The study results also confirmed that customers are not satisfied towards the ATM services. Therefore, this study suggests improving the services that indicate the lowest average opinion of customers.

PRACTICAL IMPLICATION

This empirical study will increase the existing literatures and will provide some sought of valuable information for banks and customers. This valuable information will help a lot for them to conduct their banking activities properly and to satisfy their clients. The customer will also be benefited from this study getting information about the available ATM services. The researchers, practitioners and academicians will also get some valuable information for their studies also.

LIMITATION AND FUTURE RESEARCH DIRECTION

This study uses convenience sampling method to collect data from the customers at Dhaka city and Rajshahi city in Bangladesh. This may not enough to represent the overall population. It also considers only 15 public and private banks and the sample size is only 222. If the numbers of banks and sample size increase the study result may be changed. So, our future research plan is to increase the sample at least up to 350 and to develop a model. This study will act as a reference and will be tested extensively to generalize the results by increasing the samples. It will be provided in future.

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APPENDIX

TABLE 1: REVIEWED LITERATURES TO SUPPORT THE STUDY VARIABLES/ ATM SERVICES

Items/Attributes of ATM Services	Supported Literatures
Cost of getting ATM Card	Islam, 2015
Charge of using ATM card	Mwatsika, 2016; Islam, 2015
Fees for transactions through ATM card	Mwatsika, 2016; Islam, 2015
Speed of the delivery of ATM card	Islam, 2015; Verma, 2014
Sufficient number of ATM Booths	Mwatsika, 2016; Islam, 2015; Verma, 2014
PIN (Personal Identification Number)	Islam, 2015
Network capacity	Mwatsika, 2016; Islam, 2015
Sufficient cash in ATM Booth	Mwatsika, 2016; Islam, 2015; Verma, 2014
Quality of notes	Mwatsika, 2016; Islam, 2015; Verma, 2014
Available power backup / Generator	Mwatsika, 2016; Islam, 2015; Verma, 2014
Manners of ATM guard / personnel	Mwatsika, 2016; Islam, 2015; Verma, 2014
Complaint Book	Islam, 2015; Verma, 2014
Availability of pay in slips	Mwatsika, 2016; Islam, 2015; Verma, 2014
Swiftness/fastest of Cash withdrawal	Mwatsika, 2016; Islam, 2015; Verma, 2014
Security of client's	Mwatsika, 2016; Islam, 2015; Verma, 2014
Privacy of client's	Mwatsika, 2016; Islam, 2015
Safety of clients	Mwatsika, 2016; Islam, 2015; Verma, 2014
Problems solve quickly relating to ATM card	Mwatsika, 2016; Verma, 2014
Working Keypad of ATM machine working properly	Verma, 2014
Clear directions to use ATM machine	Verma, 2014
Card locking	Islam, Sheel., & Biswas, 2007
Overall satisfaction	Islam, 2015; Verma, 2014

TABLE 2: DEMOGRAPHIC PROFILE OF THE RESPONDENTS

Demographic Characteristics	Frequency	Percent (%)	Demographic Characteristics	Frequency	Percent (%)
ATM Users			Educational background:		
Brac Bank	25	11.3	SSC	8	3.6
Dutch Bangla Bank	72	32.4	HSC	25	11.3
Marchentile Bank	18	8.1	Graduation	60	27.0
NCC Bank	14	6.3	Post-Graduation	109	49.1
Agrani Bank	8	3.6	More	20	9.0
Sonali Bank	5	2.3	Division of Customers:		
Dhaka Bank	7	3.2	Rajshahi	78	35.1
Islami Bank	12	5.4	Rangpur	34	15.3
Exim Bank	17	7.7	Dhaka	39	17.6
Jamuna Bank	3	1.4	Khulna	18	8.1
BDBL	18	8.1	Chittagong	21	9.5
FSIB	6	2.7	Barisal	12	5.4
HSBC	2	0.9	Sylhet	20	9.0
AB Bank	7	3.2	Monthly income:		
Standard Bank	8	3.6	>10,000 Tk.	6	2.7
Age:			10,001-20,000 Tk.	22	9.9
Less than 20 Years	24	10.8	20,001-25,000 Tk.	33	14.9
21-30 Years	89	40.1	25,001-30,000 Tk.	26	11.7
31-40 Years	65	29.3	30,001-35,000 Tk.	35	15.8
41-50 Years	25	11.3	35,001-40,000 Tk.	15	6.8
51-60 Years	19	8.6	40,001-45,000 Tk.	15	6.8
Occupation of Customer:			45,001-50,000 Tk.	62	29.9
Student	84	37.8	50,000 more	8	3.6
Govt. Employee	41	18.5	Gender:		
Private org. employee	47	21.2	Male	168	55.4
Housewife	10	4.5	Female	89	44.6
Businessman	31	14.0	Marital status:		
Others	9	4.1	Single	123	54.5
			Married	99	45.5

Note: BDBL = Bangladesh Development Bank; FSIB = First Security Islami Bank; HSBC = The Hongkong and Shanghai Banking Corporation Limited (HSBC); AB Bank = Arab Bangladesh Bank

CORPORATE ACQUISITION IN AUTOMOBILE SECTOR: A GROWTH DRIVER AND CHALLENGES

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ABSTRACT

Today's economies are dramatically changing, triggered by development in emerging markets, the accelerated rise of new technologies, sustainability policies, and changing consumer preferences around ownership. Digitization, increasing automation, and new business models have revolutionized other industries, and automotive will be no exception. For the auto industry, 2015 year was a mixed bag by any measure. Record sales in the U.S. gave the sector a much-needed boost, but growing economic malaise, particularly in emerging markets, led to a flat year overall, dampening prospects for global automakers and suppliers. The purpose of this paper is to study the future trend of automobile industry and corporate acquisition as a tool of growth driver.

KEYWORDS

growing economies, acquisition, future trend of automobile industry, key drivers.

INTRODUCTION

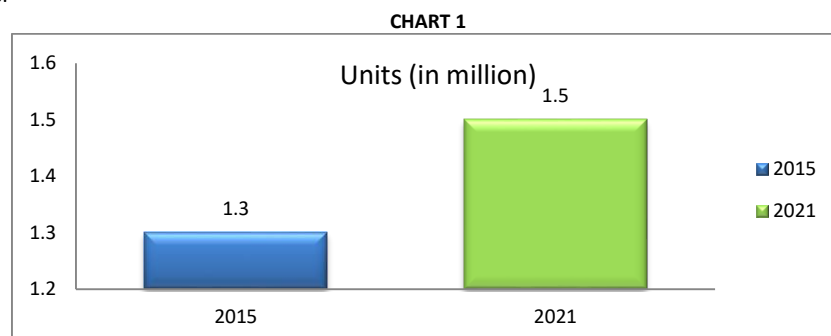
Automobiles are complex machines that increasingly include sophisticated computers. They are absolutely essential to the majority of the working population, and are frequently a point of pride for their owners. They require both regular and emergency service, replacement parts, paint, cleaning, stereo system installations and a whole lot more.

Meanwhile, in design rooms and on factory floors, auto companies were dabbling with new technologies and vehicle concepts that have the potential to transform the automobile in perhaps the most dramatic fashion. Long product cycles and deep capital investments make planning in the auto industry a complex endeavor. For the past 10 years, Original equipment manufacturers (OEMs) and suppliers have generally chased global sales growth while hoping to improve margins by leveraging automobile platforms in multiple regions and striving for scale wherever possible. The results of this strategy have been decidedly mixed. In 2015, they turned sour as global economic conditions worsened.

LITERATURE REVIEW

As per Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce, Government of India, the cumulative FDI inflows into the Indian automobile industry during April 2000 to October 2013 was noted to be US\$ 9,079 million, which amounted to 4% of the total FDI inflows in terms of US \$. The production of compact superbikes is also expected to take place in India. The country has a mass production base of 16 million two-wheelers and the several global as well as Indian bike makers are looking forward to use it as an advantage in order to roll out sports bikes in the 250 cc capacity.

U.S. markets are peaking at historic levels, setting a sales record of just under 17.5 million vehicles in 2015, up 5.7 percent from the year before and topping the high-water mark of 17,402,486 in 2000. U.S. sales are likely to be relatively flat in the next two years and may face a moderate downturn in 2018, the victim of economic cycles, higher auto loan interest rates as the Federal Reserve raises overnight rates, and an expected flood of vehicles into the used car market. Mexican auto sales outpaced forecasts in 2015, jumping 19 percent to more than 1.3 million units, and are expected to surpass 1.5 million by 2021. Investments in new auto factories in Mexico are surging as well; installed capacity is likely to grow more than 50 percent over the next five years (partially for North American consumption, but also for global export). These conditions compel automakers and suppliers to manage supply chains and factory usage cautiously in the U.S., while continuing to expand in Mexico.



A report on 2016 Auto Industry Trends states that sales have improved in the European Union since the financial downturn, but the E.U. auto industry is held hostage by local economies that are teetering on the edge of recession. In 2015, new car registrations in the E.U. rose 9.3 percent year-on-year, to 12.6 million units. But that is well below the record year of 2007, when more than 18 million vehicles were sold in the region. And automakers in some E.U. nations struggling to grow their economies — notably France, Greece, Spain, Italy, and Portugal — face losses or low profits, fragmented markets, and the inefficiencies of model proliferation. The E.U. auto industry must figure out ways to better match production capacity to market demand, while simultaneously investing in new potentially strong product areas (for example, small SUVs and crossovers) and in new automobile technologies.

Perhaps the biggest downward macroeconomic force in the auto industry today is the underperformance of emerging markets, which not too long ago represented a significant opportunity for major gains in the global auto sector. A report on 2016 Auto Industry Trends states the following:

TABLE 1

Country	Trend
India	Remained roughly flat in 2015
China	In 2015, year-over-year growth slowed to 7.3 percent from a 10 percent gain in 2014 & 16 percent gain in 2013
Russia	In 2015, sales were almost 50 percent below the 2012 peak
Brazil	In 2015, sales fell by nearly 1.3 million units, or 30 percent, from its record high in 2012

Automakers have made massive investments in emerging market countries and must be extremely nimble if they are to successfully navigate the next few years. Connected and intelligent cars are just beginning to make inroads in the auto industry, and already they have had a powerful impact on the way automakers are adjusting organizationally. Companies are envisioning a far different future than could have been imagined a decade or so ago. Two separate worlds are melding in order to design and develop these cars: the traditional automotive company and software outfits. The industries bring with them conflicting cultures, product development models, and business operations.

Not only will autonomous cars be a tough sell in any market, but traditional power trains and internal combustion engines are more than likely to be the predominant type of vehicle on the road for decades to come. In that landscape, newer vehicles will be distinguished primarily by their innovative technology involving both assisted driving and global connectivity. The increasing presence in the auto industry of technology firms cannot be ignored or downplayed by OEMs.

Even as automakers must focus on upgrading the transportation and mobility features of their vehicles, stricter fuel economy regulations are closing in. Meeting the standards will require step-change improvements, not incremental ones. And considering the short time frame, many of these advances will have to be applied to the traditional internal combustion engine and power train. Indeed, experts believe that petroleum-based vehicle fuel economy can be improved by as much as 75 percent with combustion breakthroughs focused on maximizing engine efficiency and minimizing the formation of emissions within engine cylinders; exhaust after treatment technologies that further reduce emissions; and the recovery of energy from waste heat.

In addition to improving overall power train performance, automakers will have to take risks in product development, a trend that we are already witnessing.

The automotive aftermarket provides these parts and services, and largely flourishes during economic uncertainty. When people aren't buying new cars they are keeping older cars longer. The average age of vehicles in the United States is high - and has been climbing steadily over the last several years. With the return of economic stability new car sales have been increasing as well - but the aftermarket remains strong. More new cars hitting the road PLUS cars are getting older (but staying registered) has these aftermarket businesses running hot.

The Autocare Association estimates that the US automotive aftermarket will be worth \$273.4 billion in 2017 - an increase of almost \$35 billion in just four years. This puts the aftermarket between 1.5 and 2% of the US Gross Domestic Product. It is estimated that over 4.2 million people work in the industry and growth is expected.

In 2015 there were 257.9 million passenger vehicles registered in the United States, an increase of 5.3 million (2.3%) over 2014. As mentioned the number of cars per licensed driver now stands at 1.1 and has been increasing steadily since 1972.

Factors determining the growth of the industry (Joseph, 2016).

- Fuel economy and demand for greater fuel efficiency is a major factor that affects consumer purchase decision that will bring leading companies across two-wheeler and four-wheeler segment to focus on delivering performance-oriented products.
- Sturdy legal and banking infrastructure
- Increased affordability, heightened demand in the small car segment and the surging income of the Indian population
- India is the third largest investor base in the world
- The Government technology modernization fund is concentrating on establishing India as an auto-manufacturing hub.
- Availability of inexpensive skilled workers
- Industry is perusing to elevate sales by knocking on doors of women, youth, rural and luxury segments
- Market segmentation and product innovation

GROWTH DRIVERS

Besides growing sales, number of factors will influence auto dealerships throughout the new year (Lance, 2016):

1. SAFETY FIRST

One of the biggest trends in the automotive industry is the increased focus on safety features. It is being enforced not only by customer demand, but also by regulatory organizations that govern the auto industry.

Auto producers now have to meet higher standards for ensuring the safety of users, which include rearview cameras as standard. While the new regulations are certainly of benefit to consumers as they guarantee the reliability of their vehicles, safety add-ons certainly are increasing production costs. Automakers are bound to find new ways to balance out the higher costs and assess how these would impact the price for retailers.

For auto dealers selling new vehicles, the profit from servicing and parts often is the main source of revenue rather than actual car sales. With increasing vehicle prices due to the new regulations, it remains to be seen how the profitability of retailers might change. But one thing is sure: An even wider array of servicing will be involved, as new safety features will require regular maintenance.

2. FUEL EFFICIENCY IN SPOTLIGHT

As in previous years, regulatory bodies are placing a strong focus on fuel efficiency for new vehicles. The federal government has set specific targets in the CAFE standards. The stated goal is to achieve fuel savings of 1.8 billion gallons (6.8 billion L) of fuel per year.

The fuel-efficiency regulations were tightened in 2009 and have driven changes in the industry since. Similar to safety features, fuel efficiency standards are increasing production costs for automakers and potentially driving vehicle prices higher.

For auto dealers, the trend in 2016 in relation to fuel efficiency will depend largely on how automakers adjust sticker prices in relation to higher production costs. The effect of credit availability on consumer demand, the state of the U.S. economy and even by popular opinion shifts also will shape dealerships' sales and revenue.

3. THE NEW CONSUMER

An important trend for auto sales that has been evolving in recent years is the changing disposition of consumers towards making car-buying decisions. With an abundance of technology and information online, people now are able to learn much more about the specifications of vehicles, as well as about prices and competitive advantages.

In this sense, the role of the car salesman is changing. Back in the day, consumers would learn about car models at the showroom. Today, they often arrive equipped with a thorough competitive overview.

4. A MORE COMPETITIVE MARKET

The way people buy cars is changing, and so are their expectations toward the standard specifications of vehicles. With sharp product differentiation withering away, consumers are not as focused on staying loyal to a brand if another one offers better features.

5. ECONOMY AND CONSUMER FACTORS

The future seems promising for the automotive industry, judging by the increasing sales and revenue in the past few years. The forecasts for the overall economy, and specifically for consumer behavior, support the generally positive prospects for the trade.

Some uncontrollable factors, however, likely will influence the automotive industry as before. Unpredictable oil prices often affect how buyers choose vehicles and decide when to buy.

CHALLENGES AHEAD

1. Driven by shared mobility, connectivity services, and feature upgrades, new business models could expand automotive revenue pools by about 30 percent, adding up to \$1.5 trillion- The automotive revenue pool will significantly increase and diversify toward on-demand mobility services and data-driven services. This could create up to \$1.5 trillion—or 30 percent more—in additional revenue potential in 2030, compared with about \$5.2 trillion from traditional car sales and aftermarket products/services, up by 50 percent from about \$3.5 trillion in 2015.

Connectivity, and later autonomous technology, will increasingly allow the car to become a platform for drivers and passengers to use their time in transit to consume novel forms of media and services or dedicate the freed-up time to other personal activities. The increasing speed of innovation, especially in software-based systems, will require cars to be upgradable. As shared mobility solutions with shorter life cycles will become more common, consumers will be constantly aware of technological advances, which will further increase demand for upgradability in privately used cars as well.

2. Despite a shift toward shared mobility, vehicle unit sales will continue to grow, but likely at a lower rate of about 2 percent per year- Overall global car sales will continue to grow, but the annual growth rate is expected to drop from the 3.6 percent over the last five years to around 2 percent by 2030. This drop will be largely driven by macroeconomic factors and the rise of new mobility services such as car sharing and e-hailing.

A detailed analysis suggests that dense areas with a large, established vehicle base are fertile ground for these new mobility services, and many cities and suburbs of Europe and North America fit this profile. New mobility services may result in a decline of private-vehicle sales, but this decline is likely to be offset by increased sales in shared vehicles that need to be replaced more often due to higher utilization and related wear and tear.

The remaining driver of growth in global car sales is the overall positive macroeconomic development, including the rise of the global consumer middle class. With established markets slowing in growth, however, growth will continue to rely on emerging economies, particularly China, while product-mix differences will explain different development of revenues.

3. Consumer mobility behavior is changing, leading to up to one out of ten cars sold in 2030 potentially being a shared vehicle and the subsequent rise of a market for fit-for-purpose mobility solutions- Changing consumer preferences, tightening regulation, and technological breakthroughs add up to a fundamental shift in individual mobility behavior. Individuals increasingly use multiple modes of transportation to complete their journey; goods and services are delivered to rather than fetched by consumers. As a result, the traditional business model of car sales will be complemented by a range of diverse, on-demand mobility solutions, especially in dense urban environments that proactively discourage private-car use.

Consumers today use their cars as all-purpose vehicles, whether they are commuting alone to work or taking the whole family to the beach. In the future, they may want the flexibility to choose the best solution for a specific purpose, on demand and via their smartphones. The study observed that the importance of private-car ownership is declining: in the United States, for example, the share of young people (16 to 24 years) who hold a driver's license dropped from 76 percent in 2000 to 71 percent in 2013, while there has been over 30 percent annual growth in car-sharing members in North America and Germany over the last five years. (Gao, Kaas, Mohr & Wee, 2016)

Consumers' new habit of using tailored solutions for each purpose will lead to new segments of specialized vehicles designed for very specific needs. For example, the market for a car specifically built for e-hailing services—that is, a car designed for high utilization, robustness, additional mileage, and passenger comfort—would already be millions of units today, and this is just the beginning.

As a result of this shift to diverse mobility solutions, up to one out of ten new cars sold in 2030 may likely be a shared vehicle, which could reduce sales of private-use vehicles. This would mean that more than 30 percent of miles driven in new cars sold could be from shared mobility. On this trajectory, one out of three new cars sold could potentially be a shared vehicle as soon as 2050.

4. City type will replace country or region as the most relevant segmentation dimension that determines mobility behavior and, thus, the speed and scope of the automotive revolution- To understand the future business opportunities, it is necessary to segment these markets by city types based primarily on their population density, economic development, and prosperity. Across those segments, consumer preferences, policy and regulation, and the availability and price of new business models will strongly diverge. The type of city will thus become the key indicator for mobility behavior, replacing the traditional regional perspective on the mobility market. By 2030, the car market in New York will likely have much more in common with the market in Shanghai than with that of Kansas.

5. Once technological and regulatory issues have been resolved, up to 15 percent of new cars sold in 2030 could be fully autonomous- Fully autonomous vehicles are unlikely to be commercially available before 2020. Meanwhile, advanced driver-assistance systems (ADAS) will play a crucial role in preparing regulators, consumers, and corporations for the medium-term reality of cars taking over control from drivers.

The market introduction of ADAS has shown that the primary challenges impeding faster market penetration are pricing, consumer understanding, and safety/security issues. Regarding technological readiness, tech players and start-ups will likely also play an important role in the development of autonomous vehicles. Regulation and consumer acceptance may represent additional hurdles for autonomous vehicles. However, once these challenges are addressed, autonomous vehicles will offer tremendous value for consumers (for example, the ability to work while commuting, or the convenience of using social media or watching movies while traveling).

A progressive scenario would see fully autonomous cars accounting for up to 15 percent of passenger vehicles sold worldwide in 2030.

6. Electrified vehicles are becoming viable and competitive; however, the speed of their adoption will vary strongly at the local level- In 2030, the share of electrified vehicles could range from 10 percent to 50 percent of new-vehicle sales. Adoption rates will be highest in developed dense cities with strict emission regulations and consumer incentives (tax breaks, special parking and driving privileges, discounted electricity pricing, et cetera). Sales penetration will be slower in small towns and rural areas with lower levels of charging infrastructure and higher dependency on driving range. (Gao, Kaas, Mohr & Wee, 2016)

Through continuous improvements in battery technology and cost, those local differences will become less pronounced, and electrified vehicles are expected to gain more and more market share from conventional vehicles. With battery costs potentially decreasing to \$150 to \$200 per kilowatt-hour over the next decade, electrified vehicles will achieve cost competitiveness with conventional vehicles, creating the most significant catalyst for market penetration. At the same time, it is important to note that electrified vehicles include a large portion of hybrid electrics, which means that even beyond 2030, the internal-combustion engine will remain very relevant. (Gao, Kaas, Mohr & Wee, 2016)

7. Within a more complex and diversified mobility-industry landscape, incumbent players will be forced to compete simultaneously on multiple fronts and cooperate with competitors- While other industries, such as telecommunications or mobile phones/handsets, have already been disrupted, the automotive industry has seen very little change and consolidation so far. For example, only two new players have appeared on the list of the top-15 automotive original-equipment manufacturers (OEMs) in the last 15 years, compared with ten new players in the handset industry.

A paradigm shift to mobility as a service, along with new entrants, will inevitably force traditional car manufacturers to compete on multiple fronts. Mobility providers (Uber, for example), tech giants (such as Apple, Google), and specialty OEMs (Tesla, for instance) increase the complexity of the competitive landscape. Traditional automotive players that are under continuous pressure to reduce costs, improve fuel efficiency, reduce emissions, and become more capital-efficient will feel the squeeze, likely leading to shifting market positions in the evolving automotive and mobility industries, potentially leading to consolidation or new forms of partnerships among incumbent players.

In another game-changing development, software competence is increasingly becoming one of the most important differentiating factors for the industry, for various domain areas, including ADAS/active safety, connectivity, and infotainment. Further on, as cars are increasingly integrated into the connected world, automakers will have no choice but to participate in the new mobility ecosystems that emerge as a result of technological and consumer trends.

8. New market entrants are expected to target initially only specific, economically attractive segments and activities along the value chain before potentially exploring further fields- Diverging markets will open opportunities for new players, which will initially focus on a few selected steps along the value chain and target only specific, economically attractive market segments—and then expand from there. While Tesla, Google, and Apple currently generate significant interest,

we believe that they represent just the tip of the iceberg. Many more new players are likely to enter the market, especially cash-rich high-tech companies and start-ups. These new entrants from outside the industry are also wielding more influence with consumers and regulators (that is, generating interest around new mobility forms and lobbying for favorable regulation of new technologies). Similarly, some Chinese car manufacturers, with impressive sales growth recently, might leverage the ongoing disruptions to play an important role globally.

Success in 2030 will require automotive players to shift to a continuous process of anticipating new market trends, exploring alternatives and complements to the traditional business model, and exploring new mobility business models and their economic and consumer viability. This will require a sophisticated degree of scenario planning and agility to identify and scale new attractive business models.

The industry is transforming from competition among peers toward new competitive interactions, but also partnerships and open, scalable ecosystems. To succeed, automotive manufacturers, suppliers, and service providers need to form alliances or participate in ecosystems—for example, around infrastructure for autonomous and electrified vehicles.

With innovation and product value increasingly defined by software, OEMs need to align their skills and processes to address new challenges like software-enabled consumer value definition, cyber security, data privacy, and continuous product updates. Car manufacturers must further differentiate their products/services and change their value proposition from traditional car sales and maintenance to integrated mobility services. This will put them in a stronger position to retain a share of the globally growing automotive revenue and profit pool, including new business models such as online sales and mobility services, and cross-fertilizing the opportunities between the core automotive-business and new mobility-business models.

The Automotive Mission Plan for the period of 2006-2016 aims to make India emerge as a global automotive hub. The idea is to make India as the destination choice for design and manufacture of automobiles and auto components, with outputs soaring to reach US\$ 145 billion which is basically accounting for more than 10% of the GDP. This would also provide further employment to over 25 million people by 2016 making the automobile the sunrise sector of the economy.

According to the Confederation of Indian Industry, the automobile sector currently employs over 80 lacs people. An extension in production in the automobile industry is forecasted, it is likely to rise to Rs. 600000 crores by 2016.

As the auto-shows started in February 2016, the industry promised a blend of technology and automotives. With the recession trend breaking its leashes from the past two years, 2016 is expected to get back on track with the sales of automobiles in the country.

- Almost Self-governing cars are predicted to be on the streets by 2020
- More than half the cars on the streets are going to be powered by diesel by 2020
- Industry watcher Gartner indicates that 30 percent of motorists want parking info. The facility is likely to come up after glitches in the infrastructure catch up.
- High Performance Hybrid cars are likely to gain greater popularity among consumers.

The study expects that Indian automobile industry has a prominent future in India. Apart from meeting the advancing domestic demands, it is penetrating the international market too.

CORPORATE TAKEOVER - A TOOL FOR GROWTH IN AUTOMOBILE SECTOR

Takeovers are some of the most important decisions that a person or a management team can make in business practice. Therefore, there is need to exhaustively analyze trends in the market before deciding to acquire and take over the management of another business. It is important to consider how a takeover can help the ambitions of the business at hand before deciding to venture into one. There are a number of factors that motivate businesses to start off with takeovers of other businesses. These factors vary from one transaction to another depending on the ambitions behind each business in the market. This paper lists and explains most of the common of those factors.

1. ENHANCING BUSINESS ABILITIES

Modern markets demand that operating businesses are well endowed with abilities to effectively outperform competing businesses. A successful business, at least from the perspective of the modern market, must be marked by efficient production, effective marketing and high sales and turnovers. However, it is quite challenging to ensure that a business has all these abilities without proper investment. Therefore, businesses usually opt to take over other businesses in order to facilitate the efficiency with which they produce, the effectiveness with which they market their products and services and to increase their sales and turnovers. Logically, taking over another business comes with the opportunity of increasing the abilities of the business. Takeovers come with ready alternative measures that can be used to sort out some management or business issues that previously hampered the attainment of the maximum potential of the acquiring company. The additional abilities of the acquired business can be used to enhance those of the acquiring business. The additional departments and sections availed by the acquired firm should offer the acquiring firm some additional space to effectively manage and utilize management resources in order to enhance the abilities of the acquiring business.

2. GAINING A LARGER MARKET SHARE AND COMPETITIVE ADVANTAGE

Modern markets are characterized by stiff competition among businesses. The quest to attain high sales becomes complicated given the fact that many businesses offering almost similar services and products in the same market exist. Initiating a takeover of the competing firm can help a business gain a larger market share in the market and reduce the pressure of completion in the market. By assuming the control and management of the competing firm in the market, it becomes possible that all the products and services offered by the acquired firm are controlled by the acquiring firm and all sales and profits are attributed to the acquiring firm. Once a business has been taken over by another business, the competition that previously existed between the two firms dies off as the two businesses become a single entity in the market competing against other businesses in the market.

3. DIVERSIFYING PRODUCTS AND SERVICES IN THE MARKET

For businesses to be assured of ultimate success in the market, they must diversify products and services. Products and service diversification allows businesses to be assured of high sales at all times. However, it is not easy to effectively diversify products and services in a single business. It is very expensive and very time consuming for a single business to offer more than three to five types of products and services. Given this difficulty, it becomes necessary that the business in question takes over the operations of other businesses offering different types of products and services.

Taking over a business with an aim of diversifying products and services comes with a notion of profitability. Logically, a business dealing with many different types of products and services will most likely remain significantly profitable when compared with those that offer just a single product or service. However, legal statutes regulating the practice business in relation to takeovers try to discourage instances where takeovers may create monopolies. Therefore, before assuming the control of businesses that will see a company being in control of most of the products and services in a niche within the market, the business in question must fully meet all set procedures and guidelines.

4. CUTTING BUSINESS OPERATION COSTS

Business operation, especially in the modern market, is very expensive. Costs are often incurred from almost every sphere of operation. For a business to attain profitability, it must effectively cater for production costs, management costs, and other miscellaneous costs. Taking over another business provides a window of reprieve from where it is possible to control business management costs. The fact that the two businesses become merged, there is availed an ample opportunity through which the acquiring business expands without incurring huge costs that are involved during the expansion of a single business.

Taking over another business enables efficient production of goods and services given the increased manpower. The reduction of costs is even maximized if the merging businesses deal with the production of the same product. In this case, the total costs of production and management will be lowered while production yield will be increased. Through this kind of merging, businesses combine locations, integrate and streamline support functions which in turn help greatly in reduction of costs, a precursor to profitability. A takeover is generally viewed as an important tool in the economies of scale business strategy. In this strategy, it is theorized that when production costs are lowered as production volumes increase, the involved businesses are guaranteed of maximized profits.

5. CHANGING THE LEADERSHIP OF A BUSINESS

There comes a time when a business needs to change its leadership. However, leadership changes in business are often complicated. In most cases, they are intertwined with a haven of legal and procedural issues that demand strict adherence to. This strict adherence to such procedural and legal requirements often becomes a challenge that is likely to hinder maximum business performance. Therefore, the best way to bypass the issue of business leadership in case of a crisis is to initiate a takeover.

The business that takes over the operations of the other becomes legible to bring in new leaders and/or new procedures regarding the management and running of the involved business. Since taking over another business is the only window which allows easy manipulation of business procedures, the management team of the business taking over the business in question can effectively initiate the hiring of new leaders whom they believe that can provide effective leadership for the acquired business. However, leadership change in business is a very critical issue that demands strict adherence to business ethics and legal frameworks in order for success to be attained. Therefore, the acquiring firm ought to ensure all procedures involved in leadership change are exhaustively adhered to avoid a scenario where the business fails due to ineffective leadership.

CONCLUSION

The automotive industry is one of the most exciting business fields, and 2015 definitely proved to be a successful year for automotive professionals.

It is one of the key drivers that boost the economic growth of the country. Since the de-licensing of the sector in 1991 and the subsequent opening up of 100 percent FDI through automatic route, Indian automobile sector has come a long way.

Mergers and acquisitions as an enterprise can accelerate the rational allocation of resources, and optimize the allocation of enterprise. Enterprise resource conservation, which is an important means to realize the enterprise's low-cost expansion in the market, has been more and more used by enterprises. (Gao, 2015)

With the development of the global economic situation, the enterprise acquisition is not plain sailing. It often needs to solve the difficulties in mergers and acquisitions. Enterprise needs to realize the self-development of roads, see the change of the market and seize every opportunity.

Acquisition does not mean that companies have already completed the enterprise's strategic plan, and it needs to play out the meaning of acquisition under successful integration after mergers and acquisitions. If it can't achieve good finance, human, management, strategy, and culture, the integration of acquisition ultimately fails. Acquisition is only the first step and how to make the enterprise work after the acquisition operation is the major problem that the domestic enterprise faces.

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IMPACT OF COMPENSATION PACKAGE ON EMPLOYEE RETENTION

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ABSTRACT

Employee retention, especially of — “The best”, most desirable employees, is a key challenge in organizations today. The rate at which employees in government organisation jump from one organisation to another is becoming more disturbing and this could be as a result of compensation packages of different organisations to attract competent employees. This study explored the impact of compensation package on employee retention. The major objectives of this study were to determine the impact of compensation package on employee retention, to establish whether there is a relationship between Compensation package and job satisfaction, to establish the relationship between job satisfaction and employee retention. The population under the study was 71 employees of Kollam. Primary data was collected using questionnaire and the collected data was analyzed using SPSS (Mean, Standard deviation, Chi square, and Correlation). Hypotheses were formulated to test the relationships between the independent variable and the dependent variables. Result of the study revealed that there is a significant relationship exist between compensation package and employee retention, the more an employee is rewarded or compensated, the longer they remain in an organization and there is a positive result exist between compensation package and job satisfaction. The result of the study again proved that there is a significant relationship exists between job satisfaction and employee retention, the more an employee is satisfied, the longer they remain in an organization.

KEYWORDS

compensation, compensation planning for retention, employee retention, reward.

1. INTRODUCTION

Employees are the organisation's key resource and the success or failure of organisations centred on the ability of the employers to attract, retain, and reward appropriately talented and competent employees. Employee's willingness to stay on the job largely depends on compensation packages of the organization. In an attempt to ensure employees optimal performance and retention, organizations need to consider a variety of appropriate ways to reward the employees to get the desired results. It has been argued that the degree to which employees are satisfied with their job and their readiness to remain in an organization is a function of compensation packages and reward system of the organisation.

Due to competition for scarce skills, the attraction and retention of quality employees has emerged as the biggest challenge in human capital management. To attract, retain and be profitable, organisations need novel reward systems that satisfy employees. Managing turnover is proving to be a challenge to many organizations. Organizations incur very high costs as a result of voluntary turnover. According to Gering and Conner (2002) retaining good workers is critical to any organization. If an organization is not able to retain its employees, it will not be able to capitalize on human assets developed within the organization.

Compensation packages entail some basic features that tend to make employees satisfy on their job amongst which includes salaries, bonuses, incentives, allowances, promotion, recognition. All these have significant impact on employees' performance. However, to avoid wrong perception and controversy by the employees, compensation system must be clearly communicated to employees with job measurement which will drive the much needed performance in the employees.

Turnover rates are increasing in various organisations; if employees are unhappy with their organisations they tend to leave the organisation (Schuler & Jackson, 2006). This becomes a costly exercise, especially if a valuable employee exits resulting in lost production. In addition, the cost of recruiting another employee is very high and usually takes time. Therefore, the responsibility lies with the employer to ensure that they have the right quality and quantity of employees in an organization. This can be achieved through devising an efficient reward system which addresses employees' needs.

2. REVIEW OF LITERATURE

Compensation is the human resource management function that deals with every type of reward individuals receive in exchange for performing organizational tasks, with a desired outcome of an employee who is attracted to the work, satisfied, and motivated to do a good job for the employer. A double input-output exchange between employee and an employer.

Organizations need individuals who perform well and choose to remain as their employees. Retention is the ability of a company to keep valued employees who contribute to organizational success for as long as the relationship is mutually favourable (Al- Jarradi, 2011). Employee retention is one of the elements which influence the general employee mobility of labour in an organization, the other being employee turnover which can be considered as the other side of the same coin (Okioga, 2012). Employee retention means the existence of an on-going employment relationship, while employee turnover indicates the employee separation from a given employment relationship.

An effective compensation package is an integral part of keeping core employees around, and retaining high performing employee is essential to maintain a business that thrives in any market. When staff members are in it for long haul, companies can save time and money that would have been otherwise spent on turnover costs. People are always looking to make the most money they can in their choose profession, and that could mean leaving one business for another that offer higher compensation.

Challenging work of compensation department is salary differentials, both within the organisation and in the industry. A valued employee should be given a salary package at par or more than the existing industry average to get him/her to stay within the organization. But at the same time giving more money can have undesired side effects. Firstly, it makes other employees develop a mind-set that the way to get a pay hike is by frightening to leave and secondly when an employee is at the top of his/her salary scale and is offered more money for performing the same duties, it will affect organization-wide differentials (David Pollitt 2007). Therefore, it is important to retain them because of high training and recruitment costs so organizations use rewards to retain employees (Simon North 2011).

Namasivayam et al. (2007) noted that a combination of human resource practices was needed for an effective compensation plan. Kline and Hsieh (2007) felt that a well thought out total compensation plan was essential for the "credibility of the management and the success of the business." They found that if employees perceived that they were not receiving sufficient pay for their work, they were likely to reduce their output or turnover. Kline and Hsieh discussed that high performers were most likely to leave and that the remaining lower performers would stay. Both scenarios would result in lower revenues for the companies. They also remark that a competitive total compensation plan can lead to better hiring practices and retaining high quality employees. Without compensation planning, companies are in danger of creating an unsatisfactory working environment.

3. NEED/IMPORTANCE, STATEMENT & OBJECTIVES OF THE STUDY

NEED/IMPORTANCE OF THE STUDY

Compensation package are a necessity in every organization today. Employees have to be kept motivated at all times through various benefits and incentives. This strengthens their sense of belongingness and responsibility towards the company so that they will retain in the organisation for long. In this background, study is selected to know the compensation package provided and its impact on employee retention.

STATEMENT OF PROBLEM

High turnover is a well pronounced trend in most government institutions. One of the main challenges faced by organisations in employee retention is the competition factor. The challenge for many organisations today is therefore is to come up with an efficient reward strategy for retaining these core employees for the success of the organisation.

Skilled labour migration is also another problem being faced by government institutions. Another challenge is that most employers are unable to predict the future needs of their employees. This is why many organisations face some difficulties in retaining their core employees. According to Birt, Wallis and Winternitz (2004) the fundamental issue for organisations are to keep track of the ever changing needs of employees so that they can become an employer of choice to employees. It is very imperative for organisations to have knowledge of these attributes so that they may be able to match their attraction and retention strategy to the needs of the workforce

Osibanjo, Adeniji, Falola and Heirmsmac (2014) in their study mention that compensation is strategic to the goals of any organization and that it ensures employee retention, satisfaction, development as well as better performance of the employees. The study established that there is a positive relationship between salaries, incentives, bonuses which in turn affect employee performance. In order to achieve employee satisfaction and retention, it is critical for organizations to have a structured compensation management system.

Therefore, this study focuses on Compensation package and its impact on employee retention. This study is an attempt to analyse and determine the relationship, further the impact of compensation package on retaining employees

OBJECTIVES

1. To evaluate the impact of compensation package on employee retention
2. To find out how compensation package affect the retention strategy

4. HYPOTHESIS

H01: There is no significant relationship between compensation package and employee retention.

H02: There is no significant relationship between job satisfaction and employee retention.

5. RESEARCH METHODOLOGY

Research design is Descriptive in nature. Simple random sampling is used for this study. Sample of 71 respondents were obtained from the population. The procedure adopted in the present study is probability sampling. The respondents were asked to rate each statement on a five point scale and the Alpha (Cronbach's) reliability of scales used is:

Reliability Statistics

Cronbach's	N of Items
Alpha	
.823	23

The Cronbach's alpha value is more than 0.7. This indicates a high internal consistency, based on average inter-item correlation.

The primary data was collected through questionnaires and personal interviews. The data for the study is collected from a sample of 71 employees. The employees were chosen randomly from various departments. Out of 80 questionnaires distributed only 71 questionnaires were received completed in all respects. Secondary data's was collected from various journals on compensation package and employee retention by various researchers. The period of study extended from April to May 2016.

6. RESULTS & DISCUSSIONS

The data analysis helped in analysing the data collected from the Compensation package and the employee retention surveys and thus enabled to meet the objectives of the study. The data analysis is performed with the help of mean, standard deviation, correlation and Chi square analysis

6.1 MEAN AND STANDARD DEVIATION OF COMPENSATION PACKAGE

SURVEY

The mean and standard deviation results of 15 items of compensation package survey responded by 71 employees are presented in Table 6.1.

TABLE 6.1: MEAN AND STANDARD DEVIATION RESULTS OF 15 ITEMS –COMPENSATION PACKAGE SURVEY RESPONDED BY 71 EMPLOYEES

Item No:	STATEMENT	(N=71)	
		Mean	S.D
1	I have better understanding of the benefits and compensation package offered	3.5211	1.04004
2	I receive my pay on a regular basis	4.0704	.25768
3	I am satisfied with the modifications made in compensation package from time to time.	3.5070	.73433
4	I am satisfied with the existing compensation package and benefits.	3.7887	.80915
5	I am satisfied with the following schemes		
	✓ PF	3.6901	.82100
	✓ Gratuity	3.6761	.62734
	✓ Bonus	3.5775	1.06452
	✓ ESI	3.8169	.51575
6	There is mechanism in the organisation to reward good work done or contribution made by employees.	2.9577	.94773
7	Employees express or discuss their expectation regarding compensation package, without any fear with their superior as well as subordinates.	3.4648	1.11907
8	I am happy with the following allowances		
	✓ Housing allowances	3.6338	.76044
	✓ Dearness allowance	3.8873	.54901
	✓ Travel allowance	3.8028	.64630
	✓ City compensation allowance	3.1408	1.11221
9	My organisation offer increment for better performance	3.0141	.83654
10	I am satisfied with the opportunity I get to participate in revising the existing compensation package	2.9155	1.03849
11	I believe that compensation package offered is competitive as compared to other organisations.	3.8028	.57619
12	I am happy with the benefits getting from paid holidays, overtime and fringe benefits	4.1127	.80266
13	I am happy with the following indirect compensations	3.4507	.82443
	✓ Housing Loan		
	✓ Vehicle Loan	3.3239	.89082
	✓ Festival Advances	3.6901	.97967
	✓ Welfare Fund	3.7465	.99597
	✓ Medical benefits	3.5070	1.02641
	✓ Death In Service	3.1127	1.17776
14	I find myself motivated by the organisation to put more effort in my performance.	3.7606	.83606
15	My job provide fair pay and I am happy with my company as a whole.	3.9859	.74629

The item wise mean scores of the total sample of 71 employees are presented in table 6.1. Since the questionnaire used 5 point scale, mean score of 3 around indicate a moderate tendency on that dimension. Scores around 4 indicate a good degree of existence.

Among the compensation package survey the mean score for Item No. 2 (4.0704), 12 (4.1127) and 15 (3.9859) was found to be much higher than other items which indicates that employees are happy with the benefits getting from paid holidays, overtime and fringe benefits and they are receiving fair pay on a regular basis and they are quite happy with the company as a whole.

Likewise the mean score of ESI (3.8169), DA (3.8873) TA (3.8028) and Welfare Fund (3.7465) was also found to be higher than other items, which indicates that employees are getting fair benefits and the mean score of item No: 4 (3.7887) and 11 (3.8028) indicates that the employees are satisfied with the existing compensation package, which shows that the organisation is considering the needs and satisfaction of employees and the company is providing competitive compensation package as compared to other organisations.

6.2 MEAN AND STANDARD DEVIATION OF EMPLOYEE RETENTION SURVEY

The mean and standard deviation score of 8 items of employee retention survey responded by 71 employees are in the bale 6.2

TABLE 6.2 MEAN AND STANDARD DEVIATION RESULTS OF 8 ITEMS – EMPLOYEE RETENTION SURVEY RESPONDED BY 71 EMPLOYEES

Item No:	STATEMENTS	(N=71)	
		Mean	S.D
1	I agree that compensation paid helps to attract and retain the employees	3.4648	1.10623
2	I am preparing to remain in the organisation because of the reward I receive from my Organisation	3.7042	.90070
3	My organisation understands what motivates their employees to increase retention	3.3380	1.12051
4	I often think about quitting my job	2.1408	1.13761
5	Considerable amount of money is invested to ensure employee retention	4.0282	.67553
6	I would leave the company if I would find a similar position for more compensation at another company.	3.0141	1.42922
7	Effective compensation package has a positive effect towards employee retention.	4.2676	.60846
8	Ineffective pay leads to employee turnover	3.9859	.85345

The item wise mean scores of the total sample of 71 employees are presented in the table 6.2. Since the questionnaire used 5 point scale, ranging from 5 strongly agree to 1 strongly disagree.

Examining the scores of the individual items of the employee retention Scale, the mean score of item No: 5 (4.0282) and Item No: 7 (4.2676) are higher than other items in the scale which indicates that considerable amount of money is invested by the organisation to ensure employee retention and the organisation knows that effective compensation package has a positive effect towards employee retention. Likewise, the mean score of item No: 2 (3.7042) and item No: 8 (3.9859) are also high, which indicates that employees are happy with the compensation package and they are preparing to remain in the organisation because of the reward they are receiving from the organization

TESTING OF HYPOTHESIS

H 01: There is no significant relationship between compensation package and employee retention.

TABLE 6.3: ASSOCIATION BETWEEN COMPENSATION PACKAGE AND EMPLOYEE RETENTION

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	44.355a	9	.000
Likelihood Ratio	35.444	9	.000
Linear-by-Linear Association	8.771	1	.003
N of Valid Cases	71		

a. 11 cells (68.8%) have expected count less than 5. The minimum expected count is .25.

A chi-square test of association was performed by cross tabulating two variables namely compensation package and employee retention. Result from table 6.3 showed a chi-square value of 44.355a and 9 degrees of freedom with a probability value of 0.000. The p-value is less than 0.005 therefore the null hypothesis is rejected and conclude that there is a significant relationship exist between compensation package and employee retention, the more an employee is rewarded or compensated, the longer they remain in an organization.

TABLE 6.4: CORRELATION BETWEEN COMPENSATION PACKAGE AND JOB SATISFACTION - CORRELATIONS

level of satisfaction on existing compensation package	Pearson	1	level of satisfaction on existing compensation package	Overall satisfaction level
	Correlation			.563**
	Sig. (2-tailed)			.000
	N	71		71
	Pearson	.563**		1
	Correlation			
Overall satisfaction level				
	Sig. (2-tailed)	.000		
	N	71		71

** Correlation is significant at the 0.01 level (2-tailed).

The relationship between compensation package and job satisfaction was also tested. The result shows that a significant positive correlation of 0.563 exists between them. Therefore, table 6.4 proves that there is a correlation exist between compensation package and job satisfaction and an improvement in compensation package is essential for improving the level of satisfaction, which in turn bring positive changes in performance of the company. Hence the analysis concludes that a highly satisfied employee is more likely to remain in the same organization for a very long time.

H 02: There is no significant relationship between job satisfaction and employee retention

TABLE 6.5: ASSOCIATION BETWEEN JOB SATISFACTION AND EMPLOYEE RETENTION

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	20.739a	6	.002
Likelihood Ratio	28.430	6	.000
Linear-by-Linear Association	12.922	1	.000
N of Valid Cases	71		

a. 8 cells (66.7%) have expected count less than 5. The minimum expected count is 1.68.

A chi-square test of association was performed by cross tabulating two variables namely job satisfaction and employee retention. Result from table 6.5 shows a chi-square value of 20.739a and 6 degrees of freedom with a probability value of 0.002. The p-value is less than 0.005 therefore the null hypothesis is rejected and concludes that there is a significant relationship between job satisfaction and employee retention, the more an employee is satisfied, the longer they remain in an organization.

Therefore, the analysis proves that an effective compensation package can enhance the satisfaction level of employees and a satisfied employee will remain in the organisation for long.

FINDINGS

- Employees are happy with the benefits getting from paid holidays, overtime and fringe benefits with the highest mean score of 4.1127, (Table 6.1)
- Employees are receiving their pay on a regular basis and they are happy with it with the mean score of 4.0704, (Table 6.1)
- A mean score of 3.9859 (Table 6.1) indicates that the organisation is providing fair pay and employees are happy with the company as a whole.
- From the study it was also found that employees were not sufficiently encouraged to improve their performance, because there is no mechanism in the organisation to reward good work done or contribution made by employees with the least mean score of 2.9577, (Table 6.1)
- Considerable amount of money is invested to ensure employee retention with a highest mean score of 4.0282, (Table 6.2)
- The organisation understands that effective compensation package has a positive effect towards employee retention with a high mean score of 4.2676, (Table 6.2)
- Employees in the organisation are found to be unhappy because they are not getting enough opportunity to participate in revising the existing compensation package with the least mean score of 2.9155,
- Employees are preparing to remain in the organisation because of the reward they receive from the organisation with a mean score of 3.7042, (Table 6.2)
- The organisation knows that ineffective pay leads to employee turnover (mean score 3.9859), that is why they are providing attractive and fair benefits to employees and employees are satisfied with the ESI (3.8169), Dearness allowance (3.8873), Travel allowance (3.8028) etc., (Table 6.1)
- Employees who have spent more than 8 years in the organisation are more likely to remain in the organisation than new employees
- Employees in the age bracket of 31-40 are more prepared to remain in the organisation, whereas employees in the age bracket of 18-20 are least preparing to remain in the organisation
- Almost 71.8% of employees have clear understanding of the benefits and compensation package offered and 66.2% employees are satisfied with the existing compensation package
- 71.8% employees agree that organisation offer competitive compensation package as compared to other organisations whereas 25% says that they do not express their expectation regarding compensation package to superiors freely.
- 54.9% employees agree that they are motivated to put more effort in their performance because of the reward they are receiving from the organisation.
- A chi-square test of association was performed by cross tabulating two variables namely compensation package and employee retention (Table 6.3). The result rejected the null hypothesis and conclude that there is a significant relationship between compensation package and employee retention, the more an employee is rewarded or compensated, the longer they remain in an organization
- The relationship between compensation package and job satisfaction was also tested (Table 6.4). The result shows that a significant positive correlation of 0.563 exists between them. This make it clear that an improvement in compensation package is essential for improving the level of satisfaction, which in turn bring positive changes in performance of the company
- A chi-square test of association was performed by cross tabulating two variables namely job satisfaction and employee retention (Table 6.5). The result rejected the null hypothesis and conclude that there is a significant relationship exists between job satisfaction and employee retention, the more an employee is satisfied, the longer they remain in an organization.

RECOMMENDATIONS/SUGGESTIONS

Offer an attractive and fair compensation package which helps in improving the satisfaction level of employees. Developing a mechanism of rewarding good work done or contribution made by employees, that can motivate employees to improve their performance and also enable them to remain in the organisation for long

time. Raising bonus and allowance are an excellent way to keep employees. The more significant is to appreciate the employee feels. Give opportunity to employees for participating in revising the existing compensation package and allow them to express their expectations regarding compensation package without any fear, this will create a sense of belongingness among employees.

Generous paid leave policies also go a long way towards helping employees felt they are valued by the organisation. Provide a competitive compensation package as compared to other organisations, so that employees would not leave the company if they find more compensation for similar position at another company. Offer financial awards for employees who exceed performance goal or who stay with the organisation for certain time period. Offer benefits such as health and life insurance, retirement plans, provide flexible working schedules etc.

CONCLUSION

From the findings of this study, it is clear that effective compensation package lead to employee retention and they do result in job satisfaction. It is also however very clear that job satisfaction also results in employee retention. Therefore, this study concludes that employee rewards and job satisfaction are very important dimensions when comes to employee retention. This means that compensation is a major factor that employees consider when making the decision to leave or remain in an organisation. Employees also consider their happiness when making the decision to stay with an organization. However, it is very clear from these results that there is a significant relationship between compensation package and employee retention and there is a positive correlation between compensation package and job satisfaction. The results from this study show that rewards and job satisfaction are key factors in retaining employees. Therefore, it is very important for management to develop a retention strategy that addresses employee compensation and job satisfaction as major factors.

LIMITATIONS OF THE STUDY

The data collected pertains only to a short period of time. The study was restricted to only few employees of the organisation. The reluctance of few employees to freely express their views regarding level of satisfaction on compensation package offered by company might have adversely affected the findings of this study. The employees were interviewed during the course of their working time, so they were in a hurry to respond to the questions, which may have affected the quality of data.

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LIQUIDITY PERFORMANCE ANALYSIS OF FMCG COMPANIES: A STUDY OF TEN LEADING FMCG COMPANIES IN INDIA

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ABSTRACT

In this paper, an attempt has been made to analyze the liquidity position of 10 leading FMCG companies in India. The fast moving consumer goods (FMCG) segment is the fourth largest sector in the Indian economy. FMCG sector in India has been gone through a phenomenal pace of growth during last two decades, the reason being increasing consumer incomes and rapid change in consumer tastes and preferences. Large scale and low cost of production, modern retailing strategies, branding and maintenance of intense distribution network have given FMCGs an edge over others in raising hovering revenues. Liquidity ratios are used to determine a company's ability to meet its short-term debt obligations. Investors often take a close look at liquidity ratios when performing fundamental analysis on a firm. Since a company that is consistently having trouble meeting its short-term debt is at a higher risk of bankruptcy, liquidity Ratios are a good measure of whether a company will be able to comfortably continue as a going concern. Liquidity ratios are useful in obtaining an indication of a firm's ability to meet its current liabilities, but it does not reveal how effectively the cash resources can be managed. The research paper mainly focuses on analyses of liquidity analysis of selected FMCG companies in India during period of 2005-06 to 2014-15; the tools used for analysis are mean, standard deviation, co-efficient of variation and Anova. The study found that the liquidity position of P&G and Emami is satisfactory when compare to other companies.

KEYWORDS

leading FMGC companies, liquidity performance.

INTRODUCTION

The market size of FMCG in India is estimated to grow from US\$ 30 billion in 2011 to US\$ 74 billion in 2018. Food products is the leading segment, accounting for 43 per cent of the overall market. Personal care (22 per cent) and fabric care (12 per cent) come next in terms of market share. Growing awareness, easier access, and changing lifestyles have been the key growth drivers for the sector. FMCG Industry is characterized by a well-established distribution network, low operating cost, lower per capital consumption and intense competition between the organized and unorganized segments. The realization of the customer's growing interests and the need to meet changing lifestyle required the FMCG producing companies to formulate customer-centric strategies. These changes have positive impact, leading to the rapid growth in the FMCG industry. The FMCG industry plays a significant role in shaping a country's economy and development. This sector can drive growth, enhance quality of life, create jobs and support penetration of technology. The FMCG sector has grown at an annual average of about 11 per cent over the last decade. The overall FMCG market is expected to increase at (CAGR) of 14.7 per cent to touch US\$ 110.4 billion during 2012-2020, with the rural FMCG market anticipated to increase at a CAGR of 17.7 per cent to reach US\$ 100 billion during 2012-2025. Top 10 FMCG companies in India are HUL, Colgate, ITC, Nestle, Britannia, Marico, P&G, Dabur, Godrej and Emami.

With this background, the present study aims at analyzing the liquidity position of 10 leading FMCG companies in India. The next section of this paper states the objectives of the study. Section III is the research methodology that shapes the entire study and section IV analyses the findings of the study. This paper ends with a brief concluding remark in section V.

OBJECTIVES

1. To study growth and development of selected FMCG sector in India.
2. To evaluate liquidity position of selected FMCG sector in India.
3. Comparative analysis of the selected companies based on the given ratios.

METHODOLOGY

Sample size : 10 leading companies under FMCG sector.

Sampling method : 10 leading companies were selected on the basis of sales turnover.

DATA SELECTION

The source of data for this study was predominantly from secondary sources. The annual financial reports for the selected companies were used as a source of secondary data in order to compare and evaluate liquidity performance.

PERIOD OF STUDY

The study has been undertaken for a period of 10 years from 2005-06 to 2014-15.

TOOLS USED FOR ANALYSIS

In order to analyse liquidity performance of the selected FMCG companies, various accounting ratios and statistical tools and ANOVA were used.

HYPOTHESES FORMULATED

1. H_0 : There is no significant difference between the Current Ratio of FMCG Companies.
2. H_0 : There is no significant difference between the Quick Ratios of FMCG Companies.
3. H_0 : There is no significant difference between the Super Quick Ratios of FMCG Companies.
4. H_0 : There is no significant difference between the Debt Equity Ratio of FMCG Companies.

BRIEF PROFILE OF SELECTED FMCG COMPANIES

	HUL	Colgate	ITC	Nestle	Britannia	Marico	P& G	Dabur	Godrej	Emami
Founded(year)	1932	1937	1910	1961	1892	1991	1964	1884	1897	1974
Headquarters	Mumbai, Maharashtra, India	Mumbai, Maharashtra, India	Kolkata, WB, India	Haryana India	Bangalore, Karnataka, India	Mumbai, Maharashtra, India	Mumbai, Maharashtra, India	Ghaziabad (UP), India	Mumbai, Maharashtra, India	Kolkata, WB, India
Founders	Unilever Plc	William Colgate		Henri Nestlé, Charles Page, George Page			William Procter James Gamble	Dr. S.K. Burman	• Ardeshir Godrej • Pirojsha Burjorji Godrej	• R S Agarwal • R S Goenka , • Amit FMS
Products	<ul style="list-style-type: none"> • Foods • beverages, • cleaning agents • personal care products • Water purifiers. 	<ul style="list-style-type: none"> • Cleaning agents • Personal care products 	Consumer goods	<ul style="list-style-type: none"> •Baby food, •coffee, •dairy products, •breakfast cereals, •confectionery, •bottled water, • ice cream, • pet foods 	<ul style="list-style-type: none"> • Bakery products, • dairy products, 	<ul style="list-style-type: none"> • Edible Oil, • Hair Oils, • Skin Care, • Fabric Care, 	<ul style="list-style-type: none"> • Cleaning agents • Personal care products 	<ul style="list-style-type: none"> • Health Care • Personal Care • Oral Care • Food Home Care 	Consumer goods	<ul style="list-style-type: none"> • Hair care, • skin creams, • soaps and lotions, • talcum powder, • Ayurvedic health care products
Website	www.hul.co.in	www.colgatepalmolive.com	www.itcportal.com	Nestle.in	www.britannia.co.in	www.marico.com	pg.com	Dabur.com	www.godrej.com	emamilt.in

ANALYSIS AND FINDINGS

This section deals with behavior of liquidity of the selected FMCG companies using accounting and statistical measures.

LIQUIDITY RATIOS

Liquidity ratios indicate whether a company has the ability to pay off short-term debt obligations (debts due to be paid within one year) as they fall due. Generally, a higher value is desired as this indicates greater capacity to meet debt obligations.

1. Current Ratio
2. Quick Ratio
3. Super Quick Ratio
4. Debt Equity Ratio

	Current Ratio	Quick Ratio	Super Quick Ratio	Debt-Equity Ratio
Formula	$\frac{\text{CURRENT ASSETS}}{\text{CURRENT LIABILITIES}}$	$\frac{\text{QUICK ASSETS}}{\text{CURRENT LIABILITIES}}$	$\frac{(\text{CASH} + \text{BANK})}{\text{CURRENT LIABILITIES}}$	$\frac{\text{DEBTS}}{\text{EQUITY CAPITAL}}$
Std. Ratio	2:1	1:1	0.5:1	

TABLE 1: CURRENT RATIO OF SELECTED COMPANIES IN FMCG SECTOR SINCE 2005-06 TO 2014-15

Year	HUL	Colgate	ITC	Nestle	Britannia	Marico	P& G	Dabur	Godrej	Emami
2005-06	0.71	0.88	1.27	0.70	1.82	0.38	2.01	0.19	0.71	2.76
2006-07	0.74	0.91	1.37	0.66	2.07	0.32	1.95	0.16	0.84	2.36
2007-08	0.69	0.81	1.39	0.66	2.09	0.32	1.94	0.16	0.92	2.26
2008-09	1.01	1.01	1.44	0.60	2.40	0.25	2.30	0.11	2.19	1.28
2009-10	0.84	1.10	0.92	0.62	1.48	0.42	2.13	0.20	1.38	2.42
2010-11	0.86	1.13	1.09	0.61	1.77	0.34	2.45	0.14	1.01	2.71
2011-12	0.83	1.09	1.12	0.54	2.07	0.26	2.17	0.12	1.46	1.73
2012-13	0.76	1.07	1.22	0.65	1.87	0.35	2.40	0.15	1.29	1.72
2013-14	0.74	0.85	1.25	0.54	2.33	0.23	2.32	0.10	0.73	1.85
2014-15	0.75	0.80	1.45	0.50	2.90	0.17	2.23	0.08	0.90	1.80
MEAN	0.79	0.96	1.25	0.61	2.08	0.31	2.19	0.14	1.14	2.09

Source: Computed with the help of figures from annual reports of respective companies

It is found that P&G, Emami & Britannia having the highest Current Ratio followed by the ITC, Godrej, Colgate, HUL, Nestle, Marico & Dabur.

P&G and Emami & Britannia are on to the benchmark of the standard ratio, while ITC and Godrej have satisfactory ratio of (1:1)., Whereas Colgate, HUL, Nestle, Marico & Dabur have very poor Current Ratio.

ANOVA					
Source of Variation	SS	DF	MS	F	F Crit
Between Companies	50.23232	9	5.581369	80.40842	1.985595
Within companies	6.247147	90	0.069413		
Total	56.47947	99			

The sample units lie for Current Ratio is significant at 5% level of significance (F-value is more than F-critical value) which indicates that the Current Ratio of selected companies differs significantly. Therefore, null hypothesis is rejected.

TABLE 2: QUICK RATIO OF SELECTED COMPANIES IN FMCG SECTOR SINCE 2005-06 TO 2014-15

Year	HUL	Colgate	ITC	Nestle	Britannia	Marico	P& G	Dabur	Godrej	Emami
2005-06	0.13	0.68	0.63	0.37	0.52	1.21	1.85	0.52	0.20	1.92
2006-07	0.20	0.72	0.64	0.27	0.52	0.91	1.77	0.63	0.34	1.76
2007-08	0.18	0.67	0.62	0.32	0.75	1.46	1.73	0.62	0.35	1.87
2008-09	0.59	0.86	0.66	0.27	0.69	1.55	2.05	1.02	1.73	0.84
2009-10	0.48	0.91	0.43	0.30	0.56	1.44	1.94	0.71	0.96	1.96
2010-11	0.48	0.89	0.53	0.27	0.52	1.65	2.22	0.88	0.58	2.15
2011-12	0.53	0.78	0.56	0.22	0.36	1.52	1.94	0.88	0.93	1.42
2012-13	0.47	0.85	0.66	0.39	0.58	1.27	2.10	0.97	0.78	1.38
2013-14	0.54	0.59	0.68	0.25	0.47	0.81	2.08	0.66	0.39	1.41
2014-15	0.59	0.53	0.87	0.25	0.72	0.87	2.06	0.54	0.58	1.45
MEAN	0.42	0.75	0.63	0.29	0.57	1.27	1.97	0.74	0.68	1.62

Source: Computed with the help of figures from annual reports of respective companies

It is found that P&G, Emami, Marico having the highest Quick Ratio followed by the Colgate, Dabur, Godrej, ITC, Britannia, HUL & Nestle. P&G, Emami and Marico are on to the benchmark of the standard ratio, whereas all other companies have very poor Quick ratio.

ANOVA					
Source of Variation	SS	DF	MS	F	F Crit
Between Companies	26.89915	9	2.988795	51.40605	1.985595
Within companies	5.232683	90	0.058141		
Total	32.13184	99			

The sample units lie for Quick Ratio is significant at 5% level of significance (F-value is more than F-critical value) which indicates that the Quick Ratio of selected companies differs significantly. Therefore, null hypothesis is rejected.

TABLE 3: SUPER QUICK RATIOS OF SELECTED COMPANIES IN FMCG SECTOR SINCE 2005-06 TO 2014-15

Year	HUL	Colgate	ITC	Nestle	Britannia	Marico	P& G	Dabur	Godrej	Emami
2005-06	0.04	0.16	0.01	0.37	0.07	0.15	0.31	0.12	0.08	0.02
2006-07	0.04	0.14	0.02	0.27	0.15	0.07	0.03	0.13	0.09	0.05
2007-08	0.04	0.08	0.01	0.32	0.12	0.03	0.03	0.11	0.07	0.03
2008-09	0.04	0.08	0.02	0.27	0.09	0.06	0.02	0.05	0.09	0.06
2009-10	0.23	0.03	0.01	0.30	0.04	0.02	0.03	0.05	0.05	0.16
2010-11	0.24	0.61	0.11	0.27	0.05	0.05	0.47	0.18	0.11	0.95
2011-12	0.23	0.45	0.10	0.22	0.03	0.08	0.45	0.30	0.45	0.77
2012-13	0.25	0.52	0.27	0.39	0.08	0.04	0.42	0.32	0.43	0.84
2013-14	0.26	0.32	0.15	0.25	0.07	0.17	0.53	0.25	0.14	0.84
2014-15	0.11	0.27	0.15	0.25	0.15	0.14	0.86	0.10	0.32	0.97
MEAN	0.15	0.27	0.08	0.29	0.08	0.08	0.32	0.16	0.18	0.47

Source: Computed with the help of figures from annual reports of respective companies.

It is found that Emami, P&G, Nestle having the highest Super Quick Ratio followed by the Colgate, Godrej, Dabur, HUL, ITC, Britannia & Marico. Emami is on to the benchmark of the standard ratio, whereas all other companies have very poor Super Quick Ratio

ANOVA					
Source of Variation	SS	DF	MS	F	F crit
Between Companies	1.430762	9	0.158974	4.285818	1.985595
Within companies	3.338365	90	0.037093		
Total	4.769127	99			

It is found that the sample units lie for Super Quick Ratio is significant at 5% level of significance (F-value is more than F-critical value) which indicates that Super Quick Ratio of selected companies differs significantly. Therefore, null hypothesis is rejected.

TABLE 4: DEBT-EQUITY RATIO OF SELECTED COMPANIES IN FMCG SECTOR SINCE 2005-06 TO 2014-15

Year	HUL	Colgate	ITC	Nestle	Britannia	Marico	P& G	Dabur	Godrej	Emami
2005-06	0.04	0.02	0.01	0.04	0.02	0.81	0.00	0.05	0.06	0.01
2006-07	0.04	0.02	0.02	0.01	0.01	0.91	0.00	0.05	1.02	0.33
2007-08	0.04	0.03	0.02	0.00	0.14	1.09	0.00	0.03	0.89	0.10
2008-09	0.04	0.02	0.01	0.00	0.03	0.84	0.00	0.19	0.12	0.12
2009-10	0.23	0.01	0.01	0.00	1.08	0.66	0.00	0.14	0.01	1.49
2010-11	0.24	0.00	0.01	0.76	0.95	0.57	0.00	0.23	0.05	0.41
2011-12	0.23	0.00	0.00	0.58	0.05	0.49	0.00	0.21	0.09	0.27
2012-13	0.25	0.00	0.00	0.50	0.30	0.33	0.00	0.15	0.09	0.15
2013-14	0.26	0.00	0.00	0.01	0.01	0.21	0.00	0.02	0.00	0.06
2014-15	0.11	0.00	0.00	0.01	0.00	0.08	0.00	0.06	0.00	0.02
MEAN	0.15	0.01	0.01	0.19	0.26	0.60	0.00	0.11	0.23	0.29

Source: Computed with the help of figures from annual reports of respective companies.

It is found that all the FMCG companies above have DEBT-EQUITY RATIO below1. Debentures/lenders money is said to be safe.

ANOVA					
Source of Variation	SS	DF	MS	F	F crit
Between Companies	2.935719	9	0.326191	4.509289	1.985595
Within companies	6.510382	90	0.072338		
Total	9.446101	99			

It is found that the sample units lie for Debt Equity Ratio is significant at 5% level of significance (F-value is more than F-critical value) which indicates that Debt Equity Ratio of selected companies differs significantly. Therefore, null hypothesis is rejected.

FINDINGS OF THE STUDY

1. The current ratio in FMCG industry was acceptable (1:1). The average ratio of P&G (2.19), Emami (2.09) & Britannia (2.08) was highest among all the FMCG companies. The average ratio of P&G, Emami & Britannia followed by ITC (1.25), Godrej (1.14), Colgate (0.96), HUL (.79), Nestle (0.61), Marico (0.31) & Dabur (0.14).
The average current ratio of Colgate, HUL, Nestle, and Marico & Dabur is not satisfactory as Current ratio is below one. The ratio was always more or less two times in P&G, Emami & Britannia indicated efficient utilization of current assets.
2. The quick ratio of FMCG industry of India shows fluctuating trend during the study period. The quick ratio was the highest in P&G, Emami and Marico. The average ratio of P&G (1.97), Emami (1.62) & Marico (1.27) followed by Colgate (0.75), Dabur (0.74), Godrej (0.68), ITC (0.63), Britannia (0.57), HUL (0.42) & Nestle (0.29).
Among all the companies, the lowest ratio is seen in the Britannia, HUL & Nestle.
As a convention quick ratio of 1:1 is considered satisfactory. Hence P&G, Emami & Marico are in much better position to meet its short term obligations.
3. The Super quick ratio of FMCG industry of India shows fluctuating trend during the study period. The Super quick ratio was the highest in Emami & P&G. The average ratio of Emami (0.47) & P&G (0.32), followed by Nestle (0.29), Colgate (0.27), Godrej (0.18), Dabur (0.16), HUL (0.15), ITC (0.08), Britannia (0.08), & Marico (0.08).
Among all the companies, the lowest ratio is seen in the ITC, Britannia, & Marico.
As a convention quick ratio of 0.5:1 is considered satisfactory. Emami is in much better position.
4. The debt equity ratio of FMCG Companies was below 1 for all years under study period. A ratio of 1:1 may be usually considered to be satisfactory ratio

SUGGESTIONS AND CONCLUSION

The FMCG Companies are suggested to be in tune with standards regarding liquidity ratios to be more efficient. HUL, Nestle, Marico and Dabur should at least reach acceptable Current Ratio (1:1). Colgate, Dabur, Godrej, ITC, Britannia, HUL, & Nestle should reduce inventory value to reach acceptable Quick Ratio. All Companies are suggested to improve Super Quick Ratio

Lack of liquidity may affect seriously the continuity of the company activities. Companies may adopt various suitable measures like reducing inventory turnover time, credit period to debtors, offering some kind of offers to the debtors for speeding the collections from them, etc to improve its liquidity.

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A STUDY ON ENTREPRENEURIAL DEVELOPMENT AMONG THODA TRIBE IN NILGIRIS DISTRICT**MYTHILI.L****ASST. PROFESSOR****SRI RAMAKRISHNA COLLEGE OF ARTS & SCIENCE FOR WOMEN
COIMBATORE****DR. C. BEULAH VIJAYARANI****HEAD****DEPARTMENT OF COMMERCE
PROVIDENCE COLLEGE FOR WOMEN
COONOOR****ABSTRACT**

The 21st century brought a new era of development in the life of tribes through entrepreneurial activities. Indian Tribes are increasingly asserting control over their land, resources and governance of their communities. Tribes are involved in a wide range of economic activities from tourism, agriculture, collecting non timber forest products and manufacturing various ethnic products. In many parts of the country, Tribes are becoming regional economic and political power houses. The Nilgiris tribes are making and using number of ethnic product which gives business opportunities and helps them to improve their economy.

KEYWORDS

Thoda tribes, entrepreneurial activities, ethnic product.

INTRODUCTION

Entrepreneurship as an economic activity emerges and functions in sociological and cultural environment. It could be conceived as an individual's free choice activity or a social group's occupation or profession. The entrepreneurs perform important function in economic development of a nation. They have been referred to as the human agents needed to mobilize capital, to exploit natural resources, too often develop innovative products or Concepts, to create markets and to carry on business. It may be construed that the entrepreneurial contribution spells the difference between prosperity and poverty among nations. Small enterprises have made considerable contribution in the socio-economic development of almost all countries including India. Our country is famous for its small scale industries since ages as it was the only means of livelihood for the weaker section of the population, whether it is the handloom weaver, handicraft workers, and rural women spinning at home, the rural artisans or the urban craftsmen. In fact, for a developing and a big country like India, the small scale entrepreneurship is most suited because it provides high employment opportunities at lower capital investment.

Thoda tribes are one of the six primitive tribes in Nilgiris district. Initially Thoda tribes were occupied in dairy farming and agriculture. Presently, few Toda tribes were working in the government sectors, and some of them have a tie up with the government agencies through which they receive loans for shawl embroidery works and sell them through these agencies They were also engaged in small-scale farming and produce vegetables and sell them in the nearby markets. Registrar of Geographical Indication gave GI status for this unique embroidery, a practice which has been passed on to generations. The status ensures uniform pricing for Toda embroidery products and provides protection against low-quality duplication of the art.

REVIEW OF LITERATURE

Priyanka Srivastava, Pramod Pathak, S. Singh have mentioned in their article that the motivational drives are significant enough among the entrepreneurs of Jharkhand region for entrepreneurship development. It can also be mentioned that there is the influence of motivational drives for entrepreneurial development and until and unless an individual of a particular region is not highly motivated he cannot take up an entrepreneurial venture as a career option as it involves high risk and there is lots of uncertainty and probability for the survival and subsistence is very unpredictable.

Dr. V. Paradesi Naidu mentioned in his article that There are several benefits being bestowed by the different activities under the SHG scheme. According to the study, the women respondents are receiving both the employment opportunities and the income under the scheme in the study the vegetable marketing activity, kirana business activity and dairy activity under this scheme are providing more employment opportunities and incomes to the tribal women in the study area. ultimately indicate that micro finance is playing very vital role in the upbringing of the living conditions of tribal women. The findings of this study ultimately suggests that, in view of fast changing scenario in tribal areas, a vision for self-reliance and urge for development has to be inculcated in tribal societies especially in the women folk.

OBJECTIVE

To analyse the entrepreneurial activities of Thoda tribes.

HYPOTHESIS

- i) H_0 = there is a significant relationship between the gender and entrepreneurial activities among the thoda tribes.
- ii) H_1 = there is no significant relationship between the age of the respondents and the entrepreneurial activities of thoda tribes.

METHODOLOGY**PRIMARY DATA**

The primary data was collected with the help of a structured questionnaire which was administered for this purpose. The questionnaire was prepared after pre-testing with a pilot survey through preliminary interviews with about 20 respondents, and was further critically analysed. The finally redrafted questionnaire was administered among Thoda tribes.

SECONDARY DATA

The secondary data was collected from various published and unpublished research reports, text books, magazines, journals and dailies, internet web resources, other published and unpublished sources of information.

IMPORTANCE OF THE RESEARCH

The research studied that the business opportunities provide employment opportunities which improves the life of the Thoda tribes in Nilgiris District.

RESEARCH DESIGN

For our study work we chose the entrepreneurial activities available for the Thoda tribe and the ethnic product produced by them. Data has been collected from the Thoda tribe in Nilgiris District of Tamilnadu.

TOOLS OF ANALYSIS

For this study percentage analysis and chi-square –test was used to analyse and interpret the data.

SAMPLE SIZE

60 Thoda tribes has been taken for the study which includes both male and female respondents.

RESULTS AND DISCUSSION

The socio-economic details of the selected sample respondents are given below. There were more male respondents (61.66%) compared to female respondents (38.33). Majority of the respondents were in the age group of 31-40 years (45%), majority of the respondents are married (80%).

H₀: there is a significant relationship between the gender and entrepreneurial activities. Hence, we can reject the hypothesis.

TABLE 1

Gender	Level of Awareness			Total	Result
	Disagree	Neutral	Agree		
Male	14	4	19	37	X ² = 15.97 DF= 2 TV=5.991
	63.6%	66.66%	59.37%		
Female	8	2	13	23	
	36.4%	33.33%	40.63%		
Total	22	6	32	60	
	100%	100%	100%		

1.	Level of significace	5%
2.	Critical value	5.991
3.	Calculated value	15.97

The table value is calculated from $\chi^2 ((c-1)(r-1) \text{ d.f } (3-1)(3-1)) \text{ d.f } 2$ the 5% level of significance the table value is 5.991. Since the calculated value is more than the table value, hence the null hypothesis is rejected. There is significant relationship between gender and the entrepreneurial activities of the tribes.

H₁ = there is no significant relationship between the age of the respondents and the entrepreneurial activities of Thoda tribes

TABLE 2

Age	Level of Awareness			Total	Result
	Dis Agree	Neutral	Agree		
20-30	10	5	6	21	X ² = 1.91 DF= 2 TV=5.991
	45.45%	33.33%	26.09%		
31-40	8	7	12	27	
	36.36%	46.67%	52.17%		
Above 41	4	3	5	12	
	18.18%	20%	21.74%		
	100%	100%	100%	100%	

There is no significant relationship between the age of the respondents and the entrepreneurial activities of Thoda tribes. Hence we can accept the hypothesis.

1.	Level of significace	5%
2.	Critical value	5.991
3.	Calculated value	1.91

The table value is calculated from $\chi^2 ((c-1)(r-1) \text{ d.f } (3-1)(3-1)) \text{ d.f } 2$ the 5% level of significance the table value is 5.991. Since the calculated value is less than the table value, the null hypothesis is accepted. There is no significant relationship between the age and entrepreneurial activities of the tribes.

FINDINGS AND CONCLUSION

It is found from the analysis that the Thoda tribes are highly involved with entrepreneurial activities. And there is no relationship with the gender and age group on entrepreneurial activities of the Thoda tribes. The people are making their traditional textile embroidery products and making the product which is being marketable in the local market as well as in the outside and even these products can also be exported. The entrepreneurial activity gives them economic stability.

LIMITATIONS OF THE STUDY

The sample for the present study comprised of 60 Thoda tribes. This sample is only a very small proportion of the entire population of the total tribal population. Therefore, research studies with much larger sample size would be required to ensure appropriate generalization of the findings of the study.

SCOPE OF FURTHER STUDIES

This study focused on entrepreneurial activities of the Thoda tribes at micro level. Future research exploring entrepreneurial activities with economic development can be focused at macro level.

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SERVICE BASED BRAND EQUITY AND ITS IMPACT ON BRAND PREFERENCES AND PURCHASE INTENTION: A STUDY OF CUSTOMERS OF HEALTH INSURANCE IN THANJAVUR DISTRICT

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ABSTRACT

One of the most important marketing concept discussed by marketing experts and researchers brand equity. One of the services industry in India has grown significantly is the insurance industry. Due to the privatization insurance industry in India and the competitive environment of the insurance organisations on the other hand, one contributing factor to gain competitive advantage for firms is brand equity. Many studies and Literature about brand equity emphasize on brand equity of the tangible products and there is very little study on brand equity for services especially in insurance industry. The purpose of this study is to explore the impact of Service Based Brand Equity on brand preferences and purchase intentions of customers towards Health Insurance in Thanjavur District. Brand Awareness, Perceived Service Quality, Brand Trust and Service Loyalty are used to analyse the Brand Equity. The study was descriptive and explorative in nature. The combination of qualitative and quantitative study was conducted in Health Insurance Industry in Thanjavur District. Sample of 200 customers of Health Insurance from different parts of the district were randomly selected and surveyed through questionnaires. A Simple Random Sampling method was employed to collect data. Descriptive and Inferential statistical tools were employed to analyse the data. The results show that out of four dimensions of brand equity and the Perceived Service Quality affects brand equity more. The impact of Brand Trust on Brand Preference is more than other dimensions and Perceived Service Quality and Service loyalty significantly influence more on purchase intention of customers towards Brand Equity and Brand Preference also affect Purchase Intention significantly. It is suggested that management of Insurance Organisations should consider Perceived Service Quality, Brand trust and Service Loyalty as the foundations to build up brand equity, brand preference and, also to improve purchase intention towards health insurance.

KEYWORDS

brand awareness, perceived service quality, brand trust, service loyalty, brand equity, brand preferences, purchase intention.

INTRODUCTION

Today in the age of globalization, the competition among the products as well as services are more severe to survive. This makes brand more important and uplift at high level. In the world of marketing and other businesses brand is growing up as an issue and become more important at international level. Brand is an important subject which creates positive image in eyes of customers to make itself different from the competitors (Kotler, 2004). During the past decades, there has been increasing trend on competition among various businesses. Insurance industry is one of the most important industries and many people are either directly or indirectly involved with different sorts of insurance services. Brand equity has emerged as one of the most important areas for marketing management in recent years. Berry (2000), presented a service-branding model, which underscores the salient effect of customers' service experiences in brand formation. He also explained more about primary strategies that excellent service firms apply to cultivate brand equity and discussed that branding is not just for tangible goods but it is a principal success driver for service firms as well. The insurance industry is an example of the service industry in which the brand has a great impact on its success. Insurance customers, choose the organizations based on their brands. The brand seems to be the implicit commitment of service that they expect to get.

Brand Equity has long been recognized in marketing thought and practice as a central concept as well as an important goal of all business activities. Brand Preference and Purchase Intention are also widely accepted issues for all the companies, which is applied as a marketing benchmark for the performance of the company. In the intensive competition to make the customers satisfied and loyal, brand marketing strategies help to create positive image. Strong competition and rapid technological developments in various sectors made the firms aiming to increase their market shares by gaining more customers protect their market shares. The way to protect their market shares is to strengthen brand equity, to improve brand preferences and purchase intention. The firms with brand equity and brand preferences protect their existence for a long time by making their customers repeat purchases. Therefore, this study analyses the variables that affecting Brand Equity, Brand Preferences and Purchase Intention in insurance industry.

INSURANCE INDUSTRY IN INDIA

The insurance industry of India consists of 53 insurance companies of which 24 are in life insurance business and 29 are non-life insurers. Among the life insurers, Life Insurance Corporation (LIC) is the sole public sector company. Apart from that, among the non-life insurers there are six public sector insurers. In addition to these, there is sole national re-insurer, namely, General Insurance Corporation of India (GIC Re). Other stakeholders in Indian Insurance market include agents (individual and corporate), brokers, surveyors and third party administrators servicing health insurance claims. Out of 29 non-life insurance companies, five private sector insurers are registered to underwrite policies exclusively in health, personal accident and travel insurance segments. They are Star Health and Allied Insurance Company Ltd, Apollo Munich Health Insurance Company Ltd, Max Bupa Health Insurance Company Ltd, Religare Health Insurance Company Ltd and Cigna TTK Health Insurance Company Ltd. There are two more specialised insurers belonging to public sector, namely, Export Credit Guarantee Corporation of India for Credit Insurance and Agriculture Insurance Company Ltd for crop insurance. The Indian insurance market is a huge business opportunity waiting to be harnessed. India currently accounts for less than 1.5 per cent of the world's total insurance premiums and about 2 per cent of the world's life insurance premiums despite being the second most populous nation. The country is the fifteenth largest insurance market in the world in terms of premium volume, and has the potential to grow exponentially in the coming years. India's insurable population is anticipated to touch 750 million in 2020, with life expectancy reaching 74 years. The future looks promising for the life insurance industry with several changes in regulatory framework which will lead to further change in the way the industry conducts its business and engages with its customers. Demographic factors such as growing middle class, young insurable population and growing awareness of the need for protection and retirement planning will support the growth of Indian life insurance. (Source: www.ibef.org)

HEALTH INSURANCE IN INDIA

Launched in 1986, the health insurance industry has grown significantly mainly due to liberalization of economy and general awareness. According to the World Bank, by 2010, more than 25% of India's population had access to some form of health insurance. Insurance companies are constantly finding new ways to make people aware about health insurance and its benefits. Various kinds of health insurance policies with different types of coverage are available in the Indian market. This is to facilitate people to buy a policy as per their need. It is interesting to note that although compared to other countries in the Asian continent, Indians are heavy users of health care services (about 6% of GDP being spent on healthcare, 80 percent of which is private expenditure). The health insurance market in India is very limited covering about 10% of the total population. Health insurance expenditure in India is roughly 6% of GDP, much higher than most other countries with the same level of economic development. Of that, 4.7% is private and the rest is public. For the financial year 2014-15, Health Insurance premium was Rs. 20,440 Crores. The Indian healthcare industry is expected to reach USD 280 billion by 2020 on the back of increasing demand for specialized and quality healthcare

facilities. Further, the hospital services market, which represents one of the most important segments of the Indian healthcare industry, is expected to be worth USD 85 billion by 2016 (Source: IRDA Report 2015).

Health insurance in India typically pays for only inpatient hospitalization and for treatment at hospitals in India. Outpatient services were not payable under health policies in India. The first health policies in India were Mediclaim Policies. In 2000 government of India liberalized insurance and allowed private players into the insurance sector. The advent of private insurers in India saw the introduction of many innovative products like family floater plans, topup plans, critical illness plans, hospital cash and top up policies. The health insurance sector hovers around 10% in density calculations. One of the main reasons for the low penetration and coverage of health insurance is the lack of competition in the sector. The Insurance Regulatory Authority of India (IRDA) which is responsible for insurance policies in India can create health circles, similar to telecom circles to promote competition. Health insurance plans in India today can be broadly classified into these categories:

- Hospitalization
- Family Floater Health Insurance
- Pre-Existing Disease Cover Plans
- Senior Citizen Health Insurance
- Maternity Health Insurance
- Hospital daily cash benefit plans
- Critical illness plans
- Proactive plans

Insurance companies offer health insurance from a sum insured of Rs. 5000 for micro insurance policies to a higher sum insured of Rs. 50 lakhs and above. The common insurance policies for health insurance are usually available from Rs. 1 lakh to Rs. 5 lakhs. Health insurance policies offered by non-life insurance companies usually last for a period of one year. Life insurance companies offer policies for a period of several years. Under the Income Tax Act, under Section 80D, the insured person who takes out the policy can claim for tax deductions. Indian Health insurance or medical insurance sector has been growing, since the country's economic reforms. The reason why mediclaim insurance, has grown is that it ensures good medical care from reliable health care institutions.

STATEMENT OF RESEARCH PROBLEM

The concept of branding in marketing services is much more important than physical goods because it had changed the virtual nature of services and presented this nature more truly and more tangible. A powerful brand increases the trust and the power of customers in visualizing and a better understanding of the characteristics of intangible services (Hosseini et al., 1993). On the other hand, many organizations, especially service organizations come to believe this, for achieving competitive advantage and long term survival in the market they should establish and develop powerful brands as one of the key success factors. A strong brand creates the value for both the customer and the organization. On the other hand, brands provide the concise and useful tools to simplify the selection process for purchasing the products or services for the customers. While brand equity concept in tangible goods has received a great deal of attention in the literature, a basic understanding of the nature of brand equity for services has yet to emerge. Most of what is known about brand equity for services is based on theoretical or subjective evidence. Despite of the many researches which focused on measurement of brand equity in physical products, brand equity in the service sector has not been fully explored. Conceptualization of customer based brand equity and its relation to purchase intention are crucial for services, especially for insurance industry. This study aimed to make contribution towards a theory of service based brand equity and its effects on brand preferences and purchase intention of customers towards health insurance in Thanjavur District.

NEED FOR THE STUDY

Service brands are particularly different since service characteristics are different from those of physical goods and that they rely on employees' actions and attitudes. This difference is seen to focus around the belief that services are conceptually different from products; services are seen to have a number of unique characteristics including intangibility, inseparability of production and consumption, heterogeneity of quality and perishability (Chernatoy & Segal-Horn, 2003). Insurance industry as the sub sector of financial services has the same characteristics applicable to the services.

For managing and maintaining brand equity and improving purchase intention, it is necessary to identify the antecedents and consequences of brand equity constructs. Similar studies have been conducted in many countries in various industrial and customer settings but as to our knowledge, no such study has been conducted in health insurance industry in Thanjavur district. Hence, this study is an attempt to analyse the dimensions of service based brand equity and assess their impact on brand preference and purchase intention towards Health Insurance in Thanjavur District.

OBJECTIVES OF THE STUDY

The Objectives refer to the questions to be answered through the study. They indicate what researcher trying to get from the study. The objectives of this study is to analyse the perception of customers on Brand Awareness, Perceived Service Quality, Brand Trust and Service Loyalty and their impact on Overall Service Based Brand Equity. This study also assesses the impact of Brand Equity on Brand Preference and Purchase Intention towards Health Insurance in Thanjavur District.

SIGNIFICANCE OF THE STUDY

Branding is the one of the important tool for any company to survive in a severe competition. Brand helps in creating relationship between consumer and producer. In this research we study and investigate the perception of customers on brand awareness, perceived service quality, brand trust and Service loyalty and their impact on brand equity, brand preference and purchase intention. The brand awareness, perceived service quality, brand trust and Service loyalty are independent (input) variables; brand equity, brand preferences and purchase indentation are determined to be the dependent (output) variable. The study results provide a better understanding about brand equity and brand preferences among customers for companies to analyse and part played by each element in the improvement of purchase intention. Moreover, it highlights the crucial role played by affective constructs. This study aims to assess the relationship between the selected antecedents (brand awareness, perceived service quality, brand trust and service loyalty) and consequences (Brand Preference and Purchase Intention) of Brand Equity in Health Insurance Industry in Thanjavur District. This study makes a significant contribution to existing knowledge by assessing the relationship between brand equity and purchase intention mediated by brand preferences.

While this study may be of value to any person interested in branding, it is anticipated that its findings will specifically benefit the insurance organisations to nurture and develop high equity for its brands. For the academicians, it expected to contribute to the existing literature in the field of marketing, specifically in brand equity. Future scholars can use this research as a basis for further research in the area of brand equity. The study will enlighten consumers and general public and therefore lead to quality in delivery of insurance services to the benefit of clients and the general public.

CONCEPTUAL FRAMEWORK

HEALTH INSURANCE

Health insurance is fast emerging as an important mechanism to finance health care needs of the people. The need for an insurance system that works on the basic principle of pooling of risks of unexpected costs of persons falling ill and needing hospitalization by charging premium from a wider population base of the same community. Health insurance is an imperative buy as it helps us to keep up with the ever soaring healthcare costs, thus securing a healthy future for us and our family. Health Insurance comes with numerous riders and benefits and hence there are so many variants to it.

SERVICE BASED BRAND EQUITY

In marketing research, however, brand equity is mostly defined from the customer perspective as the overall value that customers place on a brand (Hsu, Hung & Tang 2012; Keller 2009). Aaker (1991) also emphasized the customer perspective by defining brand equity as "a set of brand assets and liabilities linked to a brand, its name and symbol that adds to or detracts from the value provided by a product or service to a firm and/or to the firm's customers"; in this definition, brand assets refer to the dimensions of service loyalty, brand awareness, perceived quality and brand image. Keller (2008), however, proposed the dimensions of brand equity as including brand awareness, perceived service quality, brand trust and service loyalty. He and Li (2011) remark furthermore that due to the intangible and variable nature of services, customers evaluate service brands differently from non-service brands. Consequently, as neither Aaker (1991) nor Keller's (2008) sets of brand equity dimensions have been constructed specifically for the service industry. This study is based on the modified model of service based brand equity developed by Kimpakorn and Tocquer (2010) incorporating the dimensions of brand awareness, perceived service quality, brand trust and service loyalty.

BRAND AWARENESS

Brand awareness is defined in terms of the consumers' ability to associate a brand with its products category. It includes top-of-mind, brand dominance, brand recognition, brand recall, brand knowledge and brand opinion. Brand awareness plays an important role on purchase intention because consumers tend to buy a familiar and well known product (Keller, 1993). Brand awareness can help consumers to recognize a brand from a product category and make purchase decision (Percy & Rossiter, 1992). Brand awareness also acts as a critical factor in the consumer purchase intention, and certain brands will accumulate in consumers' mind to influence consumer purchase decision. A product with a high level of brand awareness will receive higher consumer preferences and purchase intentions because it has higher market share and quality evaluation (Dodds et al., 1991; Grewal et al., 1998).

PERCEIVED SERVICE QUALITY

Perceived service quality is the customer's judgment about a product's overall excellence or superiority that is different from objective quality and relates to customer's perception (Tang & Hawley, 2009). Perceived quality is one of the antecedents of brand equity and has a positive effect on customers purchase intention (Szymanski & Henard, 2001). Service quality is central to the development of strong service brands because it enhances perceived superiority of the brands and helps to differentiate brands in markets (Yoo et al, 2000). According to Balaji (2011), a brand with high quality perceptions tends to benefit from higher customer preferences, repurchase intentions and equity.

BRAND TRUST

Delgado-Ballester and Munuera-Alemán (2005) fundamentally describe brand trust as the customer's belief that the brand has properties that convey consistency, competency, honesty and reliability. In other words, the customer is confident that the specific brand favours his/her best interests (Belaid & Behi 2011). Brand trust adds to brand equity, in that a trustworthy brand encourages loyalty and repurchase intentions amongst customers (Kuikka & Laukkanen 2012). Chaudhuri and Holbrook (2001) argued that brand trust strongly influences the customer's attitude and repurchase loyalty. Studies elaborated that trust plays an important role in customer repeated purchase decision and long term customer satisfaction.

SERVICE LOYALTY

Gremler and Brown (1996) postulated the importance of service loyalty in explaining loyalty. Service loyalty refers to the degree by which customer exhibits, repeat purchasing, contains a positive attitudinal behavior and prefers to use the services/ product offered by the provider in case need arises (Gremler, 1996). Macintosh and Lockshin (1997) argued about the importance of interpersonal relationship in building service loyalty compared to developing loyalty in case of tangible products. Marketing of services requires special attention to be attributed towards forming and maintaining person to person interaction (Czepiel, 1990; Crosby et al., 1990). On the basis of literature service loyalty is defined as customer's ability to continuously patronize and prefer the brand.

BRAND PREFERENCE

Brand preference reflects a desire to use a particular company's product(s) or service(s) even when there are equally-priced and equally-available alternatives. In fact, more often than not, brand preference indicates a desire to seek out a specific product or service even when it requires paying more or expending more effort to obtain it. Brand preference is important to companies because it provides an indicator of their customers' loyalty, the success of their marketing tactics, and the strength of their respective brands. In marketing literature, the word preference means the desirability or choice of an alternative. Preferences are above all behavioural tendencies (Zajonc and Markus, 1982). Brand preference is defined variously as the consumer's predispositions toward a brand that varies depending on the salient beliefs that are activated at a given time; the consumer biasness toward a certain brand; the extent to which a consumer favours one brand over another.

PURCHASE INTENTION

Zeithaml (1988) uses possible to buy, intended to buy and considered to buy as measurement items to measure purchase intention. Consumer purchase intention is considered as a subjective inclination toward a product and can be an important index to predict consumer behavior (Fishbein & Ajzen, 1975). A well-known brand will have a higher purchase intention than a less well-known brand (Hsu, 2000). Garretson and Clow (1999) suggest that perceived quality will influence consumer purchase intention. Cobb-Walgreen et al. (1995) conclude that high brand equity generates greater brand preference, and that it translates into higher purchase intentions.

RESEARCH METHODOLOGY

Research methodology is a way to systematically solve the problem. The methodology followed in this study is given below:

TABLE 1: RESEARCH METHODOLOGY

Research type	Descriptive and Exploratory Research
Research Approach	Qualitative and Quantitative Approach
Population (Universe) & Sampling Unit	Customers of Health Insurance Products
Sample size	200 Customers
Sampling Area	Thanjavur District
Sampling Method	Probability sampling – Random sampling
Research Method	Survey
Data type	Primary (Majority of the data) and Secondary Data
Sources of Primary Data	Questionnaire, Personal Interview and Observation techniques
Sources of Secondary Data	Newspapers, Journals, Magazines, Reports, Books, Research Articles, Internet, etc.
Research instrument	Structured Questionnaire
Period of data collection	February 2016 to April 2016
Software used for analysis	SPSS (Version 20)

DATA ANALYSIS AND DISCUSSION

The data, after collection, has to be processed and analysed in accordance with the outline laid down for the purpose at the time of developing the research plan. Analysis has been done through various statistical tools to understand the outcomes with reference to the objectives and hypothesis. In order to analyse and give the proper interpretation of data various statistical tools (descriptive as well as inferential) are used.

1. DEMOGRAPHIC PROFILE

TABLE 2: DEMOGRAPHIC PROFILE (Sample Size = 200)

VARIABLES	OPTIONS	FREQUENCIES	(%)
Gender	Male	110	55.00
	Female	90	45.00
Age	18 – 30 Years	Open ended	56.00
	31 - 50 Years	Question (Scale	31.00
	51 - 70 Years	Variable)	13.00
Qualification	School Level / Diploma	90	45.00
	UG / PG	94	47.00
	Professional	16	8.00
Occupation	Salaried Job	92	46.00
	Business / Self-employed	44	22.00
	Professional	19	9.50
	Retired/Home Maker	45	22.50
Marital Status	Married	120	60.00
	Unmarried	80	40.00
Type of family	Nuclear Family	86	43.00
	Joint Family	114	57.00
Monthly Income (INR)	Upto Rs.50,000	55	27.50
	Rs.50,001 – Rs.1,00,000	84	42.00
	Rs.1,00,001 – Rs.3,00,000	42	21.00
	Above Rs.3,00,000	19	9.50

Source: Primary Data

INTERPRETATION

From the above table, it is inferred that Male respondents (110, 55%) are more than female respondents (90, 45%). In terms of Age of the respondents, majority of them belongs to the age group of 18 – 30 Years (56%). 45% of them (90) having school education and diplomas followed by UG/PG with 47% (94). In terms of Occupation, 46% (92) of the respondents are salaried people followed by Businessman with 22% (44). Majority of the respondents are married (120, 60%). 57% of the respondents are from Joint Family. As far as Monthly Income of the respondents is concerned, majority of them (42%) are getting monthly income of Rs. 50,000 – Rs. 1,00,000.

2. HEALTH INSURANCE PROFILE

TABLE 3: HEALTH INSURANCE PROFILE (Sample Size = 200)

VARIABLES	OPTIONS	FREQUENCIES	(%)
Sources of Information for Health Insurance	Television	18	9.00
	Newspapers	11	5.50
	Internet Sources	21	10.50
	Family members/Relatives	70	35.00
	Friends/Colleagues	42	22.00
	Doctors	18	9.00
	Insurance Agents/Bankers	20	10.00
Purpose of Health Insurance	To meet medical expenses	128	64.00
	Tax Benefits	25	12.50
	Compulsion from employers	32	16.00
	Other purposes	15	7.50
Type of Health Insurance Plan	Individual Health Plan	46	23.00
	Family Floater Plan	94	47.00
	Critical Care/ Illness Plan	18	9.00
	Senior Citizen Health Plan	30	15.00
	Group Health Insurance Plan	12	6.00
Policy Amount (Sum Insured)	Upto Rs.3,00,000	65	32.50
	Rs. 3,00,001 – Rs,5,00,000	90	45.00
	Above Rs. 5,00,000	45	22.50
Type of Insurance Organisation	Public Sector	128	64.00
	Private Sector	72	36.00
Payment Options	Direct Payment (Cashless)	142	71.00
	Reimbursement of expenses	58	29.00

Source: Primary Data

INTERPRETATION

From the above table, it is inferred that the recommendations of Family members/Relatives are the major source of information (35%) for health insurance. The purpose of the health insurance of the majority of the respondents (64%) is to meet medical expenses. Majority of the respondents (47%) have taken Family Floater Health Insurance Plan followed by Individual Health Insurance Plan (23%). The Policy amount (Sum Insured) of the majority of the respondents (45%) is Rs. 3 to 5 Lakhs. Majority of the respondents (64%) have taken health insurance policy from public sector health insurance organisations. 71% of the respondents have chosen Direct Payment (Cashless treatment) option.

CORRELATION ANALYSIS

H0: There is no significant relationship between the Brand Awareness, Perceived Service Quality, Brand Trust and Service Loyalty and Service Based Brand Equity of Health Insurance products and services.

A Pearson product-moment correlation was run to determine the relationship between the Brand Awareness, Perceived Service Quality, Brand Trust and Service Loyalty and Service Based Brand Equity of Health Insurance products and services.

TABLE 4: DIMENSIONS OF BRAND EQUITY – OVERALL SERVICE BASED BRAND EQUITY

VARIABLES	N	r'	P -	RELATION	REMARKS	
		VALUE	VALUE	SHIP	Result	Null Hypothesis
Brand Awareness - Service based Brand Equity	200	0.451**	0.001	Positive	Significant	REJECTED
Perceived Service Quality - Service based Brand Equity	200	0.782**	0.001	Positive	Significant	REJECTED
Brand Trust - Service based Brand Equity	200	0.535**	0.001	Positive	Significant	REJECTED
Service Loyalty - Service based Brand Equity	200	0.725**	0.001	Positive	Significant	REJECTED

** . Correlation is significant at the 0.01 level (2-tailed).

INTERPRETATION

As the P value is lesser than Sig. Value (0.01) in all the above cases, the Null Hypotheses are rejected. There are high positive correlations between the Brand Awareness, Perceived Service Quality, Brand Trust and Service Loyalty and Service Based Brand Equity of Health Insurance products and services. Out of four variables, the influence of Perceived Service Quality (r = 0.782) followed by Service Loyalty (r = 0.725) towards Overall Service based Brand Equity is more than other variables. Hence, there is a significant relationship between the Brand Awareness, Perceived Service Quality, Brand Trust and Service Loyalty and Service Based Brand Equity of Health Insurance products and services.

H0: There is no significant relationship between the Service based brand equity dimensions and Brand Preference towards Health Insurance products and services.

A Pearson product-moment correlation was run to determine the relationship between the Brand Awareness, Perceived Service Quality, Brand Trust and Service Loyalty and Brand Preference towards Health Insurance products and services.

TABLE 5: DIMENSIONS OF SERVICE BASED BRAND EQUITY – BRAND PREFERENCE

VARIABLES	N	r'	P -	RELATION	REMARKS	
		VALUE	VALUE	SHIP	Result	Null Hypothesis
Brand Awareness - Brand Preference	200	0.534**	0.001	Positive	Significant	REJECTED
Perceived Service Quality - Brand Preference	200	0.684**	0.001	Positive	Significant	REJECTED
Brand Trust - Brand Preference	200	0.721**	0.001	Positive	Significant	REJECTED
Service Loyalty - Brand Preference	200	0.703**	0.001	Positive	Significant	REJECTED

** . Correlation is significant at the 0.01 level (2-tailed).

INTERPRETATION

As the P value is lesser than Sig. Value (0.01) in all the above cases, the Null Hypotheses are rejected. There are high positive correlations between the Brand Awareness, Perceived Service Quality, Brand Trust and Service Loyalty and Brand Preference towards Health Insurance products and services. Out of four variables, the influence of Brand Trust (r = 0.721) followed by Service Loyalty (r = 0.703) towards Brand Preference is more than other variables. Hence, there is a significant relationship between the Service based brand equity dimensions and Brand Preference towards Health Insurance products and services.

H0: There is no significant relationship between the Service based brand equity dimensions and Purchase Intention towards Health Insurance products and services.

A Pearson product-moment correlation was run to determine the relationship between the Brand Awareness, Perceived Service Quality, Brand Trust and Service Loyalty and Purchase Intention towards Health Insurance products and services.

TABLE 6: DIMENSIONS OF SERVICE BASED BRAND EQUITY – PURCHASE INTENTION

VARIABLES	N	r'	P -	RELATION	REMARKS	
		VALUE	VALUE	SHIP	Result	Null Hypothesis
Brand Awareness - Purchase Intention	200	0.502**	0.001	Positive	Significant	REJECTED
Perceived Service Quality - Purchase Intention	200	0.742**	0.001	Positive	Significant	REJECTED
Brand Trust - Purchase Intention	200	0.756**	0.001	Positive	Significant	REJECTED
Service Loyalty - Purchase Intention	200	0.724**	0.001	Positive	Significant	REJECTED

** . Correlation is significant at the 0.01 level (2-tailed).

INTERPRETATION

As the P value is lesser than Sig. Value (0.01) in all the above cases, the Null Hypotheses are rejected. There are high positive correlations between the Brand Awareness, Perceived Service Quality, Brand Trust and Service Loyalty and Purchase Intention towards Health Insurance products and services. Out of four variables, the influence of Perceived Service Quality (r = 0.742) followed by Service Loyalty (r = 0.724) towards Purchase Intention is more than other variables. Hence, there is a significant relationship between the Service based brand equity dimensions and Purchase Intention towards Health Insurance products and services.

H0: There is no significant relationship between Service Based Brand Equity, Brand Preference and Purchase Intention towards Health Insurance Products and Services.

A Pearson product-moment correlation was run to determine the relationship between Service Based Brand Equity, Brand Preference and Purchase Intention towards Health Insurance Products and Services.

TABLE 7: SERVICE BASED BRAND EQUITY, BRAND PREFERENCE & PURCHASE INTENTION

VARIABLES	N	r'	P -	RELATION	REMARKS	
		VALUE	VALUE	SHIP	Result	Null Hypothesis
Service Based Brand Equity - Brand Preference	200	0.683**	0.001	Positive	Significant	REJECTED
Service Based Brand Equity – Purchase Intention	200	0.718**	0.001	Positive	Significant	REJECTED
Brand Preference - Purchase Intention	200	0.771**	0.001	Positive	Significant	REJECTED

** Correlation is significant at the 0.01 level (2-tailed).

INTERPRETATION

As the P value is lesser than Sig. Value (0.01) in all the above cases, the Null Hypotheses are rejected. There are high positive correlations between the Service Based Brand Equity, Brand Preference and Purchase Intention towards Health Insurance Products and Services. The impact of Brand Preference ($r = 0.771$) on Purchase Intention is more than Service Based Brand Equity ($r = 0.718$). There is a strong relationship between Service Based Brand Equity and Brand Preference ($r = 0.683$). Hence, there is a significant relationship between Service Based Brand Equity, Brand Preference and Purchase Intention towards Health Insurance Products and Services.

MULTIPLE REGRESSION

Regression is the determination of statistical relationship between two or more variables. Multiple regression analysis examines the strength of the linear relationship between a set of independent variables and a single dependent variable (measured at the interval/ratio level). Multiple Regression was conducted to determine the best linear combination of Brand Awareness, Perceived Service Quality, Brand Trust and Service Loyalty for predicting Purchase Intention towards Health Insurance Products and Services.

TABLE 8: REGRESSION ANALYSIS

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	.797	.542		1.472	.184
1	Brand Awareness	.104	.116	.356	10.429	.000
	Perceived Service Quality	.242	.010	.585	15.954	.000
	Brand Trust	.126	.012	.487	12.157	.000
	Service Loyalty	.185	.014	.542	14.474	.000

a. Dependent Variable: PURCHASE INTENTION

Preliminary analyses were conducted to ensure no violation of the assumptions of normality, linearity, multi-collinearity and homoscedasticity. The Means, Standard Deviations, and inter-correlations can be found. This combination of all four variables significantly predicts the dependent variable i.e., Purchase Intention, $F(3, 695) = 496.420$, $p = .000$ which is lesser than .001 (Sig. Value 2-tailed) and Adjusted R Square = 0.732.

Out of four independent variables, Perceived Service Quality (0.585) and Service Loyalty (0.542) are the strongest influencing factors which predicting dependent variable – Purchase Intention. The beta weights suggest that the Perceived Service Quality only contribute most (0.585 or 58%) to predict Purchase Intention.

LIMITATIONS AND DIRECTION FOR FURTHER RESEARCH

The sample will be confined to 200 Customers of Health Insurance Products and Services. So this study cannot be regarded as “full -proof” one. This study is confined to the selected customers availed health insurance services in Thanjavur district only. Hence, the results of this study cannot be generalized to the other parts of the state as well as other parts of India. Therefore, for academics and researchers, further quantitative research is needed to identify the determinants of Service based Brand Equity and Purchase Intention using cross-district/state and cross-industry applications to predict purchase behavior in various contexts. Upon this study, there may be some suggestions for further studies. The future studies, services taken from different categories and customers from different cities (Places) may be chosen and comparative studies might be carried out.

CONCLUSION

The result of this study have verified the previous finding that the various dimensions of brand equity (Brand Awareness, Perceived Service Quality, Brand Trust and Service Loyalty) have relationship with Overall service based brand equity. This is also consistent with prior studies. In addition, it is also proved that the perceived service quality and service loyalty played important roles in determining overall service based brand equity and also purchase intention. The impact of the above variables on Service based brand Equity and purchase intention is also highly significant. This study has taken a new look at the relationships between Service based brand equity, brand preference and purchase intention, which receives continuous attention from academic researchers and managers. Brand Awareness has lesser relationship with brand equity, brand preference and purchase intention when compared with other dimensions. The marketing personnel of health insurance should take necessary steps to increase the awareness of health insurance products and services through various mass media like Television, Newspapers, etc. The management of Health Insurance Products and Services must focus on improving the brand equity, brand preference and purchase intention by focusing on the brand equity dimensions perceived service quality and service loyalty.

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A STUDY ON FACTORS DETERMINING THE SELECTION OF HIGHER EDUCATIONAL INSTITUTIONS AFTER SCHOOLING AMONG STUDENTS IN INDIA

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ABSTRACT

Education has a vital role in the life of an individual and as well as for the society. It helps the individual to discipline the mind, sharpens the intellect and refines the spirit. It is the nourishment of the mind with knowledge and as such it helps in the formation of an integrated personality of an individual. The Indian higher education is no longer a dreams and plans. In the increasing global competitions and information technology, people are aware about the options and opportunities available and try to utilize the most to choose best among the institutions of higher education. The research is based on the primary data collection approach. For this purpose, a survey using self-administered questionnaire was carried out. The collected data were then analyzed and discussed by using percentage analysis, descriptive statistics, and chi square test. This study is to gain more insight into the factors which determine the selection of institutions for higher learning. It has been observed that teaching quality is the most important factor that influences a student to select his/her higher educational institutions followed by institution facilities, environmental friendly place and placement. This study has also found that high standard teaching influences the students' interest followed by knowledgeable faculty, helpful academic staffs and knowledgeable admission staffs.

KEYWORDS

higher educational institutions, information technology, global competitions, faculties.

INTRODUCTION

Higher education means "the education beyond the level of secondary education". It is often assumed that education imparted by the colleges or universities are higher education. It includes professional Schools in the field of Law, Theology, Medicine, Business, Music, Teacher training schools, technological institutions and Arts. Moreover, institutions for training of highly skilled specialists in the field of economics, science, technology and culture of various types of higher schools are also treated as higher educational institutions. Thus in general, the term "Higher Education" refers to the education at the degree level and above.

As world is filled with wider scope in educational fields due to higher globalization and technological advancement, there are many options for students in evaluating the colleges based on different criteria such as placements, hostel facilities, infrastructure, ranking, etc. to take a decision. By the use of advance technology, the required data or information can be obtained by the students very easily. They also seek recommendations from family and friends in selecting the institutions. Few are willing to migrate to the nearest location, in order to get the quality higher education.

Higher education institutions in India are broadly classified as (1) university, (2) Colleges affiliated to Universities and (3) Standalone Institutions. As the options have increased to students, the selection criteria become wider and complicated. "Which university is the best? Am I doing the right course? Which university tops for specific program?" Lingering questions like these are enough to create confusions in student's mind. With higher educational institutions in India, choosing the best is never an easy task. The choice may shape the trajectory of the rest of their life; its significance can't be underestimated.

A number of websites provide a student to evaluate a Higher Educational Institutions, based on different factors like anticipated major to be selected, (or future opportunities), resources including financial aid, location (proximity to home), climatic conditions suitable for study and job prospectus courses.

Changes in demography, economy, and public policies of India have increased the demand for more sophisticated and knowledgeable workforce to synchronize with the rhythm of the business world. Higher educational qualification has not only become mandatory to ensure employment but also to ensure the success and marketability in an ever evolving job market in India.

LITERATURE REVIEW

There can be unlimited reasons why students' choices are different in selecting the higher educational institutions. According to Glasser (1998), "behavior is chosen in continuing attempt to make life the kind of experience that everyone wants it to be – a **good life**", Relating with the concept of "Choice Theory", students also engage themselves in various activities to get better life. Choice is an iterative concept which is clearly a complex and multi-factorial process involving a wide range of influences that stand upon a decision (Foskett, 1999). Ryrice (1981) elucidated choice in the context of institutional, economic and cultural constraints based on individual's perspectives.

Hemsley-Brown (1999) indicates while pupils often give practical reasons for making choices, these were usually filtered through layers of preconceptions emanating from influences in family background, culture and life history.

Chapman (1991) developed a Model of Student-College Choice, in which he identified the three major external influences as (i) Significant person like friends, parents, and high school personnel. (ii) Fixed college characteristics like cost (financial aid), location, and availability of program and (iii) College efforts to communicate with students like written information, campus visits and admissions/recruitment.

Joesph and Joesph (2000) emphasized on the quality of education which is very difficult to define. It may vary from student to student. It is considered that the traditional importance/performance paradigm is the most appropriate way of measuring service quality in education. However, it is an important factor in selection of the higher educational institutions.

Veloutsou et al., (2005) indicates that the cost of study can act as a crucial factor for mature candidates who have other financial commitment in selecting the higher educational institutions.

Steffen and David (2011) investigated social selectivity in access to higher education in Germany to understand which factors influence most, found that monetary cost influences the preferences for most of the students.

Research conducted by LeBlanc and Nguyen (1999) observed that price, quality, satisfaction, corporate image along with affective and social response are strong drivers of value in a business education setting.

Meyer(2007) stress the most probably the strongest influence in our lives is the family we grew up in. A candidates decision-making process is often influenced by "significant others", for example friends and family.

Soutar and Turner (2002) believed that due to the readily available sources of information, the influence by family and friends has changed among the school leavers on the selection of higher educational institutions.

RESEARCH GAP

Many research articles are available for the selection of higher educational institutions after schooling which is based on other than Indian context. Attempt has been made to identify the factors that Indian students are considering while selecting their higher educational institutions.

OBJECTIVES

1. To understand how students' evaluate higher educational institutions after schooling.
2. To find the relationship between family & friend's influence in selecting the higher educational institutions.
3. To understand the effect of internet in evaluating the higher educational institutions.
4. To identify the different factors that determines the selection of higher educational institutions.

RESEARCH METHODOLOGY

The research design used in this study is descriptive. The research is based on primary data collection approach. For this purpose, a survey using self-administered questionnaires carried out by using cluster sampling techniques. The sample size for the study is 54. The nature of the respondents was drawn from students. The tools used for the study are percentage analysis, ranking and chi square test using SPSS 17.0

HYPOTHESIS OF THE STUDY

Null hypothesis: There exist no relationship between the gender and influence of family/friends in selecting the higher educational institutions.

ANALYSIS AND DISCUSSION

The socio economic profile, reasons for selecting the higher educational institutions, influence of internet and financial issues in choosing the higher educational institutions are discussed here.

TABLE 1: DEMOGRAPHIC PROFILES OF THE RESPONDENTS

S.No	Gender	No. of respondents	Percentage
1.	Male	46	85.2
	Female	8	14.8
	Total	54	100
	Age	No. of respondents	Percentage
2.	18	1	1.9
	19	13	24.1
	20	25	46.3
	21	13	24.1
	22	1	1.9
	23	1	1.9
	Total	54	100
	Residence	No. of respondents	Percentage
3.	Urban	37	68.5
	Semi urban	13	24.1
	Rural	4	7.4
	Total	54	100
	House-hold income	No. of respondents	Percentage
4.	1-1,00,000	11	20.4
	100001-500000	17	31.5
	>500001	26	48.1
	Total	54	100
	First generation to Higher education	No. of respondents	Percentage
5.	Yes	25	46.3
	No	29	53.4
	Total	54	100

TABLE 2: REASONS FOR SELECTING THE HIGHER EDUCATIONAL INSTITUTION

Reasons	No. of respondents	RANKING
Placement	29	4
International programs	16	9
Faculty	35	1
Environmental friendly place	30	3
Hostel facilities	20	8
Best ranking school	22	7
Infrastructure	33	2
Different culture of students	26	5
Sports and extracurricular activities	07	10
Digital way of learning	24	6

TABLE 3: INFLUENCE OF INTERNET TO CHOOSE THE HIGHER EDUCATIONAL INSTITUTION

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	45	83.3	83.3	83.3
	No	9	16.7	16.7	100.0
	Total	54	100.0	100.0	

TABLE 4: INFLUENCE OF FINANCIAL ISSUES IN CHOOSING THE HIGHER EDUCATIONAL INSTITUTIONS

		Frequency	Percent	Valid Percent
Valid	Yes	19	35.2	35.2
	No	35	64.8	64.8
	Total	54	100.0	100.0

TABLE 5: RANKING ON ACADEMIC FACILITIES THAT HAVE AN IMPACT ON THE SELECTION OF HIGHER EDUCATIONAL INSTITUTIONS

FACTORS	FREQUENCY	RANK
Student service	19	4
Library resources	31	2
Campus maintenance	40	1
Computer labs	14	5
Tutoring services	29	3

TABLE 6: DISTRIBUTION OF RESPONDENTS ON FACTORS WHICH DECIDE THE TEACHING QUALITY

FACTORS	FREQUENCY	RANK
Knowledgeable faculty	41	1
Academic staff are helpful	31	3
High standard of teaching	29	4
Friendly faculty	37	2

Inferential statistics

Ho: There is no association between the influence of friends/family members and gender.

v/s

H1: There is an association between the influence of friends/family members and gender.

The Chi square test statistic value is 0.225. Since the p value is greater than the level of significance (0.05), there is no sample evidence to reject the null hypothesis, which indicates that there is no association between the influence of friends/family members and gender.

TABLE 7: CHI SQUARE STATISTICS

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.225 ^a	1	.635
Likelihood Ratio	.245	1	.621
Fisher's Exact Test			
Linear-by-Linear Association	.221	1	.638
N of Valid Cases	54		

FINDINGS

- 85.2% of the respondents are male and 14.8% are female.
- 46.3% of the respondents are in the age of 20.
- 68.5% of the respondents are from urban
- 48.1% of the respondents annual family income are above five lakhs
- 46.3% of the respondents are first generation to enter into higher education.
- 83.3% of the respondents revealed that internet's influence in selecting the higher educational institutions.
- 35.2% revealed that financial issues influence in choosing the higher education institution.
- Faculty, infrastructure, environmental friendly atmosphere and placement are the important factors which determines the selection of higher educational institution.

CONCLUSION

Education is the backbone of every society to sustain economic growth. The selection of a good higher educational institution plays a vital role in the education career. Care has to be taken while selecting the cordial environment learning atmosphere to get proper employability. The main objective of the study is to find the factor which influences the most in selecting the higher educational institutions among the students in India. The effort that students put into their studies matters more than the institution that they choose to attend.

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THE IMPACT OF OWNERSHIP STRUCTURE ON THE EXTENT OF VOLUNTARY DISCLOSURE: A REVIEW OF THE EMPIRICAL LITERATURE

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ABSTRACT

This paper critically reviews literature that studies the association between ownership structure and voluntary disclosure. The study suggests that there are five different ownership structures commonly used in prior empirical literature on determinants of voluntary disclosure. These ownership structures are ownership concentration, foreign, family, governmental and director ownership. Previous studies provided mixed findings concerning the relationship between voluntary disclosure and ownership structure. These conflicting results suggest that there is no clear evidence on the direction of the relationship. It is concluded this vague relationship provides great scope for further research.

KEYWORDS

corporate reporting, voluntary disclosure, corporate governance, ownership structure.

1. INTRODUCTION

Recently, the motive of firms to disclose voluntary information has been receiving a vast amount of interest from empirical researchers in accounting. The literature on corporate voluntary disclosure is enormous and examines many issues such as voluntary disclosure practices, determinants of voluntary disclosure and the consequences of discretionary reporting. A number of previous studies have reviewed corporate disclosure studies such as Healy & Palepu, 2001; Beyer, Cohen, Lys & Walther, 2010; and Berger, 2011. It is worth noting that such review studies have provided useful insights on both voluntary and mandatory disclosure and their scope include a wide range of issues such as regulation of financial reporting, disclosure choices and disclosure intermediation by analysts. In this paper we limit the scope of our review to focus on prior literature that examines ownership structure as a governance mechanism and its association with corporate voluntary disclosure.

The theoretical framework of agency theory has been used widely in prior studies that examine the impact of governance mechanisms over corporate reporting. Agency theory is based on the assumption that all individuals involved in the principal-agent relationship act to achieve self-interest in an opportunistic manner. However, the interests of principals and agents might not be aligned and consequently agency problem would arise (Deegan & Samkin, 2009). Agency problems might arise from two different sources. The first one is related to the separation between management and ownership, which leads to a conflict of interest between shareholders and managers. The second one is related to the conflicts of interest between controlling shareholders and other non-controlling shareholders (Ali, Chen & Radhakrishnan, 2007). According to Jensen & Meckling (1976), there are costs that arise from agency relationship that include monitoring costs, residual loss and bonding costs.

Hart (1995) argued that for corporate governance to arise there should be two conditions. The first one is the existence of agency problem between various members of the organisation including managers, shareholders, employees and customers. Second, agency problems cannot be mitigated through a contract because of the relevant transaction costs. Corporate governance provides mechanisms that control and limit the opportunistic behaviour by managers, which results from conflict of interests between management and shareholders (Bergoff & Paijuste, 2005). A sound system of corporate governance is likely to enhance transparency and accountability and promote ethical conduct in all business dealings (Jamali, Safieddine & Rabbath, 2008). The power of shareholders and their ability to influence the actions of managers determines the form of agency problem and its nature. This power depends to a great extent on the degree of ownership structure (Thomsen & Pedersen, 2000). The structure of ownership has the potential of mitigating agency conflicts and decreasing information asymmetries (Jensen & Meckling, 1976).

The following section reviews critically studies on the relationship between ownership structure and the level of voluntary disclosure. Finally, section three summarizes and presents concluding remarks.

2. DIFFERENT OWNERSHIP STRUCTURES AND VOLUNTARY DISCLOSURE

2.1 OWNERSHIP CONCENTRATION

Ownership is concentrated when the majority of ownership is held by a small group of dominant shareholders. The previous studies on ownership concentration and its relation with disclosure use two groups of competing hypothesis.

On the one hand, the efficient-monitoring hypothesis predicts that substantial block shareholders monitor management more effectively than small shareholders because block-holders have more expertise to execute their fiduciary responsibilities (Pound, 1988) and they have more ability to absorb monitoring costs (Shleifer & Vishny, 1986). According to Demsetz & Lehn (1985), substantial block-holders limit the discretionary behavior of management and encourage managers to adopt more profitable strategies. Further, Jiambalvo, Rajgopal & Venkatachalam (2002) provided evidence that firms with concentrated ownership have less earnings management than widely held firms. The efficient-monitoring hypothesis makes the assumption that firms with high ownership concentration are more likely to disclose more information voluntarily. Consistent with this perspective, Barako (2007) demonstrated the existence of positive association between ownership concentration and the level of information disclosed voluntarily by Kenyan firms. Similarly, Huafang & Jianguo (2007) examined the relationship between blockholder ownership and the level of voluntary disclosure in the annual reports of 559 firms in China and revealed that increases in ownership concentration are associated with an increase in voluntary disclosure.

On the other hand, conflict of interest hypothesis suggests that block-holders tend to vote in favor of management, motivated by profits that they can achieve from their relationship with the company. Also, the strategic-alignment hypothesis predicts that large controlling shareholders find it more advantageous to work with management, which may limit their ability in monitoring managers. Fan & Wong (2002) documented that the presence of large controlling shareholders may expose the firm to higher agency problems. Large block-holders have the incentive to be entrenched in the company and to expropriate other shareholders with small shareholding (Morck, Shleifer & Vishny, 1988). In addition, Holmstrom & Tirole (1993) provided evidence that concentrated ownership may reduce the

liquidity of shares. In the context of UK, Donnelly & Lynch (2002) reported that high concentrated ownership weakens the earnings quality of firms. In a related study, Firth, Fung & Rui (2007) reported that the presence of substantial of substantial shareholders is associated with poor quality disclosure of financial information. Both of "conflict of interest hypothesis" and "strategic alignment hypothesis" suggests that firms with concentrated ownership tend to disclose less voluntary information. Consistent with this perspective, Lim et al. (2007) documented that high ownership concentration are negatively associated with level of voluntary disclosure. Furthermore, Ntim et al. (2012) reported a negative relationship between block-holder ownership and the extent of voluntary disclosure. Ling & Lee (2012) argued that "the mixed empirical findings of ownership structure as a governance mechanism could be the result of the variations in firm's ownership structure internationally". (p. 8). According to Morck et al. (1988), when the largest shareholding is concentrated in the hands of insiders, then management might entrench themselves by engaging in expropriation activities. In support with this view, Luo et al. (2006) provided evidence that the existence of outside substantial shareholding is positively related to the extent of voluntary disclosure. Further, Hossain, Tan & Adams (1994) observed the relationship between concentrated ownership and the level of voluntary disclosure of Malaysian listed companies. Their sample is consisted mainly of companies with shareholding is largely owned by insiders. The results of their study revealed that the proportion of shares owned by the largest 10 shareholders is negatively associated with the level of voluntary disclosure. In a related study, Chau & Gray (2002) provided empirical evidence to support the relationship between the proportion of insiders' ownership and corporate voluntary disclosure. The researchers provided evidence that insider-controlled companies in Singapore and Hong Kong tend to have less voluntary disclosure.

2.2 FOREIGN OWNERSHIP

Foreign shareholders are exposed to high political risk and they face greater level of information asymmetry than local shareholders (La Porta, Lopez-de-Silanes, Shleifer & Vishny, 2000). According to Choe, Kho & Stulz (2005), foreigners who invest in a host country are informationally disadvantaged in comparison with local investors. Indeed, it is very difficult for foreign investors to control the actions of managers because of geographical differences and barriers of culture and language (Huafang & Jianguo, 2007). Therefore, firms with high level of foreign ownership have greater need for corporate disclosure to monitor management (Bradbury, 1992). Further, Leuz, Lins & Warnock (2007) reported that foreign investors are less likely to invest in firms with governance problems, low quality disclosure and reside in countries with weak outsider protection.

According to agency theory, when there is an increase in the number of shareholders and ownership is more dispersed, then monitoring costs and ultimately the demand for corporate disclosure would increase (Fama & Jensen, 1983). Prior studies provided evidence that firms with foreign listing status exhibit more voluntary disclosure. Hossain et al. (1994), for example, found that Malaysian firms quoted on London Stock exchange make more voluntary disclosure than firms quoted only on Malaysian stock exchanges.

Barako (2004) provided evidence that foreign ownership is a significant variable in explaining the voluntary disclosure variance among companies listed in Kenya for the period from 1992 to 2001. Prior research supports the positive association between foreign ownership and the level of voluntary disclosure. For instance, Ho & Tower (2011) reported that an increase in foreign ownership is associated with an increase in corporate voluntary disclosure. In the context of China, Wang, Sewon & Claiborne (2008) found that higher proportion of foreign ownership is significantly and positively associated with higher levels of voluntary disclosure. Related, Huafang & Jianguo (2007) investigated the relationship between ownership structure, board structure and the extent of voluntary disclosure. They found that companies with higher foreign ownership tend to disclose more voluntary information.

On the contrary, Klay & Omri (2011) found that foreign ownership is negatively associated with financial reporting quality. Some prior research found no association between disclosure and foreign ownership. For instance, Vu, Tower & Scully (2011) concluded that the proportion of foreign ownership seems to have no influence on the extent of voluntary disclosure.

2.3 FAMILY OWNERSHIP

According to agency theory, companies that operate in a diffused ownership environment have high conflicts of interest between management and shareholders and because of that they have incentive to disclose more information voluntarily to reduce agency costs. On the other hand, companies that operate in a concentrated ownership environment have the motive to disclose less information voluntarily because the demand for information is low (Jensen & Meckling, 1976).

In a family controlled companies where ownership is concentrated there is a little separation between owners of equity capital and those who manage the company (Nicholls & Ahmad, 1995). In this type of companies, family members have a strong voting power because of their substantial equity holdings and that makes them able to elect the chairman, CFO and other directors. Therefore, family members generally do not need to rely heavily on public disclosure to oversight their investments because they have access to internal sources of information (Adhikari & Tondkar, 1992).

Prior research supports the negative association between the proportion of family members on board and the level of voluntary disclosure. Ho & Wong (2001b), for instance, provided evidence that the percentage of family members on board is negatively related to the level of voluntary disclosure in Hong Kong. They argued that international investors view corporate boards in Hong Kong as means to satisfy the interests and wishes of family shareholders. Similarly, Akhtaruddin et al. (2009) provided empirical evidence to support the relationship between the percentage of family members on board and disclosure. The researchers concluded that companies with higher family control tend to have lower disclosure. Chau & Gray (2002), further, demonstrated the existence of negative association between the proportion of family members on board and the extent of voluntary disclosure. They argued that companies controlled by family members are less likely to provide more information voluntarily to external users.

2.4 GOVERNMENTAL OWNERSHIP

Usually firms with high governmental ownership focus on social order and wealth distribution instead of concentrating on wealth maximization because government owned firms might have guaranteed returns by the government regardless of the level of information disclosure that they provide. A substantial governmental ownership often enables the firm to have access to governmental funding or at least it will make it easier for the firm to raise funds from other sources such as obtaining a bank loans (Jiang & Habib, 2009). As a result, governmental ownership might make the firm less motivated to provide more disclosure in order to reduce cost of capital and raise equity capital because the firm has other sources of funding (Lambert et al., 2007). Firms with high governmental ownership might have low level of disclosure because they subject to political constraints. In support of this argument, Ghazali & Weetman (2006) pointed out that Malaysian firms with substantial governmental ownership may provide less disclosure to safeguard political connections and linkages.

Luo et al., 2006 provided empirical evidence that supports the negative relationship between the proportion of governmental ownership and the voluntary disclosure of future performance of Singaporean listed companies. In a related paper, Xiao et al., 2004 found that high governmental ownership are negatively associated with internet voluntary disclosure. They argued that the government privileges to access internal information explains the low level of disclosure. Nevertheless, some empirical evidence does not support the findings of these studies. For instance, Eng & Mak, 2003 examined the relationship between the proportion of governmental ownership and the level of voluntary disclosure in annual reports of 158 listed companies in China. The results of their study revealed that voluntary disclosure is positively associated with high governmental ownership concentration. On the other hand, Ghazali & Weetman (2006) documented no significant association between governmental ownership and the level of voluntary disclosure.

2.5 DIRECTOR OWNERSHIP

Director ownership refers to the proportion of ordinary shares held by the CEO and other executive directors (Eng & Mak, 2003). Pursuant to agency theory, a substantial shareholding by directors reduces conflicts that result from agency relationship, thus reducing agency costs (Jensen & Meckling, 1976). Further, it is argued that a firm needs less monitoring and disclosure when there is a high director ownership (Eng & Mak, 2003). Many prior studies supported this view. Samaha & Dahay (2011), for example, found a negative relationship between director ownership and voluntary disclosure. Akhtaruddin and Haron (2010) further confirmed that director ownership is negatively linked to voluntary disclosure. Nevertheless, Htay, Rashid, Adnan & Meera (2012) documented that companies with high director ownership are likely to have more corporate social responsibility disclosure. On the other hand, Samaha, Dahawy, Hussainey & Stapleton (2012) examined the relationship between the proportion of director ownership and corporate governance disclosure in annual reports of listed companies in Egypt. The results of their study revealed that director ownership seems to have no influence on corporate governance disclosure. Based on agency theory, it could be inferred that Omani companies with high director ownership are likely to have lower levels of voluntary disclosure.

CONCLUSION

The main thrust of this paper is to review literature on the association of ownership structure and the level of voluntary disclosure. An appendix is provided to summarize prior studies on disclosure and different ownership structures and shows the findings of these studies. The evidence documented by empirical studies under review would be helpful to policy makers and regulatory bodies, as they clearly present that ownership structure has generally a significant impact on corporate reporting and disclosure policy of companies. However, empirical research documents mixed results concerning the relation between ownership structure and the level of voluntary disclosure which provides great scope for further research.

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APPENDIX

PRIOR STUDIES ON DISCLOSURE AND DIFFERENT OWNERSHIP STRUCTURES

Author(s)	Study period	Country of Study	Sample size	Variables	Results
Lakhal (2003)	1998 to 2001	France	117 listed firms	<ul style="list-style-type: none"> Ownership dispersion 	<ul style="list-style-type: none"> Significant negative relationship between ownership dispersion and the level of earning voluntary disclosure.
Xiao, Yang & Chow (2004)	2001	China	300 listed firms	<ul style="list-style-type: none"> Foreign ownership 	<ul style="list-style-type: none"> Positive relationship between foreign ownership and the level of internet based disclosure.
				<ul style="list-style-type: none"> Governmental ownership 	<ul style="list-style-type: none"> Significant negative relationship between governmental ownership and the level of voluntary disclosure.
Ghazali & Weetman (2006)	2001	Malaysia	87 listed firms	<ul style="list-style-type: none"> Governmental ownership 	<ul style="list-style-type: none"> No significant relationship between governmental ownership and the level of voluntary disclosure.
				<ul style="list-style-type: none"> Director ownership 	<ul style="list-style-type: none"> Significant negative relationship between director ownership and the level of voluntary disclosure.
Barako (2007)	1992 to 2001	Kenya	86 listed firms	<ul style="list-style-type: none"> Ownership concentration 	<ul style="list-style-type: none"> Significant positive relationship between blockshareholders and the level of voluntary disclosure.
				<ul style="list-style-type: none"> Foreign ownership 	<ul style="list-style-type: none"> Positive relationship between foreign ownership and the level of voluntary disclosure.
Ghazali (2007)	2001	Malaysia	87 listed firms	<ul style="list-style-type: none"> Ownership concentration 	<ul style="list-style-type: none"> No significant relationship between blockshareholders and the level of corporate social responsibility disclosure.
				<ul style="list-style-type: none"> Governmental ownership 	<ul style="list-style-type: none"> Significant positive relationship between governmental ownership and the level of corporate social responsibility disclosure.
				<ul style="list-style-type: none"> Director ownership 	<ul style="list-style-type: none"> Significant negative relationship between director ownership and the level of corporate social responsibility disclosure.
Guan, Sheu & Chu (2007)	2003	Taiwan	45 firms	<ul style="list-style-type: none"> Ownership concentration 	<ul style="list-style-type: none"> Significant negative relationship between blockshareholders and the level of information disclosure.
				<ul style="list-style-type: none"> Foreign ownership 	<ul style="list-style-type: none"> Significant positive relationship between foreign ownership and the level of disclosure.
				<ul style="list-style-type: none"> Director ownership 	<ul style="list-style-type: none"> No significant relationship between director ownership and the level of disclosure.
Huafang & Jianguo (2007)	2002	China	559 listed firms	<ul style="list-style-type: none"> Ownership concentration 	<ul style="list-style-type: none"> Significant positive relationship between blockshareholders and the level of voluntary disclosure.
				<ul style="list-style-type: none"> Foreign ownership 	<ul style="list-style-type: none"> Significant positive relationship between foreign ownership and the level of voluntary disclosure.
				<ul style="list-style-type: none"> Governmental ownership 	<ul style="list-style-type: none"> No significant relationship between governmental ownership and the level of voluntary disclosure.
				<ul style="list-style-type: none"> Director ownership 	<ul style="list-style-type: none"> No significant relationship between director ownership and the level of voluntary disclosure.
Mangena & Taurin-gana (2007)	2005	Zimbabwe	118 listed firms	<ul style="list-style-type: none"> Foreign ownership 	<ul style="list-style-type: none"> Significant positive relationship between foreign ownership and the level of voluntary disclosure.
Tsamanyi, Enninful-Adu & Onumah (2007)	2001 to 2002	Ghana	22 listed firms	<ul style="list-style-type: none"> Ownership concentration 	<ul style="list-style-type: none"> Significant negative relationship between blockshareholders and the level of corporate disclosure.
White, Lee & Tower (2007)	2005	Australia	96 listed firms	<ul style="list-style-type: none"> Ownership concentration 	<ul style="list-style-type: none"> No significant relationship between ownership concentration and the level of voluntary intellectual capital disclosure.
Abdelsalam & El-Masry (2008)	2006	Ireland	44 listed firms	<ul style="list-style-type: none"> Director ownership 	<ul style="list-style-type: none"> Significant positive relationship between director ownership and the timeliness of internet reporting.
Deumes & Knechel (2008)	1997 to 1999	Denmark	All firms listed on Amsterdam stock exchange	<ul style="list-style-type: none"> Director ownership 	<ul style="list-style-type: none"> Significant negative relationship between director ownership and the level of internal control disclosure.
Li & Qi (2008)	2003 to 2005	China	300 listed firms	<ul style="list-style-type: none"> Director ownership 	<ul style="list-style-type: none"> Significant positive relationship between director ownership and the level of voluntary disclosure.
Wang, Sewon & Claiborne (2008)	2005	China	109 listed firms	<ul style="list-style-type: none"> Foreign ownership 	<ul style="list-style-type: none"> Significant positive relationship between foreign ownership and the level of strategic voluntary disclosure.
				<ul style="list-style-type: none"> Governmental ownership 	<ul style="list-style-type: none"> Significant positive relationship between governmental ownership and the level of voluntary disclosure.
Akhtaruddin, Hossain, Hossain & Yao (2009)	2002	Malaysia	105 listed firms	<ul style="list-style-type: none"> Family ownership 	<ul style="list-style-type: none"> Significant negative relationship between family control and the level of voluntary disclosure.

Baek, Johnson & Kim (2009)	2000	USA	374 listed firms	<ul style="list-style-type: none"> • Director ownership 	<ul style="list-style-type: none"> • Significant negative relationship between director ownership and the level of voluntary disclosure.
Bogdan, Popa, Pop & Farcane (2009)	2006 to 2007	Romania	15 listed firms	<ul style="list-style-type: none"> • Foreign ownership 	<ul style="list-style-type: none"> • Significant positive relationship between foreign ownership and the level of voluntary disclosure.
				<ul style="list-style-type: none"> • Governmental ownership 	<ul style="list-style-type: none"> • No significant relationship between high proportion of governmental ownership and the level of voluntary disclosure.
Bokpin & Issahaq (2009)	2002 to 2007	Ghana	A sample of firms listed in Ghana stock exchange	<ul style="list-style-type: none"> • Foreign ownership 	<ul style="list-style-type: none"> • Significant negative relationship between foreign ownership and the level of corporate disclosure.
Jiang & Habib (2009)	2001 to 2005	New Zealand	467 listed firms	<ul style="list-style-type: none"> • Governmental ownership 	<ul style="list-style-type: none"> • Significant positive relationship between high proportion of governmental ownership and the level of voluntary disclosure. • Significant positive relationship between low proportion of governmental ownership and the level of voluntary disclosure.
				<ul style="list-style-type: none"> • Director ownership 	<ul style="list-style-type: none"> • Significant positive relationship between high proportion of director ownership and the level of voluntary disclosure. • Significant negative relationship between high proportion of director ownership and the level of voluntary disclosure.
Yuen, Liu, Zhang & Lu (2009)	2003	China	200 listed firms	<ul style="list-style-type: none"> • Governmental ownership 	<ul style="list-style-type: none"> • No significant relationship between governmental ownership and the level of voluntary disclosure.
Akhtaruddin & Haron (2010)		Malaysia	124 listed firms	<ul style="list-style-type: none"> • Director ownership 	<ul style="list-style-type: none"> • Significant negative relationship between director ownership and the level of voluntary disclosure.
Adebimpe & Peace (2011)	2008	Nigeria	50 listed firms	<ul style="list-style-type: none"> • Director ownership 	<ul style="list-style-type: none"> • No significant relationship between director ownership and the level of voluntary disclosure.
Arshad, Nor & Noruddin (2011)	2006 to 2008	Malaysia	210 listed firms	<ul style="list-style-type: none"> • Family ownership 	<ul style="list-style-type: none"> • Significant negative relationship between family ownership and the level of management commentary information disclosure.
				<ul style="list-style-type: none"> • Governmental ownership 	<ul style="list-style-type: none"> • No significant relationship between governmental ownership and the level of management commentary information disclosure.
Ho & Tower (2011)	1996 to 2006	Malaysia	150 listed firms	<ul style="list-style-type: none"> • Foreign ownership 	<ul style="list-style-type: none"> • Significant positive relationship between foreign ownership and the level of voluntary disclosure.
Klay & Omri (2011)	1997 to 2007	Tunisia	22 listed firms (1997 to 2007)	<ul style="list-style-type: none"> • Ownership concentration 	<ul style="list-style-type: none"> • Negative relationship between block-shareholders and the financial reporting quality.
				<ul style="list-style-type: none"> • Foreign ownership 	<ul style="list-style-type: none"> • Negative relationship between foreign ownership and the financial reporting quality.
				<ul style="list-style-type: none"> • Family ownership 	<ul style="list-style-type: none"> • Negative relationship between family ownership and the financial reporting quality.
				<ul style="list-style-type: none"> • Governmental ownership 	<ul style="list-style-type: none"> • Positive relationship between governmental ownership and the financial reporting quality.
Smaha & Dahawy (2011)	2006	Egypt	100 listed firms	<ul style="list-style-type: none"> • Ownership concentration 	<ul style="list-style-type: none"> • Significant negative relationship between block-shareholders and the level of voluntary disclosure.
				<ul style="list-style-type: none"> • Governmental ownership 	<ul style="list-style-type: none"> • No significant relationship between governmental ownership and the level of voluntary disclosure.
				<ul style="list-style-type: none"> • Director ownership 	<ul style="list-style-type: none"> • Significant negative relationship between director ownership and the level of voluntary disclosure.
Vu, Tower & Scully (2011)	2008	Vietnam	45 listed firms	<ul style="list-style-type: none"> • Foreign ownership 	<ul style="list-style-type: none"> • No significant relationship between foreign ownership and the level of voluntary disclosure.
				<ul style="list-style-type: none"> • Governmental ownership 	<ul style="list-style-type: none"> • Significant negative relationship between governmental ownership and the level of voluntary disclosure.
				<ul style="list-style-type: none"> • Director ownership 	<ul style="list-style-type: none"> • Significant positive relationship between director ownership and the level of voluntary disclosure.
Yao, Wang & Song (2011)	2008 to 2009	China	800 listed firms	<ul style="list-style-type: none"> • Ownership concentration 	<ul style="list-style-type: none"> • Significant positive relationship between ownership concentration and the level of social responsibility disclosure.

Aljifri, Hussainey & Oyelere (2012)	2007 to 2009	United Arab Emirates	Annual reports for 2007 to 2009	• Ownership concentration	• Significant positive relationship between block-shareholders who own 5% - 10% of shares and the level of forward-looking information disclosure. • Significant negative relationship between block-shareholders who own greater than 10% of shares and the level of forward-looking information disclosure.
				• Governmental ownership	• Significant positive relationship between governmental ownership and the level of forward-looking information disclosure.
Htay, Rashid, Adnan & Meera (2012)	1996 to 2005	Malaysia	A sample of Malaysian listed banks	• Ownership concentration	• Significant negative relationship between block-shareholders and the level of social and environmental disclosure.
				• Director ownership	• Significant positive relationship between director ownership and the level of social and environmental disclosure.
Kolsi (2012)	2009 to 2010	Tunisia	52 listed firms (2009 to 2010)	• Ownership dispersion	• No significant relationship between diffused ownership and the level of voluntary disclosure.
Ling & Lee (2012)	2006 to 2009	Malaysia	A sample of firms (year 2006 & 2009)	• Ownership concentration	• Significant positive relationship between concentrated ownership and the level of voluntary disclosure.
Ntim, Opong, Danbolt & Thomas (2012)	2002 to 2006	South Africa	169 listed firms	• Ownership concentration	• Significant negative relationship between block-shareholders and the level of voluntary corporate governance disclosure.
				• Governmental ownership	• Significant positive relationship between governmental ownership and the level of voluntary corporate governance disclosure.
Samaha, Dahawy, Hussainey & Stapleton (2012)	2009	Egypt	100 listed firms	• Ownership concentration	• Significant negative relationship between block-shareholders and the level of corporate governance disclosure.
				• Director ownership	• No significant relationship between director ownership and the level of corporate governance disclosure.
Fathi (2013)	2004 to 2009	Tunisia	22 listed firms	• Ownership concentration	• Significant negative relationship between block-shareholders and the level of voluntary disclosure.
Haji (2013)	2006 to 2009	Malaysia	85 listed firms	• Ownership concentration	• No significant relationship between block-shareholders and the level of corporate social responsibility disclosure.
				• Governmental ownership	• Partially significant positive relationship between governmental ownership and the level of corporate social responsibility disclosure.
				• Director ownership	• Partially significant negative relationship between director ownership and the level of corporate social responsibility disclosure.
Schiehll, Terra & Victor (2013)	2007	Brazil	68 listed firms	• Ownership concentration	• No significant relationship between ownership concentration and the level of voluntary executive stock option disclosure.

Z SCORE EVALUATION OF PHARMACEUTICAL COMPANIES

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ABSTRACT

A company face financial distress when its operational cash flows become insufficient to meet day to day obligations of the business. Early identification of financial distress can reduce the risk of financial bankruptcy. The present study is under taken to evaluate financial health of 04 selected Gujarat based pharmaceutical companies i.e. Cadila Healthcare, Torrent Pharmaceuticals, Claris Lifesciences and Dishman Pharmaceuticals. Altman's Z/Z¹ score model has been applied over a period of 10 years i.e. 2005 to 2014. The study reveals that, Cadila Healthcare, Torrent Pharmaceuticals have a very healthy financial position. Claris Lifesciences and Dishman Pharmaceuticals have healthy but declining financial position during the period under study. Claris Lifesciences should emphasize more on higher sales and retained profits to avoid financial distress condition whereas Dishman Pharma should give more emphasis on sales revenue and working capital as well as market value to avoid further decrease in Z scores of the company in future.

KEYWORDS

Altman's Z/Z¹ score model, bankruptcy, financial distress.

INTRODUCTION

Financial distress occurs when a company fails to honour its promises to its creditors or honours its promises with difficulty². A company face financial distress when its operational cash flows become insufficient to meet its day to day obligations. During financial distress, it becomes inevitable to take several corrective actions to improve its operational cash flows and efficiency to avoid bankruptcy in near future. Early identification of financial distress can reduce the risk of financial bankruptcy and remedial steps are to be taken to avoid financial distress condition.

LITERATURE REVIEW

Sulphrey and Nisha (2013) analysed financial distress of 220 companies listed in BSE Small cap index applying Z-score model. It was found only 79 companies were in safe zone, 11 companies in the grey zone and 24 in the distress zone. Kumari (2013) had analysed MMTC using Z- score model from 2007-08 to 2011-12. She found that profit earning and short-term investing capacity of MMTC is quiet good. z-score value indicated a strong financial position of MMTC. Pradhan (2011) had studied Axis bank, HDFC bank and ICICI bank through Z-score model. The study revealed that, ICICI bank has highest Z-score value followed by HDFC bank and Axis bank has lowest Z-score value. Hayes, Hodge and Hughes (2010) had analysed the construction of Z- score model by applying it to a sample of 17 firms from retail industry. The study revealed that, the model correctly predicts bankruptcy to a level of 94%.

OBJECTIVES OF THE STUDY

1. To analyze financial distress position of four selected Gujarat based pharmaceutical companies by applying Altman's Z/Z¹ Score model.
2. To give suggestions on the basis of findings of analysis.

RESEARCH METHODOLOGY

For this study, 04 Gujarat state based pharmaceutical companies i.e. Cadila Healthcare, Torrent Pharmaceuticals, Claris Lifesciences and Dishman Pharmaceuticals have been taken for analysis for a period of 10 years from 2005 to 2014. The present study has applied Altman's Z-score model on Cadila Healthcare, Torrent Pharmaceuticals, Dishman Pharmaceuticals and Altman's Z¹-score model on Claris Lifesciences. The study is mainly based on secondary data collected from CMIE prowess database, website of Bombay Stock Exchange. The data have been duly edited, tabulated and analysed using MS excel spreadsheet. The data have been presented in tables and figures.

ALTMAN'S Z SCORE MODEL

In 1968, Edward. I. Altman had developed Z score model for prediction of bankruptcy in manufacturing units. It was found to be one of the most successful multivariate models to predict future bankruptcy of a company.

$$Z = 1.2 X_1 + 1.4 X_2 + 3.3 X_3 + 0.6 X_4 + 1.0 X_5$$

Where

- X₁= Net working capital /total assets.
 X₂= Retained earnings / total assets.
 X₃ = EBIT/total assets.
 X₄= Market value of equity/book value of total liabilities.
 X₅= Sales/total assets
 Z= Overall Z score.

For a company whose market value of equity is absent, Altman had given a revised model (Z¹) which can predict the bankruptcy of the company.

$$Z^1 = 0.717 X_1 + 0.847 X_2 + 3.107 X_3 + 0.420 X_4 + 0.998 X_5$$

Here, all the variables indicate the same ratio with respect to original Z score model except X₄ which denotes net worth / book value of total debt.

The Z score of a company is interpreted as follows:

Model	Z Score	Financial position	Remark
Z=1.2 X ₁ +1.4 X ₂ +3.3 X ₃ +0.6 X ₄ +1.0 X ₅	Below 1.8	Bankruptcy Zone	Likely to face bankruptcy within two years
	Between 1.8 and 2.99	Grey Zone	Financial viability is treated as healthy
	Above 2.99	Very healthy	Financial viability is very stable and treated as too healthy
Z ¹ =0.717X ₁ +0.847X ₂ +3.107X ₃ +0.420 X ₄ +0.998 X ₅	Below 1.23	Bankruptcy Zone	Likely to face bankruptcy within two years
	Between 1.23 and 2.90	Grey zone	Financial viability is treated as healthy.
	Above 2.90	Very healthy zone	Financially very stable and treated as very healthy.

DATA ANALYSIS AND FINDINGS

X1 (WORKING CAPITAL /TOTAL ASSETS)

According to Altman, this ratio is being used frequently in analysis of financial performance of a company. According to him, working capital means difference between current assets and current liabilities. This ratio is a measure of the net liquid assets of the firm relative to the total capitalization¹. Normally, a firm's shrinkage in the operational efficiency is directly reflected in the level of liquid assets relative to its total assets.

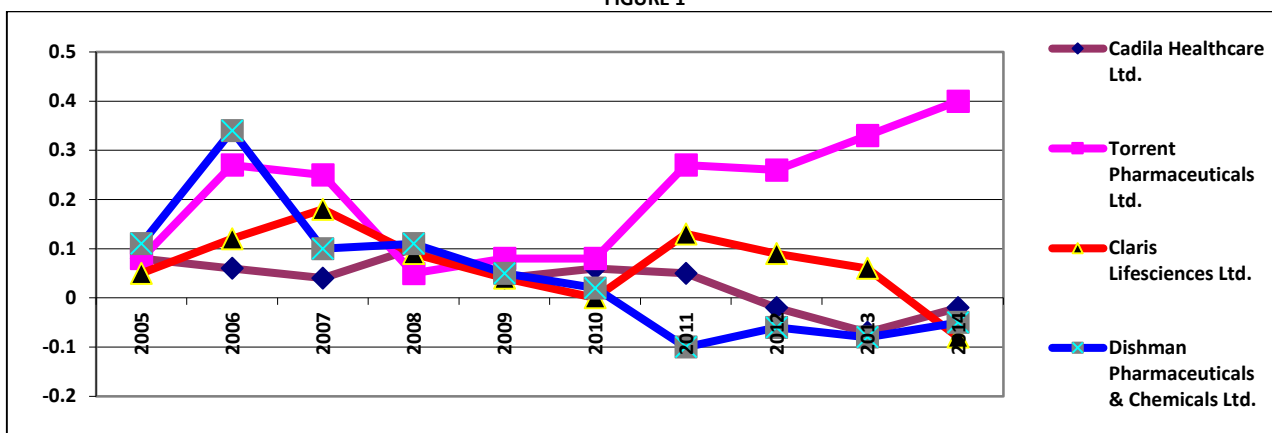
From Table no 1 and Figure no 1, it was observed that, working capital/total asset ratio of Cadila Healthcare varied between -0.07 (2013) to 0.1 (2008). From 2005 to 2011, the ratio was positive but during last three years of study, the ratio was found to be negative. Torrent Pharmaceuticals is having positive working capital/total assets ratio during the period under study. For Torrent Pharmaceuticals the ratio varied between 0.08 (2005, 2009, 2010) to 0.4 (2014). The working capital/total asset ratio of Claris LifeSciences was observed to vary between -0.08(2014) to 0.18 (2007) during study period. This ratio was found to be positive for all years under study except 2014. For Dishman Pharmaceuticals the ratio was found to be positive for first six years and found to be negative during last four years. The ratio was found to vary between -0.1 (2011) to 0.34 (2006).

TABLE 1: X1 (WC/TA)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Cadila Healthcare Ltd.	0.08	0.06	0.04	0.1	0.04	0.06	0.05	-0.02	-0.07	-0.02
Torrent Pharmaceuticals Ltd.	0.08	0.27	0.25	0.05	0.08	0.08	0.27	0.26	0.33	0.4
Claris Lifesciences Ltd.	0.05	0.12	0.18	0.09	0.04	0	0.13	0.09	0.06	-0.08
Dishman Pharmaceuticals & Chemicals Ltd.	0.11	0.34	0.1	0.11	0.05	0.02	-0.1	-0.06	-0.08	-0.05

Source: computed

FIGURE 1



X2 (RETAINED EARNINGS/TOTAL ASSETS)

Altman noted that, a relatively newer company will have less retained earnings in comparison to an older company. Retained earnings/ total assets reflect the cumulative profitability of a company relative to its total assets. This ratio implicitly considers that, a company has a higher chance of failure during his initial years because they have not got time to build up cumulative profits.

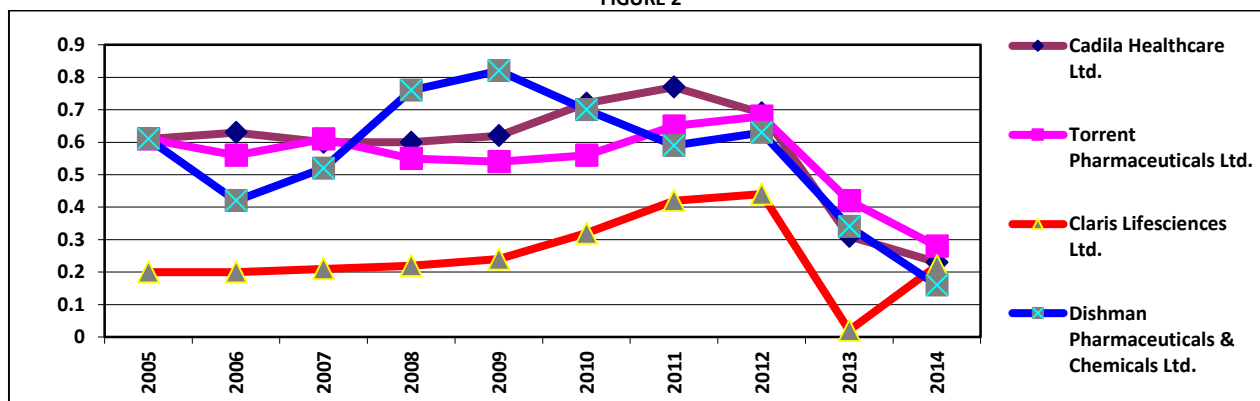
From table no 2 and figure no 2, it was observed that, all four companies have positive retained earnings/ total assets ratio during the period under study. Retained earnings/ total assets ratio of Cadila Healthcare varied between 0.77(2011) to 0.23 (2014). Cadila Healthcare has reported a decreasing retained earnings/ total assets ratio due to decline in its retained earnings from 2012 to 2014. Torrent Pharmaceuticals showed a variation in retained earnings/ total assets ratio between 0.68 (2012) to 0.28(2014) during study period. Its retained earnings/ total assets ratio was found to be declining during last two years under study due to decline in retained earnings. Claris Lifesciences has shown an increasing trend in retained earnings/ total assets ratio during first eight years under study from 0.02 (2005) to 0.44 (2012). The company reported a sharp decline from 0.44 (2012) to 0.02 (2013). However, the ratio increased to 0.22 in 2014. Retained earnings/ total assets ratio of Dishman Pharmaceuticals and Chemicals varied between 0.82(2009) to 0.16(2014) during study period. There has been a decline in retained earnings/ total assets ratio from 2012 till 2014 for Dishman Pharmaceuticals & Chemicals.

TABLE 2: X2 = RE/TA

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Cadila Healthcare Ltd.	0.61	0.63	0.6	0.6	0.62	0.72	0.77	0.69	0.31	0.23
Torrent Pharmaceuticals Ltd.	0.61	0.56	0.61	0.55	0.54	0.56	0.65	0.68	0.42	0.28
Claris Lifesciences Ltd.	0.2	0.2	0.21	0.22	0.24	0.32	0.42	0.44	0.02	0.22
Dishman Pharmaceuticals & Chemicals Ltd.	0.61	0.42	0.52	0.76	0.82	0.7	0.59	0.63	0.34	0.16

Source: Computed

FIGURE 2



X3 (EBIT / TOTAL ASSETS)

According to Altman, EBIT / total assets ratio measures the true profitability of any company independent of any tax or leverage factors. According to him, earning power of assets of a company is the ultimate source of its existence. A company face bankruptcy when its liabilities exceeds its assets because of negative earnings from its assets.

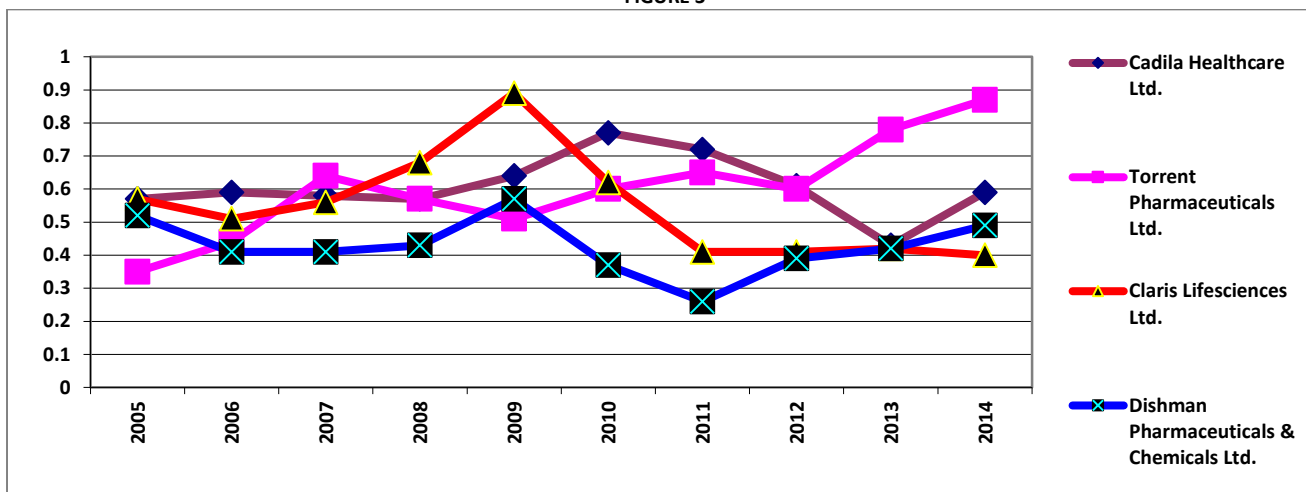
From table no 3 and figure no 3, it can be observed that, all the four pharmaceutical companies have positive EBIT / total assets ratio during the period under study. The EBIT / total assets ratio of Cadila Healthcare is found to vary between 0.43 (2013) to 0.77(2010). This implies a healthy profitability of Cadila Healthcare during the period under study. The EBIT / total assets ratio of Torrent Pharmaceuticals was found to vary between 0.35(2005) to 0.87 (2014). From 2012 onwards, the company has reported an increase in EBIT / total assets ratio till 2014. The EBIT / total assets ratio of Claris Lifesciences was observed to vary between 0.4 (2014) to 0.89 (2009). The EBIT / total assets ratio of Claris Lifesciences found to vary marginally around 0.4 from 2011 onwards. The EBIT / total assets ratio of Dishman Pharma found to vary between 0.26 (2011) to 0.57 (2009). Dishman Pharma has been showing an increasing trend in EBIT / total assets ratio from 2011 onwards.

TABLE 3: X3= EBIT/TA

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Cadila Healthcare Ltd.	0.57	0.59	0.58	0.57	0.64	0.77	0.72	0.61	0.43	0.59
Torrent Pharmaceuticals Ltd.	0.35	0.44	0.64	0.57	0.51	0.6	0.65	0.6	0.78	0.87
Claris Lifesciences Ltd.	0.57	0.51	0.56	0.68	0.89	0.62	0.41	0.41	0.42	0.4
Dishman Pharmaceuticals & Chemicals Ltd.	0.52	0.41	0.41	0.43	0.57	0.37	0.26	0.39	0.42	0.49

Source: Computed

FIGURE 3



X4 (MARKET VALUE OF EQUITY / BOOK VALUE OF DEBT)

According to Altman, equity in this ratio is measured by combined market value of common and preferred stocks and the value of liabilities include both long-term as well as short-term liabilities. This ratio measures how much company's value of assets can decline (measured by market value of equity plus debt) before the liabilities exceed the assets and the company becomes insolvent.

Table no 4 and figure no 4 reveals that, market value of equity / book value of debt ratio of Cadila Healthcare varied within 1.89 (2008) and 10.2(2011). And the ratio of Torrent Pharma varied between 0.9(2009) to 3.37 (2010) during the period under study. The market value of equity / book value of debt ratio of Claris Lifesciences varied between 0.23(2007) to 0.64(2014) and for Dishman Pharma the ratio varied between 0.31(2012) to 4.54(2008) during the period under study. The major reason for variation in observed ratio of the pharmaceutical companies can be attributed to fluctuation in the market value of equity.

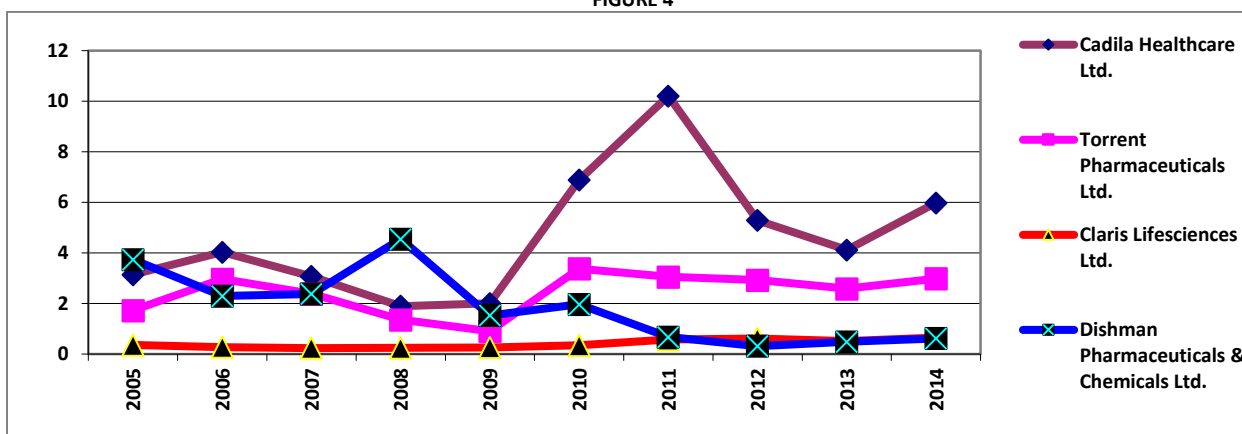
TABLE 4: X4 (MV of Equity/Total Debt)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Cadila Healthcare Ltd.	3.14	4.02	3.07	1.89	2	6.88	10.2	5.28	4.11	5.97
Torrent Pharmaceuticals Ltd.	1.72	2.96	2.38	1.35	0.9	3.37	3.05	2.92	2.58	2.98
Claris Lifesciences Ltd**.	0.35	0.27	0.23	0.24	0.26	0.34	0.57	0.61	0.51	0.64
Dishman Pharmaceuticals & Chemicals Ltd.	3.73	2.29	2.37	4.54	1.52	1.96	0.67	0.31	0.48	0.61

**for Claris Lifescience Ltd. X4 is calculated as Net worth/Total Debt

Source: Computed

FIGURE 4



X5 (SALES / TOTAL ASSETS)

According to Altman, sales/total assets ratio measures the ability of the company to generate sales from its total assets. This ratio also measures the performance of the managers of the company to generate sales in the competitive environment of the business.

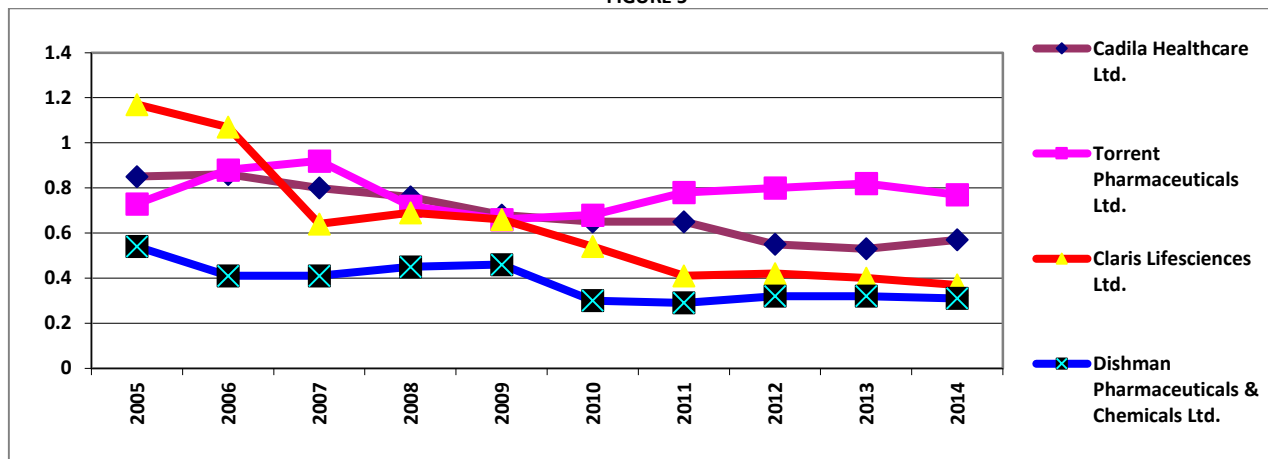
Table no 5 and figure no 5, reveals a declining trend in sales/total assets ratios of Cadila Healthcare, Claris Lifesciences, Dishman Pharmaceuticals during the period under study. The sales/total assets ratio of Cadila Healthcare varied between 0.86 (2006) and 0.53 (2013). The declining trend of sales/total assets ratio of Cadila Healthcare was due to decline in the sales during the period under study. For Torrent Pharmaceuticals, highest sales/total assets ratio was observed at 0.92 (2007) and lowest at 0.66(2009). Torrent Pharmaceuticals had acquired more proportionate assets in comparison to increase in sales which resulted decline in sales/total assets ratio during 2008 and 2009. The sales/total assets ratio of Claris Lifesciences varied between 1.17(2005) and 0.37 (2014). Because of higher proportionate increase in assets in comparison to sales of the company a declining trend observed in sales/total assets ratio of Claris Lifsciences during the period under study. The sales/total assets ratio of Dishman Pharma showed a declining trend during the period under study with a high of 0.54(2005) and a low of 0.29 (2011). Lower proportionate increase in sales in comparison to increase in total assets was found to be the main reason for declining sales/total assets ratio of Dishman Pharma during the period under study.

TABLE 5

X5=Sales/TA	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Cadila Healthcare Ltd.	0.85	0.86	0.8	0.76	0.68	0.65	0.65	0.55	0.53	0.57
Torrent Pharmaceuticals Ltd.	0.73	0.88	0.92	0.72	0.66	0.68	0.78	0.8	0.82	0.77
Claris Lifesciences Ltd.	1.17	1.07	0.64	0.69	0.66	0.54	0.41	0.42	0.4	0.37
Dishman Pharmaceuticals & Chemicals Ltd.	0.54	0.41	0.41	0.45	0.46	0.3	0.29	0.32	0.32	0.31

Source: Computed

FIGURE 5



ANALYSIS OF Z –SCORE

Z scores of the selected 04 pharmaceutical companies are presented in the table no 6 for the period 2004 to 2014. The graphical presentation of z scores is also made in figure no 6.

Z score of Cadila Healthcare was found to be very healthy and always stayed higher than 2.99 during the period under study. The Z scores varied within 12.39 (2011) and 3.92 (2008) and the wide variation was due to wide fluctuation in the market value of the company during the study period. The Z score values suggest very good financial performance and higher creditworthiness of Cadila Healthcare during the study period. The company has also very high retained profits/total assets ratio showing its healthy operational performance and future prospects.

The Z score values of Torrent Pharmaceuticals as revealed in the table suggest that, the financial position of the company stayed healthy during the study period. The Z score values of the company always stayed above 2.99 during the study period except 2009. This was due to heavy increase in the total assets of the company with lower market value during 2009. However, during rest years, the company's Z scores were found to be in very healthy zone. In the last five years the study, Z scores of Torrent Pharma was found to be around 5 indicating healthy recovery and sound financial performance of the company.

The Z¹ score values of Claris Lifesciences stayed within the grey zone range of bankruptcy i.e. 1.23-2.99 during the period under study. The Z¹ scores of Claris Lifesciences varied within a high of 2.34(2005) and a low of 1.41(2013). Figure no 6 suggest that, the Z¹ scores of Claris Lifesciences are in a declining trend. The declining trend was due to inability to generate sales from its assets as well as lower retained earnings during the period under study. It was also found that, the company's net worth in comparison to its book debts stayed at lower levels during the study period. Z¹ score value in the grey zone is considered to be healthy but the financial bankruptcy becomes difficult to predict in this range. It can be concluded that, the financial position of Claris Lifescience was declining within the grey zone and the company should emphasize more on higher sales and cumulative profits to improve its financial position.

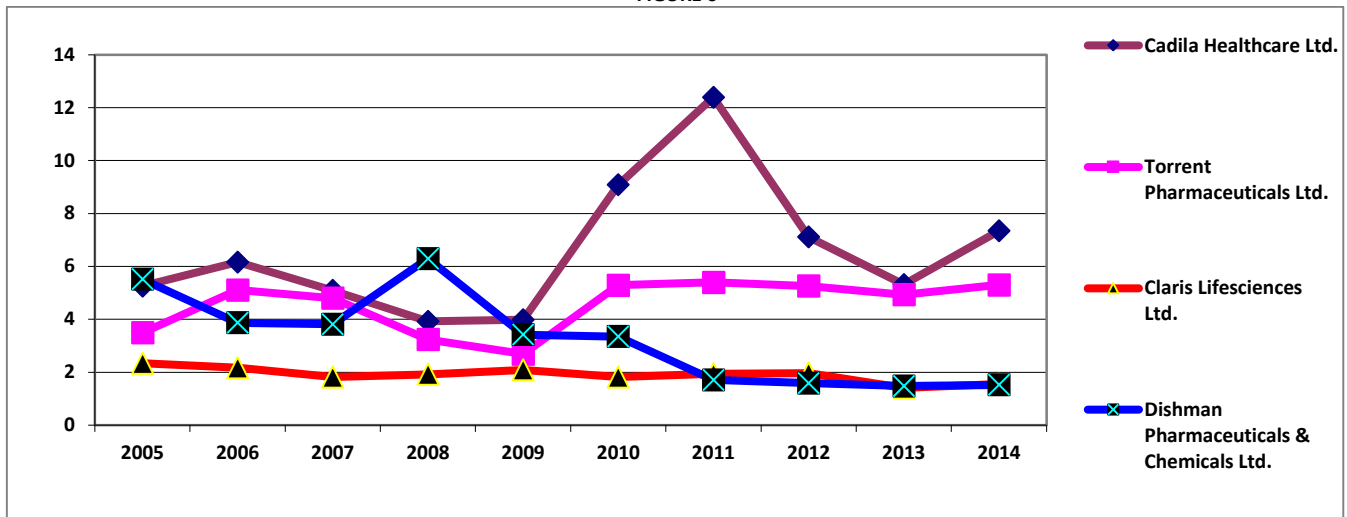
The figure no 6 suggests that the Z scores of Dishman Pharma were above 2.99 during first six years of study. The Z scores stayed in the grey zone in the last four years of study. The Z scores were in declining trend and entered to grey zone from very healthy zone. The Z scores of the company varied within a range of 6.29(2008) and 1.48 (2013) during the period under study. It was observed that the working capitals were declining and there was heavy increase in the total assets of the company during the period under study. The company has also maintained negative working capital during last four years under study. The company found to have overcapitalization and could not generate higher sales in comparison to its total assets deployment. The fluctuation in the market value was also substantial to impact its Z score value. Z score values in the grey zone are considered to be healthy but their financial bankruptcy conditions become unpredictable. The Z score values in the table suggest that, Dishman Pharma's financial position was healthy and was in grey zone in last four years but in declining trend. In future, more emphasis to be given for increase in its sales and working capital position as well as market value to avoid further decrease in Z scores of the company.

TABLE 6

Z scores	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Cadila Healthcare Ltd.	5.25	6.16	5.09	3.92	3.98	9.08	12.39	7.11	5.31	7.34
Torrent Pharmaceuticals Ltd.	3.49	5.11	4.80	3.24	2.69	5.29	5.40	5.26	4.93	5.30
Claris Lifesciences Ltd.	2.34	2.17	1.82	1.92	2.09	1.82	1.94	1.97	1.41	1.55
Dishman Pharmaceuticals & Chemicals Ltd.	5.51	3.87	3.81	6.29	3.42	3.35	1.71	1.59	1.48	1.52

Source: Computed

FIGURE 6



FINDINGS AND SUGGESTIONS

Z score of Cadila Healthcare was found to be above 2.99 during the study period. The study revealed a very healthy financial performance and creditworthiness of Cadila Healthcare during the period under study. The company has maintained very high retained profits/total assets ratio showing its healthy operational performance and future prospects. The Z score values of Torrent Pharmaceuticals revealed a healthy financial position of the company during the study period. During last five years, Z scores of Torrent Pharma were found to be around 5 indicating a very sound financial performance of the company. The Z² score values of Claris Lifesciences stayed within the grey zone ranging i.e. 1.23-2.99 and found to be in a declining trend during study period. It is suggested that, Claris Lifesciences should emphasize on sales and retained profits to avoid financial distress condition in future. The Z scores of Dishman Pharma were found to be above 2.99 during first six years and in the grey zone during last four years of study. The company has also maintained negative working capital during last four years under study. Dishman Pharma's Z scores during last four years were in grey zone and in declining trend. It is suggested that Dishman Pharma should give more emphasis on sales revenue and working capital as well as market value to avoid further decrease in Z scores of the company.

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REFORMS IN INDIRECT TAXATION IN INDIA

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ABSTRACT

Tax systems the world over have undergone significant changes during the last twenty years as many countries across the ideological spectrum and with varying levels of development have undertaken reforms. The wave of tax reforms that began in the mid-1980s and accelerated in the 1990s was motivated by a number of factors. In many developing countries, pressing fiscal imbalance was the driving force. Tax policy was employed as a principal instrument to correct severe budget deficits. Therefore, the present paper tries to review the indirect tax reforms in India. And also it has made an attempt to analyse evolution of Indian tax structure along with central level as well as state level tax reforms that have changed the present tax system in India.

KEYWORDS

tax systems, reforms, indirect tax, tax policy, budget deficit, fiscal imbalances.

INTRODUCTION

Tax systems the world over have undergone significant changes during the last twenty years as many countries across the ideological spectrum and with varying levels of development have undertaken reforms. The wave of tax reforms that began in the mid-1980s and accelerated in the 1990s was motivated by a number of factors. In many developing countries, pressing fiscal imbalance was the driving force. Tax policy was employed as a principal instrument to correct severe budget deficits.

In others, the transition from a planned economy to a market economy necessitated wide ranging tax reforms. Besides efficiency considerations, these tax reforms had to address the issues of replacing public enterprise profits with taxes as a principal source of revenue and of aligning tax policy to change in the development strategy. And apart from that internationalization of economic activities arising from increasing globalization was another motive to undertake tax reforms. On the one hand, globalization led to significant reduction in tariffs, and replacements had to be found for this important and relatively easily administered revenue source. On the other, globalization emphasized the need to minimize both efficiency and compliance costs of the tax system. The supply-side tax reforms of the Thatcher-Reagan era also had their impact on the tax reforms in developing countries.

The evolution of the Indian tax system was driven by similar concerns and yet, in some ways, it is different and even unique. Unlike most developing countries, which were guided in their tax reforms by multilateral agencies such as the International Monetary Fund, Indian tax reforms have largely borne a domestic brand. They have been calibrated to changes in the development strategy over time while staying in step with the institutional arrangements in the country. Thus, even when the government sought assistance from multilateral financial institutions, the recommendations of these institutions did not directly translate into an agenda for tax reform. Despite this, the tax system reforms were broadly in conformity with international trends and advice proffered by expert groups and was in tune with international best practices. Inevitably tax policy in the country has responded to changing development strategy over the years. In the initial years tax policy was guided by a large number of demands placed on the government. These demands can be summarized as the need to increase the level of savings and investment in the economy and hence the need to stimulate growth and ensure a fair distribution of incomes. That in turn meant an effort to raise taxes from those with an ability to pay, with little regard for the efficiency implications of the chosen instruments for the purpose.

The role of history and institutions was also important in shaping India's tax system. Indeed, the nature of the federal polity, the assignment of tax powers, and tax sharing arrangements have influenced the incentives for revenue mobilization and the structure and administration of the taxes in both central and state governments. The overlapping tax systems have made it difficult to enact and implement comprehensive and coordinated tax reforms. Another legacy of the era of planning is selectivity and discretion both in designing the structure and in implementing the tax system. These contributed to erosion of the tax base, created powerful special interest groups, and introduced the concept of "negotiated settlement" into the tax system.

In a closed economy, inefficiencies did not matter and relative price distortions and disincentives to work, save, and invest did not warrant much consideration. Because of the size of the country, its multilevel fiscal framework, the unique reform experience, and difficulties in calibrating reforms posed by institutional constraints, the Indian tax reform experience can provide useful lessons for many countries. The reforms, by themselves, are important enough reason for a detailed analysis of the tax system in India. Unfortunately, unlike in many developed countries where major tax reform initiatives were followed by detailed analysis of their impact, no serious studies analyzing the economic impact of tax reforms have been conducted in India.

STATEMENT OF THE PROBLEM AND NEED FOR THE STUDY

Tax systems world over have undergone major changes during 20th and 21st century. India is one of the forerunners of countries which have implemented tax reforms. Indian tax structure has number of underpinning problems like tax evasion, lack of administrative efficiency, multiplicity of taxes, e.t.c which have created administrative as well as implementing problems for the smooth function of the economy. Therefore, the present study had made an attempt to review indirect reforms in India to analyse whether the tax reforms which were implemented so far in India have reduced the problems encountered in earlier tax system.

OBJECTIVES OF THE STUDY

The present study aimed to achieve the following general as well as specific objectives.

1. To review the evolution of Indian tax structure
2. To review the indirect tax reforms in India.
3. To analyse the share of direct and indirect taxes in combined total tax revenue of centre and states in India.
4. And finally to examine the trends in growth of direct and indirect revenue in combined total tax revenue of centre and states in India.

METHODOLOGY AND DATA SOURCES

The present study mainly depends on the secondary data from obtained from various issues of RBI hand book on Indian economy and state finances and the methodology was used in this study includes percentages, figures and trend lines.

EVOLUTION OF INDIAN TAX STRUCTURE

India's tax structure is quite extensive. Now almost every conceivable direct and indirect tax is levied in this country. In terms of the ratios of tax proceeds to GDP, India is one of the modestly taxed countries. And, if today the government feels that its resources are inadequate and it has no choice but to have recourse to public debt and deficit financing, it is mainly due to its colossal unproductive expenditure and complete indifference to the canon of economy. As far as tax structure is concerned, the following features are notable in India's tax system.

TAX BUOYANCY

Tax buoyancy is a measure of the responsiveness of tax receipts to GDP. A tax is buoyant when tax revenues increase by more than 1 per cent for a 1 per cent increase in GDP. NIPFP conducted a study on buoyancy of Indian tax system for period 1970-71 to 1983-84. And the study revealed that the buoyancy of total tax revenue was greater than unity (1.21) over the period. As per RBI estimation the tax buoyancy for the period 1981-2001 was 1.19 per cent for direct taxes and when compared with 1.07 per cent of pre- tax reforms period 1981-93. However, the buoyancy of indirect taxes was dipped considerably from 0.88 per cent to 1.07 per cent during the period. As per Economic Survey 2012-13 in the post FRBM period (2003-04) both direct and indirect taxes remained buoyant except in crisis period (2008-10) and 2011-12. During 2011-12, both direct and indirect tax revenue grew at slower rate than the budget estimates due to economic slowdown in 2010-11.

EQUITY

India's tax structure as whole is said to be progressive, though it is never disputed that some individual indirect taxes are highly regressive. Small personal incomes are exempted from personal income tax, and as income rises the tax rate also progressively rises. Indirect taxation as a whole is said to be regressive due to its major in public revenue.

ADMINISTRATIVE EFFICIENCY

As far as administrative efficiency is concerned the India's tax system is not so efficient because of its highly complex nature and uncertainty which resulted in tax evasion. And moreover, there are definitional defects in India's tax systems which give elaborate powers to tax authorities to interpret tax laws according to their whims and fancies. This has resulted in wide spread corruption in various departments.

MULTICITY OF TAX LAWS AND LACK OF INTEGRATION

There is multiplicity of direct and indirect taxes in India. For example, the tax on income and the annual wealth tax may place in the category of direct taxes. It is often suggested that they should be integrated into a single direct tax. Budget for 2009-10 proposed adoption of direct tax code to increase tax GDP ratio and tax compliance and to brought all the direct taxes into a single code, unified compliance procedures, which will eventually pave the way for a single united taxpayer reporting system. There is no integration in indirect taxes too. The excise duties have been levied primarily by central government, the sales taxes by state and Octroi by local bodies. According to the indirect taxation enquiry committee, there is little coordination among them. In its opinion, Octroi is unnecessary and should be abolished and excise duties and sales tax should be replaced by Value Added Tax. The Chelliah Committee had also recommended the introduction of VAT. The government has initiated measures in this direction. At the Central Level Central Value Added Tax (CENVAT), and at the State level State Value Added Tax (SVAT) have been introduced. The central sales tax is also being phased out. It is to be replaced by Goods and Service Tax (GST).

INTER-SECTORAL IMBALANCES IN THE TAX STRUCTURE

There are grave inter-sectoral imbalances in India's tax structure as agricultural incomes are virtually tax free. At the time of independence, there were not many people engaged in agriculture whose incomes could be liable to pay income tax. But after land reforms were initiated and new technology was adopted in agriculture, a new class of farmers emerged. Incomes of these people are fairly high, and yet they are tax free. These developments during the past four decades have created inter-sectoral imbalances in the tax structure. Indirect taxation enquiry committee recommended to introduction of agricultural holding tax based on the agricultural productivity. But still the state governments are inclined to introduce this tax due political lobbying.

THE BURDEN OF TAX EXEMPTIONS

A large number of exemptions have been provided over the years on various grounds like, promoting economic growth, skill up-gradation, distribution of industries etc., this led to huge revenue losses to the government along with distort resource allocation and stunt productivity. For instance, The tax foregone on account of exemptions under personal income tax for the individual taxpayer was estimated at Rs.30, 653 crore and Rs.35, 698 crore respectively in 2010-11 and 2011-12.

TABLE 1.1: COMPOSITION AND SHARE OF DIRECT AND INDIRECT TAXES IN TOTAL TAX REVENUE OF COMBINED CENTRE AND STATES IN INDIA (In Rs. Billion)

Year	Direct Taxes	Indirect Taxes	Total Revenue	Direct Taxes as % of Total Tax Revenue	Indirect Taxes as a % of Total Tax Revenue
1986-87	79.22	415.36	494.58	16.02	83.98
1987-88	86.65	483.85	570.50	15.19	84.81
1988-89	112.65	556.77	669.42	16.83	83.17
1989-90	130.28	644.69	774.97	16.81	83.19
1990-91	142.67	733.60	876.27	16.28	83.72
1991-92	190.47	837.22	1027.69	18.53	81.47
1992-93	224.84	920.78	1145.62	19.62	80.48
1993-94	253.10	964.60	1217.70	20.78	79.22
1994-95	338.68	1124.18	1462.86	23.15	76.85
1995-96	414.76	1312.64	1727.40	24.01	75.99
1996-97	471.79	1501.26	1973.05	23.91	76.09
1997-98	546.26	1597.46	2143.72	25.48	74.52
1998-99	572.44	1727.27	2299.71	24.89	75.11
1999-00	709.37	2006.07	2715.44	26.12	73.88
2000-01	811.63	2198.09	3009.72	26.97	73.03
2001-02	848.76	2240.71	3089.47	27.47	72.53
2002-03	1003.02	2517.16	3520.18	28.49	71.51
2003-04	1253.03	2827.96	4080.99	30.70	69.30
2004-05	1568.28	3285.47	4853.75	32.31	67.69
2005-06	1954.28	3811.66	5765.94	33.89	66.11
2006-07	2690.78	4549.45	7240.23	37.16	62.84
2007-08	3556.89	5218.07	8774.96	40.53	59.47
2008-09	3779.86	5483.18	9263.04	40.80	59.20
2009-10	4248.74	5597.37	9846.11	43.15	56.85
2010-11	5087.19	7413.48	12500.67	40.69	59.31
2011-12	5712.46	8715.05	14427.52	39.59	60.41
2012-13	6512.27	10367.31	16879.58	38.58	61.42
2013-14	7464.51	11744.23	19208.74	38.86	61.14
2014-15	8518.65	13510.20	22028.86	38.67	61.33

Source: RBI Hand Book of Statistics on Indian Economy and RBI hand book on state finances various issues.

FIGURE 1.1: TRENDS IN GROWTH OF DIRECT AND INDIRECT TAX REVENUE IN COMBINED CENTRE AND STATES TAX REVENUE IN INDIA

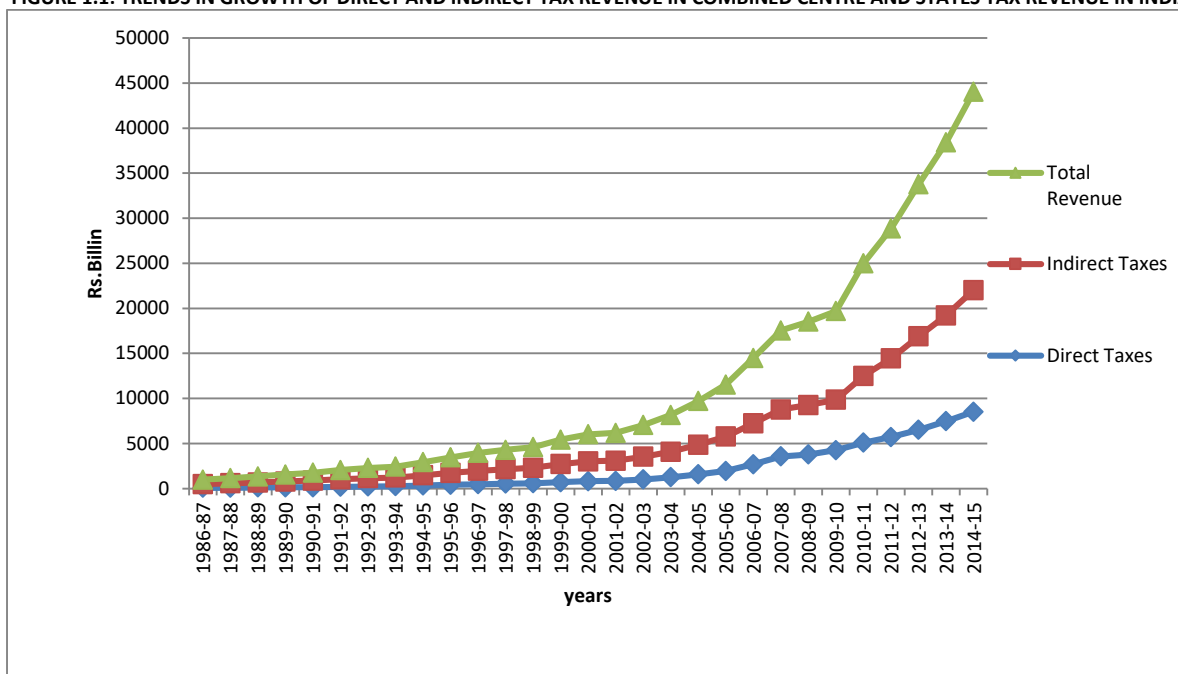
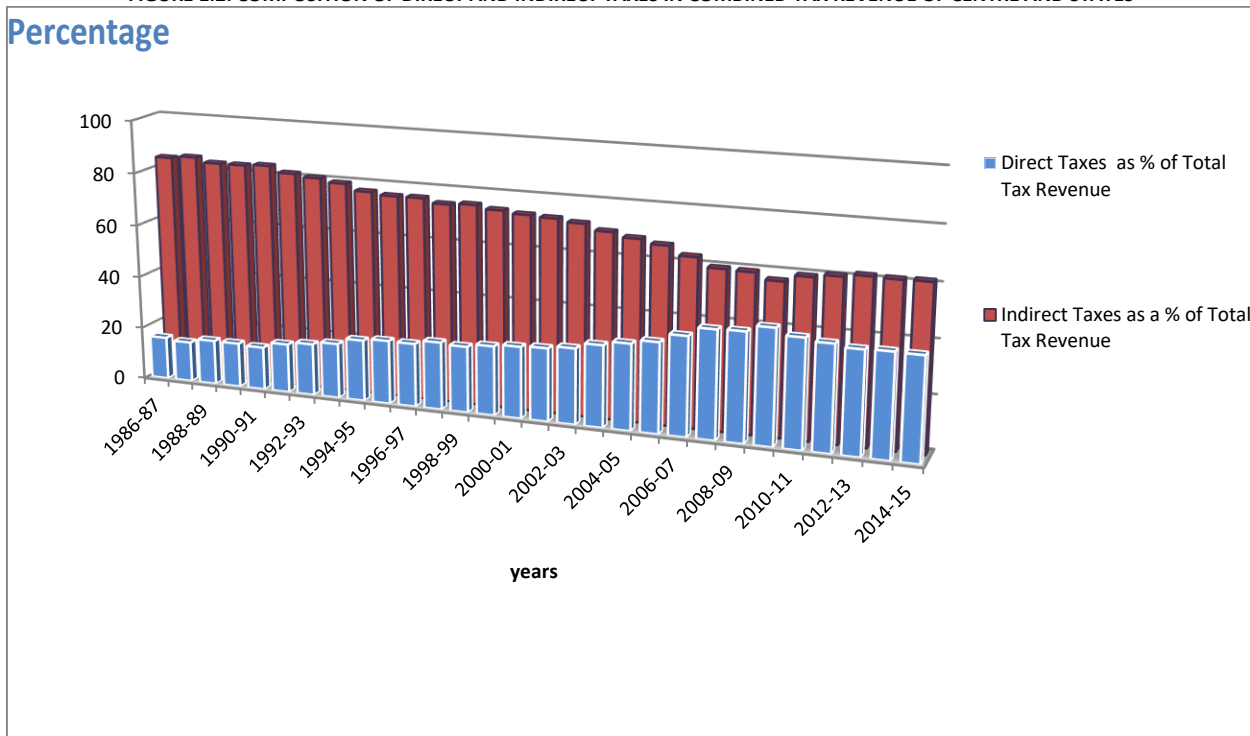


FIGURE 1.2: COMPOSITION OF DIRECT AND INDIRECT TAXES IN COMBINED TAX REVENUE OF CENTRE AND STATES



It is evident from the Table-2.1 that the combined Centre and States total tax revenue has been increased from Rs. 494.58 billion in 1986-87 to Rs. 876.27 billion in 1990-91 and in that revenue from indirect taxes has been occupied more than 80 per cent. This is because agriculture was the predominant sector during pre-reform era. That is why all the governments were mostly depended on indirect taxes than direct taxes to finance their budget along with other objectives like reducing inequalities between rich and poor, controlling consumption and promotion of savings, etc.

But during post-reform period that is from 1991-92 onwards the total combined tax revenue of Centre and States has been increased from Rs. 1027.69 billion in 1991-92 to Rs. 22028.86 billion in 2014-15, during these two decades total revenue of combined centre and states increased more than 21 times. And in that the share of direct taxes was increased from 16.28 per cent in 1990-91 to 38.67 per cent in 2014-15 and at the same time the share of indirect taxes was reduced from 82.73 per cent to 61.33 per cent. This is because in post-reform period revenue from personal and corporate income tax has been increased due to growth and development of Industrial and Service sectors. Of course even today also indirect taxes have been occupying larger share in total revenue of combined centre and states that is around 61 per cent. This shows the relative importance of indirect taxes to direct taxes in a developing country like in India.

Figure -2.1, exhibits about the Growth or Trend of direct and indirect tax revenue along with combined tax revenue of Centre and States and it has shown an increasing trend from the beginning. And Figure-2.2, illustrates the composition of direct and indirect taxes in combined total tax revenue of the Centre and States. Though the per cent of indirect tax has decreased from 83 per cent in pre-reform period to 61 per cent in post-reform period, it still occupied larger portion of total tax revenue. And the overall trend has been depicted by the linear trend line in figure-2.2, and that shows there is decreasing share of indirect taxes in total tax revenue of Combined Centre and States. Of course economic reforms are the main cause for the change that taken place in India's tax system that lead to rise in direct tax revenue compared to pre-reform era.

INDIRECT TAX REFORMS IN INDIA

The Indian tax system has undergone major structural changes since independence in 1947. It has become comprehensive and complicated over the years. It has successfully mobilized resources to finance developmental, welfare and administrative activities of public authorities. Besides being the main source of revenue, both for the Central and State Governments, it is an effective instrument to various socio-economic objectives of national policies. However, the tax system has been relying heavily on indirect taxes and suffering extensively from fiscal malady called tax evasion.

After independence, various committees have been appointed, from time to time, to review the India's tax system and to make it more suitable to the needs of developing economy. On April 1, 1953, the Government of India appointed the Taxation Enquiry Commission under the chairmanship of Jhon Matthai. The commission presented its landmark report in the following years. Of course Matthai commission was the first to undertake a systematic and comprehensive study of the incidence of Central and State indirect taxes on rural and urban households in different expenditure groups. And also the commission after having studied the then existing excise system, made an important recommendation in terms of commodity coverage.

And later The Indirect Taxation Enquiry Committee was constituted in July 1976, under the chairmanship of L. K. Jha for suggesting reforms in the indirect taxation system. The Jha committee found that the country's indirect tax structure as a whole was progressive, but there was little integration between individual indirect taxes. According to Jha committee, each indirect tax was levied independently of other indirect taxes. Moreover, these taxes lacked build in flexibility and every time when revenue collections had to be increased, upward revision in the tax rate was done. India's indirect tax structure was by and large uncertain and complex and its administration was difficult.

The committee recommended both short-run as well as long run measures to the existing indirect tax system in India. The committee expressed its opinion that the ad valorem taxes are superior to specific taxes due to their higher income elasticity. Thus it recommended introduction of ad valorem taxes as far as possible. And it was also suggested for exemption of inputs from indirect taxes along with integration of indirect tax structure by replacing excise duties and sales taxes with a single commodity tax. And further the Jha committee opined that, Value Added Tax is the best of all indirect taxes due to its self-monitoring mechanism which assists tax administration and elimination of distortion in decisions by producers that arise from taxation of imports.

REFORMS IN CENTRAL INDIRECT TAXES

Tax reforms have been under taken in India as an integral part of Economic Reforms which were initiated in 1991 by the Tax Reform Committee headed by Raja.J.Chelliah. This is because in the pre-reform era, tax policies in India as in many other countries had retarded growth through creating distortions in the allocation of resources and adversely affecting incentives. The tax system that had evolved over the years had also become complicated, while there was not sufficient modernization of the tax administration. Consequently, tax compliance and tax enforcement had become extremely difficult. Too much of national resources were being used up in compliance as well as enforcement. The present paper tries to bring out indirect tax reforms that have been implemented so far India because of its relative importance in total tax revenue of the government.

The first major indirect tax reform at central level was initiated in 1986 through the introduction of the scheme of Modified Value Added Tax (MODVAT) under central excise, under which manufacturers could get credit for taxes they paid on inputs against the tax payable on output. All goods however, not covered by MODVAT scheme and originally the duties paid on plant and machinery were not eligible for credit.

Further reforms were carried out by the recommendations of Tax Reform Committee in the system of excise taxation. And so, attempts have been made to broaden the tax base, lower the rate structure and simplify the tax administration. The attempt was made to rationalize customs duty in terms of lowering the peak and average tariff rates, and reduction in their dispersion, and of excise duties in terms of the coverage of MODVAT facilities to larger number of commodities and capital goods in the budget for 1994-95 and also service tax was introduced in the same year on telephone services, general insurance and on share broking at 5 per cent. These reforms surely led to improvement in the structure of central taxes. And further, in the budget for 2000-01, the Finance Minister replaced the multiple MODVAT system by a single Central Value Added Tax (CENVAT) to pave the way for eventual adoption of VAT.

It is generally agreed that the Central Sales Tax (CST), being an origin based non rebateable tax, is inconsistent with the concept of VAT and needs to be phased out. After deliberations with the empowered committee of state, the road map for this has been finalized. This provides for a gradual phase out by reducing the CST rate from its level of 4 per cent with effect from April 1, 2007, in phases. One critical issue involved in phasing out of CST is that of compensating the states for revenue losses on account of such phase out. To tackle this problem, the central government has prepared compensation scheme. And it is further proposed to introduce combined national level Goods and Service Tax (GST) to evolve an efficient and harmonized consumption tax system in the country. GST is similar to the concept of State level VAT for goods. It provides for input tax credit at every stage for tax paid till the previous transaction. And also GST will attempt to provide a rational system by subsuming several states and central level indirect taxes on goods and services.

STATE LEVEL TAX REFORMS

With the reforms of central taxes, the focus was shifted to the reform of state taxes, particularly the sales tax. This was because, the sales tax contributes nearly 60 per cent of the State's Own Revenues and almost one third of the domestic trade taxes in the country. The past discussions pointed towards the need to transform the prevailing sales tax system into a consumption type Value Added Tax.

The relevance of State VAT has been under discussion ever since it was proposed by Indirect Taxation Enquiry Committee headed over by L.K.Jha in 1977. And after that, efforts were made to bring the states together to agree for transforming their existing sales tax system to VAT system at the state level. This issue attracted considerable attention. Towards forging a consensus, the Union Finance Ministry appointed a Committee of State Finance Ministers from 10 different state governments to work out the rationalization measures and to achieve a co-coordinated structure of sales taxation in the states. The Committees of States' Finance Ministers in 1995 and 1998 respectively and of the Chief Ministers in 1999 have put forth recommendations to replace sales tax by VAT.

The first major breakthrough in the direction of state indirect tax reforms came in the form of an agreement between Union Finance Ministers and the State Chief Ministers on November 16, 1999, with the following objectives.

1. Implementation of floor rates within the existing sales tax regimes.
2. Elimination of the tax based industrial incentives for new and expanding industries.
3. Replacing the existing system of sales tax with a VAT at the state level VAT.

On the basis of the above objectives, Empowered Committee comprising of nine State Finance Ministers was constituted on 17th July 2000 to monitor the decisions taken in Chief Ministers Conference. Empowered Committee further decided to rationalize the rate structure under VAT in the following manner.

1. Nil for certain goods.
2. 1% for gold, silver and precious stones.
3. 4% for certain essential goods and industrial inputs.
4. 20% for liquor and some petroleum products.
5. A Revenue Neutral Rates (RNR) of 10 to 12.5% for other goods.

In the budget 2002, the CST Act was amended and some of these amendments would help in implementation of VAT. The Central government has agreed upon to compensate the states for loss due to implementation of VAT in three consecutive years. And the compensation package for the first year is 100%, for second year is 75% and for third year is 50%.

The Committee recommended adoption of VAT from 1st April 2003. But, Haryana is the only state to introduce VAT from 1st April 2003. The target date for introduction of VAT was rescheduled in the meeting of Empowered Committee on June 18, 2004 with the new target set for April 1, 2005. During this period, the Empowered Committee of State Finance Ministers constituted to monitor the transition to the new tax regime through sustained deliberations, and at last 16 states have agreed to introduce VAT from 1st April 2005. It may be noted that the postponement of introduction of VAT from 1st April, 2002 to 1st April 2005 was due to various reasons such as divergent views on treatment of existing sales tax incentives already granted by states, treatment of Central Sales Tax under VAT, lack of commitment by central government at that time on compensating the states for loss in revenue etc. The important reason for postponement was lack of preparedness by the states. After a lot of persuasion by central government, VAT was introduced from 1st, April 2005.

CONCLUSION

The reforming of Indian tax systems is very essential in view of changes have been taken place in India since its independence. There are number of committees that have been appointed timely by the government of India to study the existing tax system and to give recommendations to increase government revenue, to improve tax compliance and to develop and modify the Indian tax system that suits to the requirements of the society. Of course the committees so far have been appointed suggested number of recommendations like introduction of new taxes, abolition of existing taxes that are more inefficient in terms of revenue generation, etc. the government of India has been implemented those recommendations in selective manner due to some administrative, political and structural problems. But the reforming of any system like Indian tax system is a continuous process which will bring more and more reforms in future too to make Indian tax system more efficient and that system will make India as a developed country.

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HR PRACTICES AND ITS IMPACT ON EMPLOYEE JOB SATISFACTION IN IT COMPANIES: A CASE STUDY OF BANGALORE IT COMPANIES

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ABSTRACT

India's software sector presents the case of an internationally competitive high-tech industry in the context of a rapidly developing economy. Human resources management practices play a very crucial role in achieving the organization's goals and maintain the competitive advantage. HRM practices refer to organizational activities directed at managing the pool of human resource and ensuring that the resources are employed towards the fulfilment of organizational goals. The success of an organization depends upon several factors but the most crucial factor that affects the organization performance is its employee. Human resources play an integral role in achieving an innovative and high-quality product/ service. The present study is an attempt to examine and analyse the impact of human resource practices on job satisfaction of IT companies employees. In the study, the estimated regression model identified that the HRM practices like Training, Performance Appraisal, Team Work and Compensation has significant impact on job satisfaction. On the other hand, Employee Involvement has no significant impact on job satisfaction of the employees of IT-BPO companies.

KEYWORDS

human resources, job satisfaction, IT companies employees, compensation, team work.

INTRODUCTION

India's software sector presents the case of an internationally competitive high-tech industry in the context of a rapidly developing economy. India's exports of software services, which accounted for US\$128 million in 1990-91 increased to \$8.3 billion in 2001 (Nasscom Report, 2001). India's total export of IT, ITeS and BPO services grew 14.8% to \$82 billion (Rs 5.01 lakh crore) in 2014-15, according to RBI data. Almost all the major US and European Information Technology (IT) firms have set up software development and R&D centres in India, especially in Bangalore (Nasscom Report, 2001). The competitiveness of the industry is generally attributed to the low cost of scientific and engineering manpower coupled with strong English language skills. The industry has been able to achieve export competitiveness without a domestic market base and despite inefficient input industries and infrastructure. With its colonial heritage, India has legislative and financial systems that tend to fall within the comfort zones of the West, a large workforce who are conversant with the English language, and an independent media. The caste system, British colonization and post independent socialism, have been influential forces in shaping India till the time of liberalization in the 1990s.

India was declared itself open to Liberalization in the year 1991. This paved the way for industrialization and rapid transformation in the Industry and Business sector. Liberalization also meant change in the working style of the people and hence organizations needed to innovate the HRM practices in an effort to ensure survival in an increasingly hypercompetitive environment. (Som, July 2008) (Muduli, June 2012).

HRM practices implemented in private and public sector in India, and found some startling facts, such as the HR practices used in the two sectors were quite similar on parameters such as 1) the structure of the Human Resource management, 2) role of the HR manager in corporate change, 3) recruitment and selection process, 4) compensation and benefits, 5) training and development, 6) employee engagement, 7) and HRM Strategies. It is also found that on certain parameters such as the compensation and training and development, the private sector seemed to have adopted a practical approach such as screening and testing of job applicants to ascertain the applicant's job-fitness, training need analysis, training evaluation, etc. These authors are also of the opinion that Indian IT companies whether big or small implement HRM practices such as employee involvement practices, training and development practices, employee welfare practices, managing employee relations to manage employees. (Stephen A. Stumpf, May-June 2010).

Job satisfaction is an attitude which is an outcome of harmonizing and summation of numerous precise likes and dislikes experiences with the job. Job satisfaction for an employee is the level of satisfaction according to job. Job satisfaction is a crucial indicator of how employees feel about their job and describes how much they are contented with his or her job. The satisfaction level of employees also associated with increase output of the organization. Job satisfaction of an employee is essential to the success of an organization. In an organization a high rate of employee contentedness is directly related to a lower turnover rate. Thus, keeping employees' satisfaction in their jobs with their careers should be a foremost priority for every organization. Bogdanova et al (2008) stated that HR practices try to develop and allocate human capital in the best possible ways in order to achieve long-term goals; they provide them with many benefits and good environments that would boost employee's motivation, job satisfaction, and increase their performance. Gürbüz (2009) remarked that in order to sustain in the market human resource management (HR) practices and job satisfaction of employees have many significant benefits for organization.

REVIEW OF LITERATURE

A. RECENT STUDIES IN HR PRACTICES IN GLOBAL CONTEXT

Human Resource Management Research has always been a very hot topic and has been discussed and researched by several researchers all over the world. There have been several developments in the Human Resource field and the Human resource department has eventually evolved over the years (Paauwe, Nov 2001) (Harvey, Dec 2001). Because of rapid industrialization and globalization, the need for trained and skilled manpower becomes imperative. Companies have started recognizing the importance of the HR Department and are aligning the HR function to the strategic business goals and objectives (Srimannarayana, Oct - Dec 2010). Zulfqar et al (2011) investigated a study to examine the relationship and nature of relationship between HRM practices (compensation, performance evaluation, and promotion practices) and the employee perceived performance in the banking sector of Pakistan. The results of the study found that, the employee perceived performance and HRM practices has the positive and significant relationship. Further results based on analysis indicated that performance evaluation and promotion practices are significant but the compensation practices are not significant

Human Resource Management would be accountable for the strategic decisions and the overall performance of the organization (Harvey, Dec 2001). A lot of Researchers have emphasized that employees that work in teams or team work has resulted in productive performance of the organization (Carmen CameloOrdaz,

April 2008). Nowadays, there are many companies which have also adopted newer technologies like internet services in an effort to undertake their HR responsibilities. There are many social networking websites available which connect people from the farthest corner of the world. Websites such as naukri.com, timesjobs.com and LinkedIn are very popular websites for recruitments in India. (Bing, 2011).

B. RECENT STUDIES IN HR PRACTICES IN INDIAN CONTEXT

Dhar (2001) assessed recruitment and promotion policies, merits and competence, performance appraisal and motivation, morale and commitment. He suggested the following.

- 1) Recruitment and promotion policies to be reviewed time to time.
- 2) Merits and competence should be given greater emphasis in promotion.
- 3) Performance appraisal system to be modified and undertaken time to time.
- 4) Motivation, morale and commitment and sense of belonging and involvement of employees at all to level should be enhanced.

Venkat (2013) in his study try to find out impact of globalization on HR practices. In today's environment due to globalization, HR practices have to be applied with different strategy in order to survive in the globalized world. The main aim of the study is to study challenges in front of the managers to adopt different skills and practices for survival and growth of organization in the global village.

Overall HR practices have positive correlation with job satisfaction. Iqbal et al (2013) evaluated the relationship between HR practices (impact of supervisor role, involvement in decision making & compensation policy) and employee's job satisfaction among the employees of manufacturing and service sector of Pakistan. The results of study revealed that supervisor role has strong positive effect on job satisfaction. The involvement in decision making the factor which is the optimistic about company success has lesser positive effect on job satisfaction.

RESEARCH METHODOLOGY

The present study is an exploratory research seeks to examine and analyse the impact of human resource practices on job satisfaction of private sector banking employees. For the present study IT company employees a leading software sector is taken as case study. The sample units include executives, project leader and Team lead employees of software companies. For the study 100 respondents were contacted for obtaining the information regarding HR practices. But due to busy time schedules of employee and their engagement in various activities the numbers of respondents were restricted upto 95. For obtaining the required information interview method is used and structured schedule is filled by the researcher.

METHODOLOGY

For the current study two methodologies are followed. The first is Qureshiand Ramay (2006) scale on HR practices comprised of 22 statements on training, team work, performance appraisal, compensation, and employee involvement. The second is Singh (2001) scale on job satisfaction comprises of 18 statements. The reliability and validity of these instruments is found to be within acceptable norms.

MODEL SPECIFICATION

Further for analyzing the impact of human resource management practices on job satisfaction the multiple linear regression models have been applied using SPSS. The regression model is depicted as:

$$IT\ Job\ satisfaction = \beta_0 + \beta_1(Compensation) + \beta_2(Training) + \beta_3(Teamwork) + \beta_4(Performance\ Appraisal) + \beta_5(Employees\ involvement) + e_{it}$$

In the above equation β_0 is constant and β_i are the regression coefficient of the explanatory variables, while e_{it} is the residual error of regression.

DEPENDENT AND INDEPENDENT VARIABLES

The Job Satisfaction (JS) of bank employees is taken as dependent variable in the regression model. The independent variables used in model are Compensation (Com) Training (TR), Team work (TW), Performance Appraisal (PA), and Employee involvement (EI).

OBJECTIVE OF THE STUDY

The main objective of the study is to examine and analyze the impact of human resource practices on job satisfaction of IT software employees.

HYPOTHESES

For examining the impact of HR practices on Job Satisfaction the following null hypotheses have been framed.

- H01: Compensation has no significant impact on job satisfaction.
- H02: Training has no significant impact on job satisfaction.
- H03: Team work has no significant impact on job satisfaction.
- H04: Performance Appraisal has no significant impact on job satisfaction.
- H05: Employees' involvement has no significant impact on job satisfaction.

RESULTS AND DISCUSSIONS

TABLE NO. 1: SHOWING THE WEIGHTED MEAN AND STANDARD DEVIATION OF HR PRACTICES AND JOB SATISFACTION

Variables	N	Min	Max	Mean	SD
Compensation	94	1.00	5.00	3.819	1.218
Training	94	2.00	5.00	3.568	1.104
Team work	94	2.00	5.00	3.713	.899
Performance appraisal	94	1.00	5.00	4.202	.597
Employee involvement	94	1.00	5.00	3.660	1.011
TOTAL		1.20	5.00	3.77	0.97
Job satisfaction	94	1.00	5.00	3.926	1.080

The compensation provides satisfaction to all the employees in IT companies between "small extents" to "very great extent". On an average the respondents are satisfied to a large extent from the compensation practices provided by remunerations benefits. The training practices provides satisfaction to all the respondents between "moderate extents" to "very great extent". On an average the respondents are satisfied to a large extent from the training practices provided by the organization. Respondents are satisfied to a moderate extent with the team work and performance appraisal system provides maximum satisfaction of remaining variables. The most important factor employee involvement showed that respondents are satisfied "to a large extent" with the decision making of organisation. The average value (3.77) showed that the employees are satisfied to large extent with the HR practices offered by the IT companies. The mean value of Job satisfaction showed that the employees are satisfied to a large extent.

FINDINGS OF REGRESSION MODEL

In order to determine the existence of multicollinearity problem, the simple correlation matrix among independent variables is analysed and presented in the table (1). Cooper and Schindler (2003) argued that a multicollinearity problem exists when correlation scores are 0.7 or greater.

TABLE NO. 2: CORRELATION MATRIX

Correlations		Compensation	Training	Team work	performance appraisal	Employee involvement	Job Satisfaction
Compensation	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	94					
Training	Pearson Correlation	.296*	1				
	Sig. (2-tailed)	.003					
	N	94	94				
Team work	Pearson Correlation	.158	.364**	1			
	Sig. (2-tailed)	.128	.000				
	N	94	94	94			
performance appraisal	Pearson Correlation	-.082	-.178	-.071	1		
	Sig. (2-tailed)	.431	.087	.497			
	N	94	94	94	94		
Employee involvement	Pearson Correlation	.319**	.415**	.305**	-.205*	1	
	Sig. (2-tailed)	.001	.000	.003	.047		
	N	94	94	94	94	94	
Job Satisfaction	Pearson Correlation	.256*	.364**	.395**	.334**	-.092	1
	Sig. (2-tailed)	.013	.000	.000	.001	.377	
	N	94	94	94	94	94	94

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed). From the table no 2 it can be concluded that none of the HR practices variables have no high correlation or presence of multicollinearity, which is above the standard rule of thumb 70%. The results from correlation analysis indicate that job satisfaction of employees is negatively correlated with employee involvement and other HR practices like compensation, training, team work, and performance appraisal are positively correlated with job satisfaction.

TABLE NO. 3: SHOWING THE MULTIPLE REGRESSIONS

Explanatory Variables	Constant	C	T	TW	PA	EI
Variables		Compensation	Training	Team Work	Performance Appraisal	Employee Involvement
β	4.684	0.483	0.190	-0.240	0.550	0.610
t-values	1.767	0.880 ^o (0.214)	2.896** (0.000)	1.859* (0.026)	6.111** (0.000)	1.085 ^o (0.058)
R2	0.325 Adj. R20.287					
F-Test	8.477** p=(0.000) Durbin Watson 2.274					

a. Dependent Variable: Job Satisfaction

b. Predictors: (Constant), Employee involvement, performance appraisal, Team work, Compensation, Training

*significant at 0.01 level.

Coefficient effect (β_i) is a predictor of each variable related to HR practices. The regression analysis results reveal the following observations. The adjusted value of R² highlights that 28.7% variability in the job satisfaction of employees can be explained by HR practices (independent variables). The Durban Watson test value 2.274 indicates the absence of no serial correlation among the variables. An F-Test value is 8.477 and p-values less than 0.01 level for the data variables indicates the very well fit of regression model. In other words the null hypothesis (Ho: There is no effect of given explanatory variables on dependent variables) is rejected. The regression results highlights that compensation and employee involvement has no significant effect on job satisfaction at 0.05 level of significance. The regression coefficients of the other independent variables of HR practices are statistically significant at 0.05 significance level and they have significant influence on job satisfaction of the employees of IT companies in Banagalore city.

As shown in the above table the results of regression analysis can also be depicted in the regression equation form based on regression coefficients.

$$IT\ Job\ satisfaction = 4.684 + 0.483(compensation) + 0.190(Training) - 0.240(Teamwork) + 0.550(Performance\ Appraisal) + 0.610(Employees\ involvement)$$

Based on the above equation it can be inferred that compensation (C) has positive and not significant influence on Job Satisfaction (JS), whereas team work (TW) has negative but significant influence on Job Satisfaction (JS). The β_1 is 48.3%, t-value is 0.880 which is more than p-value at 0.05 level of significance. Thus H01 is accepted. It means salary packages and remuneration benefits should increase has significant influence on Job Satisfaction in IT companies.

The β_2 coefficient shows 19% influence of Training (T) on Job satisfaction. But these results are statistically significant at 0.05 significance level. The t-value is 2.896, which is less than p-value at 0.01 level of significance. Thus H02 is rejected and it is inferred that the training has significant influence on Job satisfaction.

In the HR practices Team Work (TW) shows negative correlation with Job Satisfaction. The β_3 shows 24% influence on the Job Satisfaction, t-value is 1.859 and p-value is less at 5% significance level hence H03 is rejected.

The regression results reveal that Performance appraisal (PA) has Positive and significant influence on Job Satisfaction. The β_4 coefficient shows 55 per cent influence on the Job Satisfaction, t-value is 6.111 and p-value is less at 0.01 significance level. Hence H04 is rejected. Thus it is observed that in case of IT company performance appraisal has significant impact on the Job Satisfaction.

The regression coefficient β_5 which measures compensation has 61% influences on Job Satisfaction of sample employees. The t-value is 1.085 and p-value is more than 0.05 level of significance. Hence H05 is rejected.

CONCLUSION AND IMPLICATIONS

The present study is an attempt to examine and analyse the impact of HR practices on job satisfaction of IT company employees. In the present study, the estimated regression model identified that the HR practices like Training, Team Work and Performance Appraisal has significant impact on job satisfaction. On the other hand, Compensation and Employee involvement has no significant impact on job satisfaction of the employees of IT company employees.

The study recommends that IT companies has to build new policies to improve employee's participation at middle level and senior level management. Other practices like Training, Performance Appraisal, Team Work, employee involvement and Compensation need to be maintained in order to achieve high level of job satisfaction.

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THE RELATIONSHIP BETWEEN PORTFOLIO PERFORMANCE AND ASSET ALLOCATION POLICY - EQUITY

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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.

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".

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".

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".

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".

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".

3. NEED OF THE STUDY

The purpose of this study is to evaluate the contribution of Asset Allocation Strategies in Portfolio Performance. This study is also trying to increase the scope of research by analyzing the effect of holding period, different Asset Classes, Risk and other Asset Allocation Strategies.

Most of the research work in past has been done on Strategic Asset Allocation. By trying to work on other Asset Allocation Strategies, holding period, Asset Classes etc, the study will contribute significantly to Asset Allocation literature.

4. OBJECTIVE OF THE STUDY

The primary objective of the study is to understand the relationship between Asset Allocation Strategies and Portfolio Performance in India.

The study attempts to evaluate the following:

- Evaluate the contribution of Strategic Asset Allocation, Rebalancing, Reallocation and Sector/ Stock Selection in portfolio return and risk across time for Equity asset class.

5. METHODOLOGY

The first step in the analysis is to calculate total return TR from the contribution of four strategies. Strategic Asset Allocation Return, Rebalancing Return, Reallocation Return and Residual Return as under:

$$TR_{it} = SR_{it} + ReR_{it} + RaR_{it} + R_{it} \quad (5.1)$$

Where,

TR_{it} = Total Return of Fund i in time t

SR_{it} = Strategic Asset Allocation Return of fund i in time t

ReR_{it} = Rebalancing Return of fund i in time t

RaR_{it} = Reallocation return of fund i in time t

R_{it} = Residual Return of fund i in time t

The **Asset Allocation Policy** of each fund consists of policy weights the sum total of which is equal to 1.

The **Strategic Asset Allocation Return** of a fund over a period of time can be calculated from Return of Benchmarks and Policy weights as follows:

$$SR_{it} = Ws1_i R1_t + Ws2_i R2_t + \dots + Wsk_i Rk_t \quad (5.2)$$

Where,

$Ws1_i, Ws2_i, \dots, Wsk_i$ = 10 year average of policy weights of funds i

$R1_t, R2_t, \dots, Rk_t$ = Return on the Asset Class Benchmark in holding period t

k = Number of Asset Classes

i = Number of Funds

t = Time period

The **Rebalancing Return** of a fund over a holding period can be computed as follows:

$$ReR_{it} = Ws1_i^* R1_t + Ws2_i^* R2_t + \dots + Wsk_i^* Rk_t - SR_{it} \quad (5.3)$$

Where,

$Ws1_i^*, Ws2_i^*, \dots, Wsk_i^* = Wsk_i + \Delta$

Wsk_i = 10 year average of policy weights of funds i

Δ = Increase/ Decrease in Weight at the time of Periodic Rebalancing.

$R1_t, R2_t, \dots, Rk_t$ = Return on the asset class benchmark in period t

SR_{it} = Strategic Asset Allocation Return of fund i in time t

k = Number of Asset Classes

i = Number of Funds

t = Holding period

Rebalancing of portfolio is done on a daily basis.

The **Reallocation Return** of a fund over a period of time can be calculated as follows:

$$RaR_{it} = Wr1_{it} R1_t + Wr2_{it} R2_t + \dots + Wrk_{it} Rk_t - ReR_{it} \quad (5.4)$$

Where,

$Wr1_{it}, Wr2_{it}, \dots, Wrk_{it}$ = Policy Weights of funds which changes as per

Fund Manager's discretion on a daily basis

$R1_t, R2_t, \dots, Rk_t$ = returns on the asset classes in period t

ReR_{it} = Rebalancing Return of fund i in time t

k = Number of Asset Classes

i = Number of Funds

t = Holding Period

Residual Return - Given the total return to the funds and the estimated strategic, rebalancing and reallocation returns of the funds, the residual returns which shows the Sector and Stock selection skills of a fund manager can be calculated as under

$$R_{it} = TR_{it} - SR_{it} - ReR_{it} - RaR_{it} \quad (5.5)$$

Where,

TR_{it} = Total Return of Fund I in time t

SR_{it} = Strategic Asset Allocation Return of fund i in time t

ReR_{it} = Rebalancing Return of fund i in time t

RaR_{it} = Reallocation return of fund i in time t

R_{it} = Residual Return of fund i in time t

6. EMPIRICAL RESULTS

Various portfolio strategies are used to enhance the Return and reduce Risk in portfolio. Past research has shown that Strategic Asset Allocation is the most important strategy in portfolio performance. However not enough evidence is available on contribution of other strategies like Constant Weighting Asset Allocation, Tactical Asset Allocation, Residual, etc Some work has been done independently on strategies but combined effect on portfolio has not been observed. Impact of portfolio strategies across time on Return, Risk and Sharpe Ratio has also not been done.

The investigation came out with interesting results. It was observed that Strategic Asset Allocation is the most important strategy that contributes to the performance of a portfolio. The importance comes down with increase in holding period.

Rebalancing or Constant Weighting Asset Allocation is a risk reduction strategy and becomes important if the investment tenure is more than 3 years

Reallocation or Tactical Asset Allocation is an important strategy that contributes in portfolio performance across time for Return, Risk and Sharpe Ratio. Residual or Sector and Stock Selection has relevance for Equity Asset class and is considered to be the second most important factor. Investment horizon or holding period is the most important factor in reducing risk of the portfolio. The Return however reduces with time after 1 year. The contribution of holding period in Sharpe Ratio of portfolio is significant.

TABLE 6.1: MEAN OF ROLLING RETURNS FOR DIFFERENT PORTFOLIO STRATEGIES ACROSS TIME

Return					
Portfolio Strategy	Daily	Monthly	1 Year	3 Year	5 Year
Fund	16.0%	16.5%	18.5%	14.6%	13.2%
Reallocation	13.1%	13.2%	14.5%	11.6%	10.5%
Rebalancing	12.8%	13.0%	14.5%	11.3%	10.1%
Strategic Asset Allocation	12.9%	13.3%	15.0%	11.2%	9.6%

TABLE 6.2: PERCENTAGE CONTRIBUTION OF STRATEGIES IN PORTFOLIO ACROSS TIME

RETURN – PERCENTAGE					
Portfolio Strategy	Daily	Monthly	1 Year	3 Year	5 Year
Residual	15.9%	17.7%	20.3%	19.1%	18.2%
Reallocation	1.6%	1.1%	0.3%	1.3%	2.3%
Rebalancing	0.0%	-1.3%	-2.6%	1.0%	4.4%
Strategic Asset Allocation	82.6%	82.5%	82.1%	78.6%	75.1%

TABLE 6.3: STANDARD DEVIATION OF ROLLING RETURNS FOR DIFFERENT PORTFOLIO STRATEGIES ACROSS TIME

STANDARD DEVIATION					
Portfolio Strategy	Daily	Monthly	1 Year	3 Year	5 Year
Fund	16.6%	20.2%	25.2%	10.6%	5.2%
Reallocation	17.0%	19.6%	21.1%	9.0%	5.0%
Rebalancing	17.2%	19.7%	21.2%	9.3%	5.1%
Strategic Asset Allocation	17.1%	19.7%	21.7%	10.2%	5.3%

TABLE 6.4: RATIO OF STANDARD DEVIATION BETWEEN DIFFERENT STRATEGIES ACROSS TIME

STANDARD DEVIATION – RATIO					
Portfolio Strategy	Daily	Monthly	1 Year	3 Year	5 Year
Fund***	96.8%	102.64%	116.43%	103.45%	98.03%
Reallocation**	99.6%	99.55%	97.50%	87.67%	93.75%
Rebalancing*	100.5%	99.89%	97.82%	91.01%	95.84%
Strategic Asset Allocation	100.0%	100.0%	100.0%	100.0%	100.0%

*Rebalancing Standard Deviation/ Strategic Standard Deviation

**Reallocation Standard Deviation/ Strategic Standard Deviation

***Fund Standard Deviation/ Strategic Standard Deviation

TABLE 6.5: SHARPE RATIO OF DIFFERENT PORTFOLIO STRATEGIES ACROSS TIME

SHARPE RATIO					
Portfolio Strategy	Daily	Monthly	1 Year	3 Year	5 Year
Fund	0.03	0.13	0.47	0.76	1.27
Reallocation	0.02	0.09	0.37	0.55	0.77
Rebalancing	0.02	0.08	0.37	0.50	0.68
Strategic Asset Allocation	0.02	0.09	0.38	0.44	0.55

TABLE 6.6: RATIO OF SHARPE RATIO FOR DIFFERENT PORTFOLIO STRATEGIES ACROSS TIME

SHARPE RATIO – RATIO					
Portfolio Strategy	Daily	Monthly	1 Year	3 Year	5 Year
Fund***	153.8%	145.0%	122.8%	170.4%	231.6%
Reallocation**	104.8%	100.4%	97.2%	123.6%	140.1%
Rebalancing*	99.1%	96.9%	96.4%	113.5%	124.2%
Strategic Asset Allocation	100.0%	100.0%	100.0%	100.0%	100.0%

*Rebalancing Sharpe Ratio/ Strategic Sharpe Ratio

**Reallocation Sharpe Ratio/ Strategic Sharpe Ratio

***Fund Sharpe Ratio/ Strategic Sharpe Ratio

7. CONCLUSION

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.

The investigation came out with interesting results. It was observed that Strategic Asset Allocation is the most important factor that contributes to the performance of a portfolio. The importance comes down with increase in holding period.

Rebalancing or Constant Weighting Asset Allocation is a risk reduction strategy and becomes important if the investment tenure is more than 3 years

Reallocation or Tactical Asset Allocation is the second most important strategy that contributes in portfolio performance across time for Return, Risk and Sharpe Ratio.

Residual or Sector and Stock Selection adds values only for 5 Years and beyond.

Investment Horizon or holding period is the most important factor in reducing risk of the portfolio. The Return however reduces with time after 1 year. The contribution of Time in Sharpe Ratio of portfolio is significant.

8. SCOPE FOR FUTURE RESEARCH

Future Research should be conducted in the following areas to strengthen the existing literature.

- As per this study, Residual plays an important role in emerging country like India. There are many factors which may contribute to Residual like Stock Selection, Sector Selection, etc. Research can be done to analyse the strategies which play significant role in contribution to Residual. This may help in better management of portfolio.
- This study analysed the portfolio strategies like Strategic Asset Allocation, Constant Weighting Asset Allocation and Tactical Asset Allocation. Researchers can study the impact analysis of other Asset Allocation strategies like Constant Proportion Asset Allocation, Asset Allocation using Options etc.
- It will be interesting to evaluate the results with more Asset Classes like Real Estate, Gold and Alternate Investment. Having Asset Classes with different correlation may make some portfolio strategies more relevant and to some they can make irrelevant.

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SUCCINCT GLIMPSE OF MGNREGA IN HIMACHAL PRADESH

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ABSTRACT

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is a major step in the direction of providing security of employment to rural workers by providing at least 100 days of guaranteed wage employment in every year to every household whose adult members volunteer to undertake unskilled manual work. The Act makes a historic step towards recognizing and ensuring work as a right of the people. The major aim of the scheme was to strength the rural society. The Govt. of India has contributed huge capital in this scheme and almost every year this amount has increased. After 9 years of its inception, this scheme has given the mixed results. As MGNREGA is started all over India, we can easily analyze both the positive and negative aspects of this scheme with this paper. In some parts it has made the people especially women self-dependent and increased the employment rate while in some parts a number of reports regarding the corrupt activities in MGNREGA, non-availability of work, biasness regarding distribution of work had come.

KEYWORDS

MGNREGA, employment guarantee, rural areas, expenditure, household.

INTRODUCTION

Rural development implies both the economic betterment of people as well as greater social transformation. Increased participation of people in the rural development process, decentralization of planning, better enforcement of land reforms and greater access to credit and inputs go a long way in providing the rural people with better prospects for economic development. Improvements in health, education, drinking water, energy supply, sanitation and housing coupled with attitudinal changes also facilitate their social development. Ministry of Rural Development, Government of India, is the nodal agency for rural development in India. It coordinates implements and funds schemes which aim at ensuring that the fruits of economic development reach the villages and the common man. The Ministry has three Departments, viz. Department of Rural Development, Department of Land Resources and Department of Drinking Water Supply. A paradigm shift in the policy of rural development has also taken place in the sense that poor are treated as potential resources, forming an integral part of the development strategy and not as a burden.

Here, an attempt has been made to evaluate the physical and financial performance of MGNREGA for the year 2014-15 and since its inception in Himachal Pradesh and in District Mandi of Himachal Pradesh. The review of performance of MGNREGA is based on the data compiled from Annual Progress Reports of the Rural Development Department of State Government and District Rural Development Agency of Mandi district. It is important to evaluate the performance of MGNREGA at state level. Thus, prior to evaluate the performance of MGNREGA in Mandi district, a brief description at State level for the performance of MGNREGA has been made.

The progress of MGNREGA in Himachal Pradesh (since its inception) has been reflected in table 1.

TABLE 1: THE PROGRESS OF MGNREGA IN HIMACHAL PRADESH (SINCE INCEPTION)

Sr. No.	State	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
1.	No. of households issued job cards (cumulative)	0.99	3.94	8.50	995	10.50	11.06	11.47	11.60	11.61
2.	No. of households provided employment (in Lakh)	0.64	2.71	4.46	4.97	4.44	5.05	5.15	5.39	4.53
3.	Total Mandays generated (in lakh)	29.90	97.53	205.28	284.94	219.46	270.13	262.10	282.50	190.80
4.	Mandays generated for women (in lakh) & per centage	15.19 53%	42.27 43%	84.80 41%	119.84 42%	89.48 41%	96.55 36%	92.64 35%	101.17 36%	67.46 35%
5.	Mandays generated for women (in lakhs) & per centage	3.66 12%	29.36 30%	80.09 39%	131.32 46%	105.90 48%	160.34 59%	159.06 61%	176.60 63%	116.46 61%
6.	No. of households completed 100 days of employment	16,815	13,842	50,193	48,283	22,052	48,043	40,416	55,439	21,576
7.	Average person days per households	47	36	46	57	49	54	51	52	42
8.	Total no. of works taken up	8,726	19,262	45,556	62,473	63,988	82,894	1,13,922	1,28,185	1,28,148
9.	No. of works in progress	4,722 (54)	7,496 (39)	23,275 (51)	35,899 (57)	34,409 (54)	40,618 (49)	46,765 (41)	50,356 (39)	42,514 (33)
10.	Central share (₹ in crore)	4,004	11,766	22,281	26,574	29,579	42,276	67,157	77,829	85,634
11.	Central share (₹ in crore)	45.23	125.96	410.11	375.47	656.18	311.38	361.30	477.97	355.43
	State share (₹ in crore)	2.85	13.51	33.25	53.11	56.11	45.70	48.92	47.92	38.90
	Total (₹ in crore)	48.08	139.47	443.36	428.58	712.29	357.08	410.22	525.89	394.33
12.	Total expenditure (₹ in crore)	39.40	125.66	327.77	545.07	535.74	527.95	507.98	578.49	410.07

Source: Rural Development Department, Government of Himachal Pradesh

It is evident from table 1 that, in the year 2006-07, a total of 29.90 lakh person days have generated to rural household, which increased to 97.53 lakh during the year 2007-08. It was in increasing order till 2009-10. In the year 2010-11 it decreased to 219.46 lakh person days, however, in the year 2009-10, 284.94 lakh person days were generated. From the year 2010-11 to 2014-15, it was found in decreasing order and 190.80 lakh person days have generated in the year 2014-15. Data as depicted in table 1 reflects that, in the year 2006-07, 16,815 households have completed 100 days employment under MGNREGA and 21,576 households have completed 100 days of employment in the year 2014-15. Central as well as State share was found in increasing order from the year 2006-07 to 2014-15. Further, the works taken up under MGNREGA were also found in increasing order from the year 2006-07 to 2014-15. Detail of funds and expenditure under the programme in Mandi district w.e.f. 2007-08 to 2014-15 has been shown in table no. 2.

TABLE 2: DETAIL OF FUNDS AND EXPENDITURE IN MANDI DISTRICT (₹ in Lakh)

Year	Opening balance	Funds received from Centre + State	Interest/Misc. Receipt	Total funds available	Funds utilized	Closing balance
2007-08	0.00	4567.51	114.72	4682.30	4272.52	409.71
2008-09	409.71	15894.62	75.88	16380.21	9056.73	7323.48
2009-10	7323.48	6210.44	75.71	13609.63	12562.82	1046.81
2010-11	1046.81	16172.00	1600.28	18819.09	13867.03	4952.06
2011-12	4952.06	10050.00	202.16	15204.22	13527.90	1676.32
2012-13	1676.33	12162.00	293.48	14231.80	13103.47	1128.33
2013-14	1128.33	13203.00	194.56	14525.89	14170.92	354.97
2014-15	354.97	10149.00	73.59	10577.56	10368.04	209.52

Source: District Rural Development Agency, Mandi, H.P.

Data as shown in table 2 reveals that in the year 2007-08, Center and state share was ₹ 4567.51 lakh, total available fund was ₹ 4682.30 lakh in the same year and ₹ 4272.52 lakh of funds was utilized, however, closing balance was ₹ 409.71 in the year 2007-08. In the year 2008-09 opening balance was ₹ 409.71 lakh and closing balance was ₹ 7323.71 lakh. Above table reveals that, maximum fund including centre and state i.e. ₹ 16172.00 lakh was found in the year 2010-11 and minimum fund i.e. ₹ 4567.51 lakh was found in the year 2007-08. In the end of 2014-15, opening balance was ₹ 354.97 lakh. However, ₹ 10149.00 lakh was the share of centre and state out of which ₹ 10368.04 lakh has been utilized in various works and the closing balance was ₹ 209.52 lakh.

PHYSICAL AND FINANCIAL PROGRESS OF MGNREGA

The physical and financial progress of MGNREGA in Himachal Pradesh during the year 2014-15 has been reflected in table 3.

TABLE 3: PHYSICAL AND FINANCIAL PROGRESS UNDER MGNREGA DURING THE YEAR 2014-15 (UPTO 23-6-2015)

A	Physical Progress	Chamba	Sirmaur	Kangra	Mandi	Bilaspur	Ha-mirpur	Kin-aur	Kullu	L & Spiti	Shimla	Solan	Una	Total
1	Total No. of households issued job cards (since inception)	106102	78276	236316	221315	66892	83481	15662	89022	6283	118274	78795	62618	1163036
2	Total No. of households demanded employment	66543	33980	90243	126532	24216	23217	9474	43251	3739	47203	16860	14160	499418
3	Total No. of households provided employment	60250	30634	78345	117051	9.66	21029	8982	40842	3502	44122	13946	12190	452388
4	Total Persondays generated (in lakh)	28.86	14.23	28.19	52.78	2.52	8.30	4.60	15.60	1.62	16.07	5.36	5.12	190.39
5	Persondays generated by SC	5.67	4.70	7.09	13.91	26	2.60	1.80	4.58	0.11	4.67	1.86	2.04	51.55
6	Percentage	20	33	25	26	0.29	31	39	29	7	29	35	40	27
7	Persondays generated by ST	8.16	0.14	1.84	0.51	3	0.11	2.77	0.15	1.49	0.06	0.06	0.12	15.70
8	Percentage	28	1	7	1	5.38	1	60	1	92	0	1	2	8
9	Persondays generated by Women	14.08	5.24	20.05	38.74	56	6.14	3.13	8.62	1.11	8.14	2.37	3.21	116.21
10	Per cartage	49	37	71	73	1472	74	68	55	69	51	44	63	61
11	Households completed 100 days employment	4174	2451	2244	6427	8218	853	343	1027	196	821	682	843	21533
12	Total No. of works undertaken	14004	7550	17287	25308	3323	5683	1747	12987	1361	12581	4147	2439	113312
13	Total No. of works completed	3450	2037	5467	9553	40	2214	219	4239	154	3443	1376	1138	36613
14	Percentage	25	27	32	38	4895	39	13	33	11	27	33	47	32
15	Total No. of works in progress	10554	5513	11820	15755	77.60	3469	1528	8748	1207	9138	2771	1301	76699
B Financial Progress (₹ in lakhs)														
1	Opening balance as on 1-4-2014	466.89	190.49	230.28	354.97	77.60	84.51	64.29	75.86	23.41	344.16	58.08	91.86	2062.40
2	Funds released	6249.00	2926.00	6871.00	10149.00	2097.00	1735.00	760.00	2720.00	317.00	3171.00	1188.00	1219.00	39402.00
3	Miscellaneous receipt	36.75	10.33	62.35	57.66	4.65	1.85	3.66	4.52	0.85	81.88	35.89	5.48	305.87
4	Total availability	6752.64	3126.82	7163.63	10561.63	2179.25	1821.36	827.95	2800.38	341.26	3597.04	1281.97	1316.34	41770.27
5	Total Expdt.	6543.27	3026.74	7070.20	10381.95	2119.84	1748.37	686.34	2772.88	251.14	3342.42	1242.12	1301.60	40486.87
6	Per centage	97	97	99	98	97	96	83	99	74	93	97	99	97
7	Expdt. Of unskilled wages	4790.73	2029.93	4091.37	7849.65	1565.16	1131.92	547.41	2158.15	200.89	2594.72	834.92	819.86	28614.71
8	Expdt. On semi skilled & skilled wages	235.11	26.36	132.24	335.57	11.71	13.08	14.03	46.83	7.78	61.43	18.54	17.36	920.04
9	Expdt. On material	1250.53	824.22	2437.10	1717.88	453.34	519.50	91.02	439.67	25.28	532.40	296.87	385.00	8972.81
10	Tax	2.11	1.03	6.84	5.60	0.10	1.01	0.00	0.74	0.00	0.51	1.02	1.19	20.15
11	Administrative Expdt	264.78	145.19	402.67	473.26	89.53	82.85	33.88	127.50	17.18	153.36	90.77	78.19	1959.16

Source: Rural Development Department, Government of Himachal Pradesh.

It is evident from table 3 that, 11, 63, 036 number of households have issued job cards since inception and 4, 99, 418 number of households demanded employment under MGNREGA in the year 2014-15. 4,52,388 number of households were provided employment and 190.39 lakh person days were generated in the year 2014-15. Further 1,13,312 lakh works were completed in year 2014-15 and 21,533 households completed 100 days of employment. Table 4.2 shows that opening balance as on 1-4-2014 was 2062.40 lakh and 39402.00 lakh funds have been released, total available fund was 41770.27 lakh and total expenditure was 40486.87 lakh in the 2014-15. Kangra district was the largest one, where 2,36,316 lakh job cards were issued and district Lahul-Spiti was the smallest one where only 6,283 job cards were issued during the year 2014-15.

HOUSEHOLDS PROVIDED 100 DAYS OF EMPLOYMENT

As mentioned earlier, MGNREGA aims at providing 100 days of guaranteed employment to rural household in a year. The success of this programme depends on the generation of employment opportunities in the rural area. Families who have completed 100 days of employment in Himachal Pradesh under MGNREGA have been shown in table 4.

TABLE 4: FAMILIES WHO HAVE COMPLETED 100 DAYS OF EMPLOYMENT IN H.P. FOR THE YEAR 2015-16

Sr. No.	Name of Distt.	House hold Employed	Person days Generated
1.	Bilaspur	956	95937
2.	Chamba	3828	383817
3.	Hamirpur	682	68467
4.	Kangra	3020	302880
5.	Kinnaur	502	50688
6.	Kullu	627	62845
7.	Lahaul-Spiti	74	7450
8.	Mandi	6785	679201
9.	Shimla	835	84687
10.	Sirmour	1169	117768
11.	Solan	559	56307
12.	Una	1215	121527
	Grand Total	20252	2031574

Source: Rural Development Department, Government of Himachal Pradesh

Table 4 shows that, 20,252 families have completed 100 days of employment and 20,31,574 person days were generated under MGNREGA in Himachal Pradesh for the year 2015-16. Out of total 12 districts, the highest ratio of families who have completed 100 days of employment under MGNREGA for the year 2015-16 was found in District Mandi of Himachal Pradesh. Whereas, minimum ratio in this context was found in district Lahul Spiti. District Chamba ranks secondly in this context where 3,828 families have completed 100 days of employment and district Kangra ranks thirdly where 3,020 families have completed 100 days of employment under MGNREGA. Families who have completed 100 days of employment in Mandi District during the year 2015-16 have been shown in table 5

TABLE 5: FAMILIES WHO HAVE COMPLETED 100 DAYS OF EMPLOYMENT IN MANDI DISTRICT FOR THE YEAR 2015-16

Sr. No.	Blocks	House Hold Employed	Person days Generated
1.	Balh	335	33576
2.	Chauntra	94	9423
3.	Dharampur	2102	210363
4.	Drang	622	62281
5.	Gohar	364	36416
6.	Gopalpur	291	29138
7.	Karsog	350	35027
8.	Mandi Sadar	1032	103287
9.	Seraj	1322	132367
10.	Sundernagar	272	27323
	Grand Total	6785	679201

Source: District Rural Development Agency, Mandi, H.P.

Table 5 shows that 6,785 families have completed 100 days of employment and 6,79,201 person days were generated under MGNREGA in Mandi District for the year 2015-16. Out of total 10 development Blocks, the highest ratio of families who have completed 100 days of employment under MGNREGA for the year 2015-16 was found in Dharampur Block whereas minimum ratio in this context was found in Chauntra Block. Seraj Block ranks secondly in this context where 1,322 families have completed 100 days of employment and Mandi Sadar Block ranks thirdly where 1,032 families have completed 100 days of employment under MGNREGA.

In India, Poverty alleviation programmes have been important rudiments of public policy to provide unskilled workers with short-term employment on public works. They provide income transfers to rural households during periods when they undergo on account of lack of opportunities of employment. In areas with high unemployment rates and under-employment, from these programmes transfer benefits prevent poverty from worsening, especially during lean seasons. Durable assets that these programmes generate have the potential to generate second-round employment benefits as requisite infrastructure is developed. India has a long history and knowledge in implementing wage employment programmes implemented by the state governments with the assistance of Central Government. These schemes are self-targeting and the objective is to provide enhanced livelihood security, particularly to those dependent on casual manual labour. Beginning with Jawahar Rojgar Yojana in 1989, the outreach of these programmes increased significantly, culminating in Mahatma Gandhi National Rural Employment Guarantee Scheme which was implemented by the enactment of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), 2005.

CONCLUSION

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is a major step in the direction of providing security of employment to rural workers by providing at least 100 days of guaranteed wage employment in every year to every household whose adult members volunteer to undertake unskilled manual work. The Act makes a historic step towards recognizing and ensuring work as a right of the people. The major aim of the scheme was to strengthen the rural society. The Govt. of India has contributed huge capital in this scheme and almost every year this amount has increased. After 9 years of its inception, this scheme has given the mixed results. As MGNREGA is started all over India, we can easily analyze both the positive and negative aspects of this scheme with this paper. In some parts it has made the people especially women self-dependent and increased the employment rate while in some parts a number of reports regarding the corrupt activities in MGNREGA, non-availability of work, biasness regarding distribution of work had come.

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THE IMPACT OF CELEBRITY ENDORSEMENT ON BRAND POSITIONING: AN EMPIRICAL RESEARCH

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ABSTRACT

Celebrity endorsement has been a tried and tested strategy of the marketers in order to break the clutter of commercials and, at the same time, make it noticeable to the audience. Use of celebrity in commercials has certain obvious advantages as some values of celebrities like attention; recall and persuasive appeal are added instantly. However, celebrity endorsement has increased ten times during 2005 to 2015 (www.Tamindia.com). According to a survey, currently sixty per cent of the entire commercials in India featured a celebrity. This has resulted in the cluttering of the celebrities. Thus, the very purpose for which this promotional strategy was devised is being defeated now. Another differentiation strategy in the hands of marketers is Brand positioning. It refers to creating a distinct favourable image of the brand and crafting a desired position of the brand vis-à-vis competitors in the minds of consumers. The question arises as to whether any relationship exists between celebrity endorsement and brand positioning and how far these celebrities are effective in positioning the brands they endorse? After all, employment of a celebrity entails a heavy outlay which any company can ill afford to squander away. This paper aims at finding the answers to these questions.

KEYWORDS

Celebrity, Celebrity endorsement, brand, brand positioning, Celebrity value.

INTRODUCTION

Celebrity endorsement began in India in the early fifties. Some bigger companies from their global experience introduced the concept of celebrity endorsement. HLL has used Hindi film stars to endorse their beauty soap 'Lux' since the fifties in their famous campaign *Filmy Sitaron Ka Soundarya sabun*.

The introduction of TV in India and events like ASIAD in 1982 and World-Cup cricket victory in 1983 ushered in the era of celebrity endorsement in India in a big way. The late eighties saw the beginning of celebrity endorsement in advertising in India. Hindi film and TV stars as well as sports personalities began encroaching on territory that was until then the exclusive domain of models. There was a spurt in advertising featuring stars like Tabassum (Prestige Pressure Cooker), Jalal Agha (Pan Parag), Kapil Dev (Palmolive Shaving Cream) and Sunil Gavaskar (Dinesh Suitings). Of course, probably the first Ad. to cash in on star power in a strategic, long term, mission statement kind of way was for Lux soap, a brand which has, perhaps as a result of this, been among the top three in the country for much of its lifetime. Detergents, on the other hand, ran the whole gamut of Lalitajee-the antithesis of a celebrity to Shekhar Suman stepping into the lives of ordinary housewives. (Blonnet. April 2003)

Ohanion has defined a celebrity as "A person who is widely recognized in the society where attributes like attractiveness, extraordinary lifestyle or special skills are just examples and specific common characteristics cannot be observed." It can be said that within a corresponding social group, celebrities generally differ from the social norm and enjoy a high degree of public awareness. Today's celebrities are larger figures from movies (Amitabh Bachchan, Shah Rukh Khan, Priyanka Chopra), television (Mukesh Khanna, Shweta Tiwari) and sports (Sachin Tendulkar, M S Dhoni, Sanya Mirza), etc.

McCracken's (1989) defines a celebrity endorser as, "any individual who enjoys public recognition and who uses this recognition on behalf of a consumer good by appearing with it in an advertisement". According to Friedman & Friedman, "a celebrity endorser is an individual who is known by the public for his or her achievements in areas other than that of the product class endorsed."

According to Art Buchwald (1999), "The use of Celebrity in order to increase the sales and/or recall value of the brand is called Celebrity Endorsement". For example, in the Coca-Cola advertisement, actor Aamir Khan is the celebrity endorser for the product or brand called Coke and this process is referred to as Celebrity Endorsement.

Brand positioning refers to creating a distinct and favourable image of the brand in the mind of consumer and crafting a desired positioning of the brand vis-à-vis competitor's offerings. Positioning has evolved from measurement of consumer perceptions and literature of perceptual mapping (Arnott, 1994). The main aim of the companies is to somehow generate a distinctive space of the brand in the consumers' mind, generally termed as 'positioning' (Ries and Trout, 1981). Positioning is the concept that changed the view of the advertisement and it is not what you do to a product, but it is what you do to the mind of the prospect (Trout & Ries, 2003; Sengupta, 2005; Sagar et. al, 2009). Basically the essence of positioning concept is to position the product or service or to situate or to do mapping of the brand as a distinctive space in the consumers' mind (Sengupta, 2005; Sagar et. al, 2009). Positioning in the view of (Kotler, 1997) is the process of designing the company's products and service image based on consumer perceptions relative to that of competitors. A strong brand always built upon the association of the consumers with the brand (Sagar et. al, 2009)

LITERATURE REVIEW ON CELEBRITY ENDORSEMENT

According to Kaikati (1987), use of celebrities in MARCOMs (Marketing Communications) began in the late Nineteenth Century. However, momentum picked up with the emergence of cinema during 1920s. But, its present day popularity, as per McDonough (1995), owes much to the growth of commercial radio during 1930s and to the commercial television during 1950s. Initially, 'stars' were reluctant to endorse products and brands as they were apprehensive of their image getting jeopardized. However, during 1970s, such trends faded as the number of films and television roles expanded (Thompson, 1978). Therefore, trend to utilize celebrity endorsers in MARCOM activities increased sharply. In 1979, celebrity endorsers' use in commercials was estimated as one in every six advertisements (Howard 1979) which rose to one in five in 1988 (Motavalli) and, thereafter, Shimp claimed around 25% of all US based commercials utilize celebrities in 1997. Almost same trend was found in UK as well (a report in *Marketing*, 1996). Therefore, it seems safe to argue that utilising celebrities within commercials has reached such a level that it can be accepted as a fairly common MARCOM strategy.

In India, celebrities were engaged for the first time by Hindustan Lever Limited (HLL) when All India Radio began its commercial services in the year 1951. HLL hired the services of the top actresses of the period to endorse their bathing soap brand 'Lux'. But, the actual and visible growth began only after launching of satellite television services in India in the early 1980s.

Authors like Atkin and Block (1983) observed that celebrities are hired for their qualities like likeability and attractiveness which get transferred to products via MARCOM activities. Langmeyer, Walker and McCracken (1989) share this view. However, author like B. Zafer Erdogan cautioned against the risks and hazards of employing a celebrity to endorse a brand through his paper in the *Journal of Marketing* (1990) in which he presented a model of pros and cons of celebrity endorsement strategy. Further, Croft, Dean and Kitchen (1996) have drawn the attention of the advertisers towards recent technological innovations which result in increasing consumer power over programmed advertisements.

Hofstede (1984) and Mooij (1994) highlighted the impediments in positioning due to cultural roadblocks of the host countries in case of global marketing such as time, space, language, relationships, power, risk, masculinity, femininity, etc. However, utilization of powerful global celebrities like Cindy Crawford, Linda Evangelista and Pamela Anderson have been able to overcome such roadblocks for Pizza Hut International.

Authors like Cooper (1984), Kaikati (1987), Klebba and Unger (1982), Till and Shimp (1995) have cautioned against the potential hazards of hiring celebrities to endorse a brand. Belch and Belch voiced their concern for the impact of other variables such as brand awareness, recall of copy points and message arguments,

brand attitude, and purchase intentions apart from mere attention value of the celebrities. Rossiter and Percy (1987) expressed their apprehension of celebrity overshadowing the brand being endorsed. Authors like Mowen and Brown (1981), Graham (1989), Cooper and Tripp et. al. (1994) raised the issue of over exposure of the celebrities due to their multibrand endorsement. They opined that such trends can lead to a serious credibility crisis of the celebrities.

LITERATURE REVIEW ON BRAND POSITIONING

The real basis of positioning is a moot point. Nylén (1990) believe that its roots lie in the studies of 1940 in the literature of marketing-mix, whereas authors like Myers and Tauber (1977). Ries and Trout (1986), Kotler (1997) consider positioning as a new concept which evolved from market segmentation during 1960s and early 1970s. Yet another school of thought (Arnott, 1994) views that positioning has evolved from measurement of consumer perceptions' and literature of perceptual mapping.

However, in relatively recent past, it was the paper by Jack Trout titled 'Positioning is a game people play in today's me-too in the market place' in the publication 'Industrial Marketing', which created a lot of buzz among marketing circles. Further, the concept of positioning was then popularized by Al Ries and Jack Trout in their bestseller book 'Positioning- The Battle for your mind', (McGraw Hill, 1981) in which they defined positioning as "an organized system for finding a window. It is based on the concept that communication can only take place at the right time and under the right circumstances. The main aim of positioning is somehow generating a distinctive space of the brand in the consumers' mind vis-à-vis competing brands.

NEED/ IMPORTANCE OF THE STUDY

Though celebrity endorsement has been a sound MARCOM strategy over the years in consumer goods industry, it has some serious risks and hazards. Celebrities, at the end of the day, are human beings and hence susceptible to committing mistakes. For example, the controversies involving film star Salman Khan and cricketer Shrisant are cases in point. Brand celebrity mismatch can lead to failure of the brand or wrong positioning as in the case of 'Maruti Varsa' which was positioned as a family sedan and endorsed by the superstar Amitabh and Abhishek Bachchan. Despite, it failed miserably as the audience didn't believe that stars like Bachchans would ever ride such an economy car.

Employing a celebrity to endorse a brand involves huge amount of money and hence it is pertinent to justify their use specially in case of brand positioning. In order to safeguard from such hazards and provide a framework, it is logical to ascertain the efficacy of celebrity endorsement and its relationship with brand positioning.

STATEMENT OF THE PROBLEM

The rise in celebrity advertisement has been attributed to cluttering of media which has seen an increase in the number of brands advertised on TV from around 3,000 a decade ago to almost 11,500 (India Today – December 2004). It is said that for the same period, the number of commercials being aired is up by over 3,000 per cent (India Today – December 2004). Research conducted by leading Indian research agency IMRB indicated that 86 % of the respondents say the most prominent advertisement that they remember has a celebrity in it (The Economic Times – 28 March, 2008). According to an estimate, the celebrity endorsement market is considered to be worth more than Rs. 10,000 million (\$ 200 million) business (The Economic Times – 3 February, 2010).

Cluttering of the advertisements and the celebrity endorsements has made the task of marketer extremely challenging. Breaking the clutter has become a daunting task. The exponential increase in the number of television channels coupled with the emergence of new media have only added fuel to the fire.

OBJECTIVES

1. To propose a model of relationship between celebrity endorsement and brand positioning
2. To find out the attention value of the celebrity
3. To know the recall value of the celebrity
4. To find out the conviction value of the celebrity
5. To know the connection value of the celebrity
6. To ascertain the persuasive appeal of the celebrity
7. To explore relationship between celebrity total value and brand positioning

HYPOTHESES

H₀: There is no significant relationship between celebrity's attention value and brand positioning.

H₀: There is no significant relationship between celebrity's recall value and brand positioning.

H₀: There is no significant relationship between celebrity's conviction value and brand positioning.

H₀: There is no significant relationship between celebrity's connection value and brand positioning.

H₀: There is no significant relationship between celebrity's persuasive appeal and brand positioning.

RESEARCH METHODOLOGY

A descriptive research with the help of a sample survey of 100 consumers was carried out in the city of Patna among consumers above 15 yrs. age. Simple random sampling method was adopted. Primary as well as secondary data were collected. A structured questionnaire was used as an instrument to elicit primary data from the respondents. The questionnaire consisted of part A and part B. Part A solicited demographic data of the respondents whereas part B contained questions on conceptual variables. One question was asked on each variable. A five-point Likert-scale (1 for minimum and 5 for maximum) was used to frame questions. Out of 100 questionnaires, 98 were found valid and two were incomplete. Cronbach alpha was applied to test the reliability and consistency of the questionnaire. Chi-square test was applied to test the hypotheses.

METHOD OF SELECTION OF TV COMMERCIALS

In order to zero in on the required commercials, it was decided to figure out top five celebrities endorsing various brands first. The help of internet was taken for the purpose. But internet revealed data for many years and that's why the most recent list of top ten Indian celebrity endorsers in terms of their brand value was taken from the website with URL <http://www.firstpost.com/business/money/brand-wars> on April 22, 2016. Out of this list of top ten Indian celebrity endorsers, three male celebrities (i.e., Shahrukh Khan, Ranveer Kapoor and M.S. Dhoni) holding the top three slots and two female celebrities (i.e., Dipeeka Padukone and Katrina Kaif) holding the 7th and 9th positions in the list were selected in order to make it more representative and offer variety.

Once the celebrities were selected, a search was done in order to ascertain the brands endorsed by the aforesaid celebrities. As the scope of the study was limited to the brands of Multinational companies, commercials endorsed by the selected celebrities were segregated on the basis of ownership, i.e., National or Multinational companies. Thereafter, five commercials of multinational companies which were very popular, frequently aired and were most visible on TV during the period of study, i.e., 2014-2016 were picked up on the basis of the frequency, popularity and visibility.

TABLE 1: SELECTED CELEBRITIES AND THEIR COMMERCIALS

Sl.	Commercials	Celebrities
1.	Hyundai Xcent	Shahrukh Khan (SRK)
2.	Froto-Lays	Ranveer Kapoor (RK)
3.	Sony Xperia Z1	Katrina Kaif (KK)
4.	Garnier Face Cream	Deepika Padukone (DP)
5.	Reebok Shoes	Mahendra Singh Dhoni (MSD)

TABLE 2: DEMOGRAPHIC PROFILE OF THE RESPONDENTS

Variable	Frequency	Percentage	Cumulative % age
Gender			
Female	49	50	50
Male	49	50	100
Total	98	100	100
Age-Group			
15-30 yrs.	45	45.91	45.91
31-45 yrs.	28	28.57	74.48
46-60 yrs.	16	16.32	90.80
61yrs. & above	09	09.18	100
Total	98	100	100
Educational Level			
Middle School	15	15.30	15.30
High School	22	22.44	37.74
Graduation	32	32.65	70.39
Post-graduation	22	22.44	92.83
Ph.D.	07	07.14	100
Total	98	100	100
Income-Group			
Up to Rs. 2,00,000 P/A	18	18.36	18.36
Rs.2,00,001-4,00,000 P/A	27	27.55	45.91
Rs.4,00,001-6,00,000 P/A	43	43.87	89.78
Rs. 6,00,001 P/A & above	10	10.20	100
Total	98	100	100
Occupation			
Farmer	09	9.18	9.18
Student	25	25.51	34.69
Business	14	14.28	48.97
Govt. Service	10	10.20	59.17
Pvt. Service	18	18.36	77.53
Self-employed	16	16.32	93.85
Retired	16	06.62	100
Total	98	100	100

RESULTS AND DISCUSSION

Celebrity value was taken as independent variable and Brand Positioning as dependent variable for the study. Celebrity value was further classified into five elements, viz., Attention Value (AV), Recall Value (RV), Conviction Value (CV), Connection Value (CnV) and Persuasive Appeal (PA).

TABLE 3: MEAN SCORES OBTAINED BY CELEBRITIES ON THEIR DIFFERENT ATTRIBUTES

Variable	SRK	RK	DP	KK	MSD
AV	12.69	11.46	13.01	12.87	13.85
RV	89.58	75.00	80.20	82.29	92.70
CV	24.46	26.16	23.74	22.86	26.04
CnV	23.69	25.02	23.32	22.89	25.67
PA	33.79	32.96	34.42	34.56	34.63
Total	184.21	170.16	174.69	175.47	192.89
Mean	36.84	34.03	34.93	35.09	38.57

Source: Author

FINDINGS

On the basis of table 3, it was found that the Attention value of M.S. Dhoni is the highest closely followed by Dipeeka Padukone. Katrina Kaif, Shah Rukh Khan and Ranveer Kapoor held third, fourth and fifth positions respectively.

As regards Recall value, M.S. Dhoni again holds the top slot followed by Shah Rukh Khan, Katrina Kaif, Dipeeka Padukone and Ranveer Kapoor in the same order. However, when it comes to Conviction Value, Ranveer Kapoor grabs the first position followed by M.S. Dhoni, Shah Rukh Khan, Dipeeka Padukone and Katrina Kaif respectively.

As far as Connecting with the audience is concerned, again M.S. Dhoni is at the top closely followed by Ranveer Kapoor. Shah Rukh Khan, Dipeeka Padukone and Katrina Kaif held third, fourth and fifth slot respectively.

Once again M.S. Dhoni was found to be most persuasive among all closely followed by Katrina Kaif and Dipeeka Padukone. Shah Rukh Khan and Ranveer Kapoor stood at fourth and fifth place respectively.

Conclusively, M.S. Dhoni holds top slot in terms of Total Celebrity Value followed by Shah Rukh Khan, Katrina Kaif, Dipeeka Padukone and Ranveer Kapoor in the same order.

TABLE 4: RELIABILITY TEST

ID	Variable	Mean	Std. Deviation	N (items)	Cronbach's alpha
AV	Attention value	2.69	1.10	3	0.55
RV	Recall value	3.87	0.80	2	0.73
CV	Conviction value	3.53	0.81	6	0.75
CnV	Connection value	3.45	0.83	5	0.53
PA	Persuasive appeal	3.43	0.83	7	0.77
BP	Brand Positioning	3.72	1.03	5	0.50

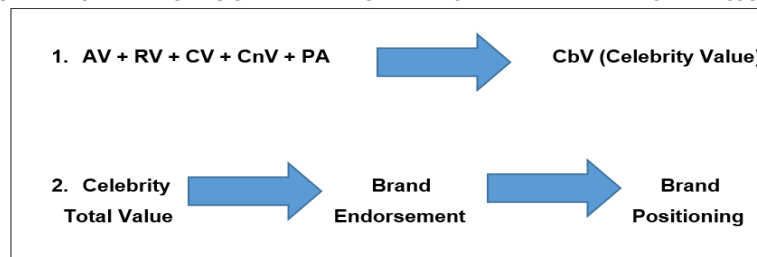
Source: author

PROPOSED MODELS

Two basic constructs were developed for the purpose of the study. First model describes the relationship between different attributes of the celebrities and celebrity total value. In other words, the collective strength of individual attribute of the celebrities leads to the total celebrity value.

Second model establishes relationship between celebrity total value and brand positioning. As per model II, Celebrity value is transferred through brand endorsement (commercial) which leads to brand positioning. That means, greater the celebrity total value stronger is the positioning. Therefore, the process of brand positioning involves the interplay of the individual attributes of the celebrity, celebrity total value and endorsement, i.e., the combination of the two models.

FIG. 1: A MODEL DEPICTING CELEBRITY VALUE AND ITS DIFFERENT ELEMENTS AND ASSUMED



Source: Author

HYPOTHESIS TESTING

TABLE 5: RESULTS OF HYPOTHESES TEST

Hypothesis	df	Level of significance	Critical value	Chi-square value	Result
H ₀₁	4	0.05	0.711	9.71	Rejected
H ₀₂	4	0,05	0.711	20.15	Rejected
H ₀₃	4	0.05	0.711	55.09	Rejected
H ₀₄	4	0.05	0.711	12.91	Rejected
H ₀₅	4	0.05	0.711	161.54	Rejected

CONCLUSION

We have checked the significance of association between the celebrity value and brand positioning by developing five hypotheses. All the null hypotheses were rejected which makes alternative hypotheses true. Thus, it can be concluded that

- There is significant relationship between Attention Value of the celebrities and Brand Positioning.
- There is significant relationship between Recall Value of the celebrities and Brand Positioning.
- There is significant relationship between Conviction Value of the celebrities and Brand Positioning.
- There is significant relationship between Connection Value of the celebrities. and Brand Positioning
- There is significant relationship between Persuasive Appeal of the celebrities and Brand Positioning.

Thus, it is concluded on the basis of the above discussion that there is significant relationship between celebrity value and brand positioning. This proves our proposed model.

LIMITATIONS OF THE STUDY

Due to time and resource constraints, the sample size was kept low which may have impact on the precision of the results. On account of the same reason, the sample was taken from Patna only and hence the results cannot be generalized for entire India.

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A STUDY ON INCOME EARNERS OF NORTH LAKHIMPUR TOWN AND THEIR PERSPECTIVE TOWARDS HEALTH INSURANCE

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ABSTRACT

Health Insurance is a kind of insurance policy taken by the insured to avail benefit whenever he faces any medical contingencies. It is a mechanism to indemnify the insured when he suffers any medical contingencies by the person who undertakes to pay the money known as insurer. The importance of health insurance lies on the fact that public healthcare facilities are never adequate to meet the healthcare requirements. This study was an attempt to study about the awareness level, type of health insurance preferred by the respondents and to identify the perceived aim of taking health insurance and also to study the level of satisfaction of the customers. The present study is based on primary data collected from different peoples having health insurance. From the study it was found that although all the respondents were aware about the health insurance but only few of them have the health insurance. The reasons being stated are high cost of the policy and term being only one year and no redemption of the value. Suggestions are made to cut the cost of the policies so that all the people can avail the benefits of health insurance.

KEYWORDS

health insurance, indemnify.

INTRODUCTION

Health is wealth. No one can be wealthy if one don't have a good health, its affordability and accessibility had to be ensured. But now a days due to increasing cost of the medical treatments and medicines, it seems very difficult for the average income earning groups to meet the raising cost. Health insurance is a boon to those peoples as it helps to meet the raising and unexpected cost. Health Insurance is a kind of insurance policy taken by the insured to avail benefit whenever he faces any medical contingencies. Health insurance is a mechanism to indemnify the insured when he suffers any medical contingencies by the person who undertakes to pay the money known as insurer and hence it had found a new track of success and growth in the present era.

It is difficult for a family to quickly arrange for huge amounts of money required for treatment. People are forced to pay out of their pocket. Sometimes due to lack of proper financial assistance even a patient suffers death or serious health hazard, bringing their or their closed one's life to a still. Every poor and average income earner, in their life, faces such contingencies where his own or his loved one life is at risk and require medical attention but due to lack of financial resources they are not able to help them, in such a situation health insurance serves as a boon.

Health insurance is defined in the registration of Indian Insurance Companies Regulations, 2000, as the effecting of contracts which provides sickness benefits or medical, surgical, or hospital expenses benefits, whether in-patient or out -patient, or an indemnity, reimbursement, service, prepaid, hospital or other plans basis, including assured benefits and long term care.¹

ADVANTAGES OF 'HEALTH INSURANCE' POLICY

- Insurance cover that can be availed renewing the policy every year.
- Income tax benefits u/s 80D

The present study is an effort to study the respondents who are aware or not aware about health insurance as well as various sources of awareness. This study also makes an attempt to know about the type of health insurance preferred by the respondents and to identify the perceived aim of taking health insurance and also to know the level of satisfaction of the customers.

OBJECTIVES OF THE STUDY

The study was carried out with some set objectives. The objectives of the study are:

- To study the awareness level of the customers.
- To study the type of health insurance preferred by the respondents.
- To study the purpose of taking health insurance
- To study the extent of satisfaction level of the customer.

IMPORTANCE OF THE STUDY

The importance of health insurance lies on the fact that public healthcare facilities are never adequate to meet the healthcare requirements. Generally, patients have to rely on the more expensive private healthcare services. Moreover, in certain critical illnesses, a good medical attention is required but due to lack of financial resources, one had to face lots of problems including the loss of life, in such a situation health insurance plays the role of shock absorber. The present study will also help to the Governmental, and non-governmental agencies in formulation of policies and strategies regarding the health insurance.

SCOPE OF THE STUDY

The scope of the study was confined to the customer's perspective toward the health insurance, awareness level and the benefits and satisfaction regarding the policies of the insurance business.

METHODOLOGY

North Lakhimpur Town was purposively selected and a sample survey was carried out. The data used in this study are collected from different income earners of North Lakhimpur Town. The present study is based on primary data which are collected through field survey with a scheduled questionnaire and by the direct oral investigation method responses were filled up in the questionnaire. In this study, 40 respondents were interviewed collecting information through one to one interview, for which 15 brief questions were set in the questionnaire. All the collected data was further aggregated into relevant tables so as to make it meaningful.

¹https://www.irda.gov.in/ADMINCMS/cms/frmGeneral_Layout.aspx?page=PageNo60&flag=1, chapter 2(h) accessed on 08-07-2016

LIMITATIONS

The researcher faced some problems while carrying out the study.

- No proper response by some of the respondents.
- Lack of adequate number of consumers of health insurance.

ANALYSIS**1. AWARENESS LEVEL OF THE RESPONDENTS****TABLE 1: RESPONDENTS ACCORDING TO AWARENESS LEVEL**

Variable	Frequency	Percentage (%)
Yes	40	100
No	0	0
Total	40	100

Source: Field study

Interpretation: From the study it is found that all the sample respondents, i.e. 40 respondents, were aware of the health insurance, which was a positive on the part of the study.

2. RESPONDENTS ACCORDING TO PERCEIVING OF HEALTH INSURANCE**TABLE 2: RESPONDENTS ACCORDING TO PERCEIVING OF HEALTH INSURANCE**

Variable	Frequency	Percentage (%)
Yes	28	70
No	12	30
Total	40	100

Source: Field study

Interpretation: The study showed that among the 40 sample respondents only 70%, i.e. 28 respondents are having health insurance.

3. RESPONDENTS ACCORDING TO SECTOR OF INVESTMENT**TABLE 3: RESPONDENTS ACCORDING TO SECTOR OF INVESTMENT**

Variable	Frequency	Percentage (%)
Private	22	55
Public	18	45
Total	40	100

Source: Field study

Interpretation: In the study it is found that private sector is given more emphasis as more of the respondents i.e. 55% go for private sector.

4. RESPONDENTS ACCORDING TO PURPOSE OF TAKING THE HEALTH INSURANCE**TABLE 4: RESPONDENTS ACCORDING TO PURPOSE OF TAKING THE HEALTH INSURANCE**

Variable	Frequency	Percentage (%)
Attractive scheme	10	21.74
Tax benefits	4	8.70
Cover big medical expenses	26	56.52
Compulsory by employer	4	8.70
others	2	4.34
Total	46*	100

Note: *A difference is observed in the total due to multiple responses by the respondents. Source: Field Study

Interpretation: From the study it is found that a good majority of the respondents, i.e. 56.52% was of the opinion that the health insurance would cover their big medical expenses, followed by attractive schemes which is 21.74%.

5. RESPONDENTS ACCORDING TO THEIR SATISFACTION TOWARDS THE INSURANCE COMPANY**TABLE 5: RESPONDENTS ACCORDING TO THEIR SATISFACTION TOWARDS THE INSURANCE COMPANY**

Variable	Frequency	Percentage (%)
Yes	36	90
No	4	10
Total	40	100

Source: Field study

Interpretation: From the study it is found that from the respondents who have health insurance maximum respondent's maximum respondents are satisfied with the insurance company.

6. RESPONDENTS ACCORDING TO THE SOURCES OF AWARENESS**TABLE 6: RESPONDENTS ACCORDING TO THE SOURCES OF AWARENESS**

Variable	Frequency	Percentage (%)
Insurance agent	30	75
Advertisement	0	0
Friends	2	5
Relatives	2	5
Others	6	15
Total	40	100

Source: Field study

Interpretation: Regarding the sources of awareness it was found in the study that maximum respondents who took insurance policies the main source of awareness was insurance agents.

7. RESPONDENTS ACCORDING TO THE PAYMENT FOR THE POLICY

TABLE 7: RESPONDENTS ACCORDING TO THE PAYMENT FOR THE POLICY

Variable	Frequency	Percentage (%)
Below ₹ 5000	6	15
₹5000- ₹7000	4	10
₹7000-₹10000	18	45
Above Rs.₹10000	12	30
Total	40	100

Source: Field study

Interpretation: The study showed that maximum respondents i.e. 45% pay in between ₹7000-₹10000 annually as the premium.

8. RESPONDENTS ACCORDING TO MODE OF PAYMENT

TABLE 8: RESPONDENTS ACCORDING TO MODE OF PAYMENT

Variable	Frequency	Percentage (%)
Monthly	0	0
Quarterly	0	0
Half yearly	0	0
Annually	40	100
Total	40	100

Source: Field study

Interpretation: The study showed that all the respondents i.e. 100% pay the premium annually.

9. RESPONDENTS ACCORDING TO THE TERM OF THE POLICY

TABLE 9: RESPONDENTS ACCORDING TO THE TERM OF THE POLICY

Variable	Frequency	Percentage (%)
0-5	32	80
6-10	2	5
10-15	2	5
15 above	4	10
Total	40	100

Source: Field study

Interpretation: From the study it was found that maximum of the respondents i.e. 80% are availing the policy which is not more than 5 years.

10. RESPONDENTS ACCORDING TO BENEFITS AVAILED

TABLE 10: RESPONDENTS ACCORDING TO BENEFITS AVAILED

Variable	Frequency	Percentage (%)
Yes	4	10
No	36	90
Total	40	100

Source: Field study

Interpretation: From the study it was found that maximum of the respondents i.e. 90% are have never applied any benefits from their respective policies.

11. COVERAGE OF THE POLICY

TABLE 11: COVERAGE OF THE POLICY

Variable	Frequency	Percentage (%)
Only major illness	20	50
Only minor illness	0	0
Both	20	50
Total	40	100

Source: Field study

Interpretation: Regarding the coverage of the policy a balance responses were found in the case of major illness and both major and minor.

12. CLAIM MADE ON THE POLICY BY THE RESPONDENTS

TABLE 12: CLAIM MADE ON THE POLICY BY THE RESPONDENTS

Variable	Frequency	Percentage (%)
Yes	4	10
No	36	90
Total	40	100

Source: Field study

Interpretation: From the study it was found that among the 40 respondents who have health insurance only 4 respondents have made claim on their policies.

13. SATISFACTION OF THE CLAIMS

TABLE 13: SATISFACTION OF THE CLAIM

Variable	Frequency	Percentage (%)
Yes	2	5
No	38	95
Total	40	100

Source: Field study

Interpretation: From the study it was found that among the 4 respondents who have made claim on their policies only 2 have got satisfaction on their claim.

FINDINGS OF THE STUDY

1. Maximum respondents who have health insurance are businessman.
2. Although health insurance is not a new concept and people are also aware of it, yet this awareness has not reached to the level of subscription of health insurance products.

3. All the respondents are aware about the health insurance but all the respondents' do not have the health insurance. The reasons being stated are high cost of the policy and term being only one year and no redemption of the value.
4. Majority of the respondents was of the opinion that the health insurance would cover their big medical expenses.
5. Maximum respondents are availing the insurance from private sector because of easy claim settlement, more benefits, and quality services.
6. Satisfaction level of the policy holders are found to be positive towards the insurance company.
7. Insurance agents are the main source of information about the health insurance.
8. Annual payments towards the health insurance is between ₹7000- ₹10000 which were paid annually, which seems to be relatively high for the common people.
9. Maximum respondents have never made any claim on the policy and among the respondents who made the claims only two respondents are satisfied.
10. From the study it was found that mentality of the respondent is that they don't go for health insurance because they don't want to fall ill.
11. By taking to one of the insurance agents we came to know that around 15-20 % of customers have done health insurance in the study area but he have assumed that in upcoming there will be no one left who will not have health insurance either some will be covered by government schemes or by private companies.

SUGGESTIONS

On the basis of the findings of the study, the following suggestions have been made:

Insurance companies should come out with clear cut policy details, as many of the respondents had indistinct ideas about the various benefits and risks involved in a policy.

- Cost of the policies should be brought down so that all the people have the health insurance.
- Insurance should cover major as well as minor diseases as many of the policies just cover only major diseases.
- The term of the policy should be increased from one year as it is found that many of the respondents are not willing to take the health insurance just because it lapse at the end of one year.
- Government should also come out with some schemes so that each and every person have the health insurance with very low cost.

CONCLUSION

In the conclusion it can be said that health insurance is of immense important in the present world due to the rising cost of the medical expenses. By availing such policy, the insurer can avail best medical services without worrying about the cost of the treatment. Although most of the people are aware of the health insurance but are not subscribing for the health insurance as most of the companies are more concerned about warming their pockets than providing service. But if we look on the other side still the insurance companies have much scope for the growth as in a country like India maximum number of people are not having health insurance and are dying due to lack of money for proper medical treatment so the insurance companies should come up with proper policies so that every person can avail the service of health insurance and which will ultimately help the insurance companies to grow in the economy.

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