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FACTORS THAT AFFECT THE PERCEPTION OF LUXURY BRANDS AFTER M&A

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ABSTRACT
The purpose of this study is to examine the effects of brand image and country of manufacture (COM) on the brand luxury index, especially when a low brand image affects the acquirer brand, and the acquired brand has a high brand image. A total of 248 responses were collected through snowball sampling in Taiwan (We gathered low-image differences from 119 respondents, and high-image differences from 129 respondents). The results indicate that brand image and COM have a positive influence on every dimension of brand luxury index (BLI). In addition, brand image and COM have an interactive effect on BLI. The findings suggest that excellent and average COM images have a greater effect on the BLI than a poor COM image with a high brand image variance, whereas the effects of high and low brand image variances do not differ for a poor COM image. The results reflect significant differences in the perception regarding discounts on luxury brands between the variances of high and low brand images after M&A for the COM. Few studies have evaluated the effect of brand image and COM on luxury brands after M&A. The contribution of this research is to help managers understand how the brand image could affect the acquirer's image; therefore, it should focus on the effect of COM to avoid the loss of customer loyalty.

KEYWORDS
brand image, country of manufacture, brand luxury index.

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INTRODUCTION
As the economic environment becomes more competitive, companies require rapid growth, profitability, efficiency, and a dominant market position (Schuler and Jackson, 2001). Mergers and Acquisitions (M&A) is a critical strategy for companies (Lee, Lee and Wu, 2011) because M&A enables firms to obtain the products, technologies, and desirable market positions, as well as distribution channels, of their competitors (Schweizer, 2005). The frequency and scale of mergers and acquisitions (M&As) have significantly increased during the past two decades in spite of numerous reports on their high failure rates (Weber, Tarba, and Oberg, 2014; Ahammad, Tarba, Liu and Glaister, 2016), and global M&A activity (17,369 deals with a combined value of US$ 3.2tn) managed to reach its third-highest combined value since 2007 (US$ 3.7tn)(Mergermarket, 2017). As regards international luxury brands, M&A are also flourishing, since the number of mergers and acquisitions in the international fashion and luxury sector rose by roughly 30% on the year to 96 in 2016, compared to 75 in 2015, and 89 in 2014 (Casadei, 2017). An example is the luggage maker Samsonite, which purchased the premium bag maker Tumi for US$1.8bn (Mergermarket, 2017). In the M&A process, the acquiring company gains not only tangible assets but also intangible assets, such as brands.

Numerous brands with an inferior image have recently been using the M&A strategy to acquire brands with a superior image, in order to help them enter the high-end segment of the global market, such as Lenovo's acquisition of IBM's computer department, as well as enhance their inferior brand image. This situation is especially true for luxury brands, such as Samson Investment Holding Co., which purchased the Baker, Milling Road and McGuire luxury furniture brands from Wisconsin-based Kohler Co.(Woodworking Network, 2017). In this situation, consumers would be concerned that a brand with an inferior image will prove unable to maintain the quality or superior image of the acquired brand. Brands and brand strategies influence the value of companies, and can be employed to measure their success (Aaker and Jacobson, 1994; Strach and Everett, 2006). The acquiring company must successfully manage the migration of a brand to the new company, and ensure that customers remain loyal to the brand (Kumar and Blomqvist, 2004). However, this area has been neglected, therefore there is little marketing-related research (Homburg and Bucerius, 2005).

In the modern context of market globalization and competition, companies strive to lower costs through cheaper labor and lower taxes; therefore, manufacturing in developing countries has been proliferating in recent decades (Hamzaoui and Merunka, 2006). For example, Burberry closed one of its few U.K. factories, and moved its manufacturing to China. In addition, about 20% of Prada's products, including shoes, bags and clothes, are made in China (Passariello, 2011). However, consumers evaluate the quality of the manufacturing to gauge the product's overall quality (Chao, 1993; Insch and Mcbride, 2004). Moreover, COM serves as a

vital diagnostic of the attributes of brand image at the time of a new product purchase (Allman, Fenik, Hewett and Morgan, 2016). As regards luxury brands, their expensive prices reflect the fact that they are handmade by European artisans, rather than mass-produced (Thomas, 2007). Research has indicated that products from a developed country are perceived as expensive luxury items (Kaynak and Kara, 2002; O'Cass and Lim, 2002). Furthermore, Lee and Schaninger (1996) advocate that the consumers' perception of the quality of global brands, even the most esteemed brands, will be affected by both the brand name and the country where the products are manufactured or assembled, which will then influence their willingness to purchase the brand's products (Fetscherin and Toncar, 2010).
Analysis of COO and brand interactions is crucial for global brands, often represented by products with a different CoD and CoM/A (Godey, Pederzoli, Aiello, Donvito, Chan, Oh, Singh, Skorobogatykh, Tsuchiya, and Weitz, 2012). However, the handful of existing studies lack a sufficiently detailed analysis of the marketing of brands following M&A (Homburg and Bucerius, 2005) because the majority of researchers have emphasized tangible financial factors (Yang, Davis, and Robertson, 2012). In addition, there has been little research performed on how consumers view luxury brands after M&A, and few studie***s*** have investigated how the brand image-COM interaction influences the consumers' perception of luxury brands after M&A. Thus, the purpose of this study is to fill the research gap by focusing on the interaction effect of the variance of two brand images and the COM on customer perceptions after M&A, and how these factors affect luxury brands following M&A.

LITERATURE REVIEW AND HYPOTHESIS

LUXURY BRAND AND BRAND LUXURY INDEX

Luxury brands have traditionally been defined as "high quality, expensive and non-essential products and services that appear to be rare, exclusive, prestigious, and authentic and offer high levels of symbolic and emotional/hedonic values through customer experiences" (Tynan, McKechnie and Chhuon, 2010). Interbrand's (2016) list of 100 leading global brands with strong brand equities and significant earnings included a total of eight luxury brands (Interbrand best global brand 2016 report). The report indicates the remarkable growth of the global luxury market (Sung, Choi, Ahn and Song, 2015). Luxury brands are one of the best examples of branding because brands and their images are key competitive advantages that create substantial value for organizations (Keller, 2009). Thus, luxury brand consumption can allow consumers both to express themselves (i.e., value-expressive function) and to present themselves (i.e., social-adjustive function) in front of others (Wiedmann, Hennigs and Siebels, 2009; Stokburger-Sauer and Teichmann, 2013).Therefore, "luxury brands evoke exclusivity, have a well known brand identity, enjoy high brand awareness and perceived quality and retain sales levels and customer loyalty" (Phau and Prendergast, 2001).
Academic researchers disagree considerably on what constitutes a luxury brand (Christodoulides, Michaeldou, and Li, 2009). Vigneron and Johnson (1999) suggested that a brand should consist of five unique values in order to be considered a luxury brand: conspicuous value, unique value, social value, hedonic value and quality value. Most luxury fashion brands provide all five values in order to develop a brands' overall image (Berry, 1994; Liu, Li, Mizerski and Soh, 2012). The Brand Luxury Index (BLI) scale, developed by Vigneron and Johnson (2004), is a fundamental framework in brand luxury research (Hung, Chen, Peng, Hacklry, Tiwsakul, and Chou, 2011), and their studies provide useful insights into luxury brands and associated consumer behavior (Christodoulides et al., 2009; Sung et al., 2015). Several studies have employed BLI or even extended it to investigate consumers' perception of luxury brands (Sangkhawasi and Johri, 2007; Christodoulides et al., 2009; Wiedmann, Hennigs, and Siebels, 2009). For example, Kim and Kim (2015) revised the BLI scale to provide a valid and reliable measure of perceived luxuriousness with wide research applicability, and they proposed that the number of the dimensions remained the same as the original conceptualization (i.e. conspicuousness, uniqueness, quality, hedonism, extended-self). However, the contents of those dimensions differed. Determined to validate the BLI scales, Christodoulides et al. (2009) used data collected from Taiwanese luxury consumers. They found that "Taiwanese consumers may therefore take a more holistic view of brand luxury, and may make more universal evaluations of brand luxury than their Western counterparts. In this sense, the meaning of luxury may differ between Western and Confucian cultures". When Farrell and Tammy (2013) employed a BLI scale to compare and contrast young female consumers' perceptions of a luxury brand and counterfeits of that brand, the results showed that "all rated perceptions of the luxury brand were significantly higher than those for the counterfeits of that brand. Between-subjects effects revealed that the luxury perceptions of those consumers whose last handbag acquisition was a luxury brand significantly differed from the luxury perceptions of those whose last handbag acquisition was a counterfeit brand". Thus, we use the BLI scale to measure luxury in this study.
The five key luxury dimensions comprise three latent luxury factors that reflect non-personal perception-oriented perceptions: perceived conspicuousness, perceived uniqueness and perceived quality, as well as two personal-oriented perceptions: perceived extended-self and perceived hedonism (Vigneron and Johnson, 2004). The dimensions are explained as follows.

1) **Perceived conspicuousness**

Perceived conspicuousness is derived from early studies that have concentrated on the influence of reference groups on luxury brand consumption (Christodoulides et al., 2009). People desire to own luxury brands that serve as a symbol of group membership (Wiedmann, Hennigs, and Siebels, 2007). As a result, the social status associated with brands is a critical factor in conspicuous consumption (Vigneron and Johnson, 2004). The findings from one study revealed that the conspicuousness of a product is positively related to the reference group (Wiedmann et al., 2009). In addition, conspicuousness is expected to negate a negative main effect of price (i.e., the inverse relationship between price and quantity demanded) and/or improve a positive main effect of price (i.e., higher prices are a signal for luxury) on luxury brand choice (Hwang, Ko and Megehee, 2014).

2) **Perceived uniqueness**

Standing out among people or being unique in a larger group is often the result of signals conveyed by the material objects that the consumer has selected for display (Tian, Bearden, and Hunter, 2001). Therefore, "high levels of similarity/dissimilarity to others are perceived by individuals as unpleasant and reduce their self-esteem" (Fromkin, 1970, 1972). People use behavioral and affective mechanisms to maintain a moderate uniqueness (Ruvio, Shohamand, and Brencˇicˇ, 2008). Uniqueness is based on the assumption that the perceived scarcity and exclusivity of a product enriches the consumers' preference or desire for that product (Verhallen, 1982). Luxury brands are difficult to find because of the uniqueness, and they should be expensive compared with normal standards, thereby increasing their value even further (Vigneron and Johnson, 2004).

3) **Perceived quality**

A number of researchers have indicated that quality is a form of the overall evaluation of a product, and have suggested that quality is a value judgment that is relatively common across the globe (e.g., Olshavsky, 1985; Holbrook and Corfman, 1985; Kwak and Kang, 2009). In conceptualizing perceived quality, the concept is defined as a buyer's evaluation of a product's cumulative excellence (Zeithaml, 1988; Grewal, Monroe, and Krishnam, 1988). Gentry, Putreva, Shultz, and Commri (2001) found that consumers want to buy luxury brands because of the superior quality reflected in the brand name. Thus, it is highly questionable that a luxury brand image can be sustained when a product's quality does not correspond to a high standard (Christodoulides et al., 2009).

4) **Perceived hedonism**

Hedonic products are consumed primarily for sensory gratification or for enjoyment (Woods, 1960; Holbrook, 1986; Lim and Ang, 2008). Consumers occasionally shop for an appreciation of the experience, rather than merely for task completion (Babin, Darden, and Griffin, 1994; Overby and Lee, 2006). Studies in the field of luxury consumption have demonstrated that luxury products provide subjective intangible benefits (Dubois and Laurent, 1994; Wiedmann et al., 2007). Thus, consumers who rely on their own personal opinion, and those who are immune to interpersonal influence when considering luxury brands, might represent the hedonic type of consumer (Vigneron and Johnson, 2004).

5) **Perceived extended-self**

Consumers use consumption objects to classify themselves in relation to relevant others (Holt, 1995). Belk (1988) employed the extended-self construct to examine the relationship between consumers' possessions and their sense of self (Sivadas and Venkatesh, 1995). He identified the extended-self as follows: "Our possessions are a major contributor to and reflection of our identities." Consumers desire to possess luxury brands that can serve as a symbol of group membership (Wiedmann et al., 2009). Therefore, consumers' desire to connect with certain prestige groups, and to be disconnected from non-prestige groups drives them to purchase luxury brands (Christodoulides et al., 2009).

BRAND IMAGE

"Brand image could be defined as perceptions about a brand as reflected by the brand associations held in the consumer's memory" (Keller, 1998). These associations refer to any brand aspect within the consumer's memory (Aaker, 1996a, b). Therefore, several researchers (Dichter, 1985; Snyder and DeBono, 1985) have proposed that brand image serves as the total impression of a brand, encompassing the product's attributes, applications, and advertisements (Chao, Fiore and Russell, 2015). Furthermore, user imagery is a vital form of brand image, according to Biel (1992). A solid grasp of brand image (how consumers perceive a brand) provides valuable insights, which are required to develop a brand's identity (Aaker, 1996a). Yoo and Donthu (2001) proposed that brand image can affect a company's merger and acquisition decision-making process, future profits and long-term cash flow, a consumer's willingness to pay premium prices, stock prices, sustainable competitive advantage, and marketing success (Jalivand and Samiei, 2012).

Thus, brand image consistency is crucial for the success of any brand (Ritson, 2003; Matthiesen and Phau, 2010), especially for luxury brands. Brand image, fashion and prestige are critical factors for consumers when purchasing premium luxury brands (Ian, Marishka, and Steve, 2009). As a result, protecting brand image consistency is critical for luxury brands (Vickers and Renand, 2003; Dall'Olmo Riley, Lomax, and Blunden, 2004; Park, Rabolt, and Jeon, 2008). Luxury brands also use origin cues and strong brand image in their international strategy (Chevalier and Mazzalovo, 2008; Shukla, 2011). Numerous studies have proposed that brand image has a positive influence on luxury brand perception or consumption (Kim, Kim, and An, 2003; Dall'Olmo Riley et al., 2004; Husic and Cicic, 2009). In the pre-merger stage, Andrew, Ronald and Dave (2014) advocated that "the news of a merger could affect a consumer of one of the merging brands in several ways including both positive and negative effects. Initial consumer attitudes toward a merged brand are likely to change based on the announcement of a merger and the brand image valence (positive or negative) of the pre-merger brands".

COUNTRY OF MANUFACTURE

In order to reduce manufacturing costs, a growing number of firms in highly industrialized countries are choosing to manufacture their products in newly industrialized nations (Chao, 1993; Ahmed, d'Astous, and Eljabri, 2002). Nike is based in the United States, but the factories that manufacture Nike's running shoes are located in Asian countries, such as China and Vietnam (Hamzaoui-Essoussi, Merunka, and Bartikowski, 2010). However, consumers increasingly pay attention to the COM in order to ensure that the products are safe and that the laborers are treated fairly (Fung and Yoon, 2012), thus managers should consider carefully how the COM would affect the consumers' perception. The COM is the country that produces or assembles branded products (Insch and McBride, 2004; Hamzaoui-Essoussi et al., 2010). As a result, the COM provides factual information about the actual country where the product is assembled, which appears in the made-in label (Lee and Brinberg, 1995). Several researchers have stated that the manufacturing origin has become largely irrelevant (Samiee, 2010; Usnier, 2011), and brand origin has progressively taken the lead in suggesting product origin (Usnier, 2011; Magnusson, Westjohn and Zdravkovic, 2011). Thus, "many fashion industry companies that originate from emerging countries and do not have a positive COO (like China) begun to manufacture in countries that do have a positive country of origin for luxury fashion (like Italy) simply to ensure that they could use the "Manufactured in (e.g.) Italy" label to enhance the favorable associations toward the brands and mitigate the unfavorable COO associations (Melnyk, Klein and Völckner, 2012; Krupka, Ozretic-Dosen and Previsic, 2014)". However, "several studies also find that national or cultural animosity can affect the attitudes toward products associated with particular countries" (Klein, Ettenson and Morris, 1998; Nijssen and Douglas, 2004). "Discrimination against imports from some countries can create invisible barriers to globalization, so in certain circumstances, it might be necessary to emphasize the origins (design and/or manufacture)" (Essoussi and Merunka, 2007). When a company chooses to change the COM of a product from a country for which consumers have a preference perception to one with fewer preference associations, the country of origin effect could cause the brand name to deteriorate as the consumers' perception of the brand decreases (Fetscherin and Toncar, 2010). Thus, several studies have provided strong evidence of the COM effect on the consumers' evaluation of the product (Hui and Zhou, 2003; Hamzaoui and Merunka, 2006; Fetscherin and Toncar, 2010). Research performed by Chen and Su (2012) found that COM is positively associated with industrial brand equity. Hamzaoui-Essoussi, Merunka and Bartikowski (2011) employed COM micro and macro-images to analyze how they affect brand quality, and the results demonstrated that both micro and macro-images related positively to brand quality. As regards luxury brands, consumers are sensitive to the countries where luxury brands are designed (COO) and manufactured (COM) because "luxury" has a significant connotation with price, quality, and status consumption (Arora, McIntyre, Wu and Arora, 2015). Phau and Leng (2008) found that "status-seeking teenagers have overall, a more positive attitude toward foreign luxury brand apparel as compared to Australian luxury brands, with the exception of Chinese brands". For products that also serve as status symbols (automobiles), consumers from emerging countries think that product quality is positively related to the global image of the country of manufacture (Hamzaoui and Merunka, 2006). The study of Arora et al.(2015) examined the differences in consumer response to high-tier luxury parent brands versus their low-tier diffusion brands and investigated the contrasting effects of congruence versus incongruence between country of origin and country of manufacture. The results revealed that when there is a congruence between COO and COM, diffusion brands are preferred more than parent brands; (2) in contrast, when there is an incongruence between COO and COM, parent brands are preferred more than diffusion brands. In addition, Paciolla and Mai (2011) discovered that COM is extremely important to adults when considering luxury brands.

BRAND AND COUNTRY IMAGE EFFECT AFTER M&A

The research of Lee et al. (2011) examined the relationship between the variance of two brand images and dimensions of brand equity after M&A, especially when the acquirer-dominant is affiliated to a weak brand image and the acquired one has a stronger brand image. They discovered that the variance of brand image would positively affect the acquirer's brand equity and enhance the brand image acquired by a firm with an inferior image, therefore the higher the brand, the greater the increase in equity. From the above-mentioned section, we have determined that brand image fit is a critical factor for a successful M&A. This notion was supported by the study of Lee and Tseng (2016), which examined the effect of brand fit and product fit on brand equity after M&A. They found that the interaction of brand fit and product fit has a significant effect on brand equity, and the results suggested that the relationship between brand fit and brand equity is influenced by product fit, in which a low product fit with a low brand fit has a greater effect on brand equity than a high product fit with a low brand fit.

In addition, country image is an important factor that affects consumers' perception of M&A. Lee, Chen and Guy (2014) discovered that the high variance of COO after M&A has more influence on the dimensions of brand equity than low variance, and COO variance has the greatest impact on brand loyalty. Research on luxury brand cross-border M&A found that whether a downward or upward (shift of country of company) M&A significantly decreased luxury brands' credibility and prestige among consumers.

THE INTERACTION EFFECT BETWEEN BRAND IMAGE AND COM

"Consumers consistently perceived more risk in purchasing products originating in a country with low image; a strong brand image should play an important role in their decision-making process" (Ahemd, Johnson, Ling, Fang, and Hui, 2002). In addition, if a brand with a firm reputation for quality switches production to a COM with a weaker image, the gap between the respective images of the brand and the country is likely to cause consumers to suspect the brand's quality.(Essoussi and Merunka, 2007). Diamantopoulos, Schlegelmilch and Palihawadana (2011) discovered that the image of the country of origin impacts purchase intentions indirectly since its influence is fully mediated by brand image. Yu, Lin and Chen (2013) explored the effect of country of origin (COO), brand image, and self-congruity on consumers' intention to purchase luxury brands via the Internet. Their findings suggest that inconsistency between the country of manufacture and the country of brand, and consistency in the country image would increase the influence of brand image on purchase intention when the brand image was weak. From the above-mentioned conclusions we observe that the COM effect differs depending on brand image (e.g., brands with strong images are subject to less COM effect) (Johansson and Nebenzah, 1986). Furthermore, Tse and Lee (1993) discovered that a strong global brand such as Sony could override a negative COM (Kim and Pysarchik, 2000). However, a weak brand that is lesser-known and of a moderate quality allows the country of origin to have a strong effect on the evaluation of quality, resulting in a significant discount in perceived quality for the lower country of origin image (Jo, Nakamoto, and Nelson, 2003).

In addition, according to the Balance theory (Heider, 1958) "consumers value harmony among their thoughts and that they are motivated to reconcile incongruent thoughts" (Dean, 2002). Therefore, if an imbalance exists, people change their attitudes or behavior to restore the balance. Thus, people are inclined to like whatever is associated with what they already like, and vice versa (Dalakas and Levin, 2005). Moreover, after researching charitable event sponsorships, Dean (2002) indicated that if consumers have a preexisting positive sentiment toward such an event, they are likely to adopt a positive attitude, or even change their existing attitude toward the sponsor. From this viewpoint, a negative image of the CoD or CoM/A can reduce the positive image of a brand (Johansson and Nebenzahl, 1986), while a very strong brand could decrease the relevance of COO (Papadopoulos and Heslop, 1993). Based on this overview, we propose the following hypotheses:

HYPOTHESES

H1: A better brand image acquired by an inferior image brand compensates for an inferior COM effect on the consumers' perceived conspicuousness after M&A.
H2: A better brand image acquired by an inferior image brand compensates for an inferior COM effect on the consumers' perceived uniqueness after M&A.
H3: A better brand image acquired by an inferior image brand compensates for an inferior COM effect on the consumers' perceived quality after M&A.
H4: A better brand image acquired by an inferior image brand compensates for an inferior COM effect on the consumers' perceived hedonism after M&A.
H5: A better brand image acquired by an inferior image brand compensates for an inferior COM effect on the consumers' perceived extended-self after M&A.

METHODOLOGY

RESEARCH DESIGN

We conducted this study to measure how the interaction of different levels of variance in two brand images and the COM image affects luxury brands after M&A. The experimental design of this study involved the manipulation of two variables: the variance of two brand images and the COM after M&A (brand image using two levels: a brand with a poor image acquires one with an average image, and another brand with a poor image acquires one with a superior image; the COM is divided into three levels: poor, average, and excellent COM image). This study comprises a 2 (variance of two brand images: high variance and low variance) × 3 (COM: superior, medium and inferior image) between-subjects design. The variance of two brand images and the COM were between subject factors.

PRETEST

BRAND AND COUNTRY SELECTION

For this study, we employed the "naming method" in Pretest 1 (Fazio, 1990; Pappu, Quester, and Cooksey, 2006; Lee et al., 2014). The "naming method" involved presenting subjects with the name of the product category label and asking them to recall the names of countries. The Pretest 1 sample included customers with experience buying luxury brands. The respondents were asked to list the names of a maximum of 6 luxury brands and which countries had a superior, medium, and inferior manufacturing quality and brand image. The Pretest 1 sample included 45 customers with experience buying luxury brands, and the average price of the luxury brands they purchased was approximately US$1000. The results revealed that most of the respondents thought that the superior luxury brand image is "Hermes," with "Gucci" being the medium luxury brand, and "Coach" the inferior. The consumers' perception regarding the COM image demonstrated that the luxury brands made in Italy were of the highest quality, those made in Japan were of medium quality, and those made in China were of inferior quality.

Pretest 2 involved a survey of another 31 customers who bought luxury products and the average price of the luxury brands they purchased was approximately US$900; we asked about the brand and the COM image based on the Pretest 1 results. The respondents rated the perceived brand and COM image on a 7-point Likert-type scale. The measures for brand image were based on the Teas and Agarwal (2000) study (e.g., "Hermes is a prestigious brand"). The measures for the dimensions of the COM image relied on previous research conducted by Hui and Zhou (2003; e.g., "Luxury products made in Italy are very durable"). The pretest results indicated that the respondents believed that Hermes had the best image of a luxury brand (score 6.52). Gucci was rated medium (score 6.13), and Coach was graded inferior (score 4.48). By contrast, consumers thought that Italy had the best COM image of luxury brands (score 6.55), while Japan's quality was rated medium (score 6.05), and China's was rated as inferior (score 3.6). Moreover, we conducted a paired sample *t* test to verify whether a significant difference exists between the three luxury brand images and COM images between the three countries in Pretest 2. The results showed the following: Hermes versus Gucci, p =.005; Hermes versus Coach, p =.000; Gucci versus Coach, p =.000. In addition, the consumers' perception of the COM image between the three countries was as follows: Italy versus Japan, p =.00; Japan versus China, p =.00; Italy versus China, p =.00. Therefore, a significant difference in brand image and COM image exists between all three luxury brands and countries.

SURVEY INSTRUMENT AND MEASURES

The questionnaire contained items measuring various dimensions of luxury brands including conspicuousness, uniqueness, quality, hedonism, and extended-self (see Appendix 1 - all of the items are in Chinese). Respondents rated their perception of these dimensions on a semantic differential scale. The measures for the dimensions of the BLI were based on previous research and literature.

Sampling

We employed three steps for data collection. Due to the difficulty of obtaining a representative sample of luxury brand consumers with probability sampling techniques, the current study relied on a convenience sample in Steps 1 and 3. In Step 1, we used snowball sampling to identify 6 respondents who had ever purchased or were aware of the same luxury brands as the interviewers. In Step 2, we relied on random sampling to assign each interviewer to one of six scenarios. In Step 3, all of the interviewers in Taiwan employed snowball sampling to identify the respondents who had ever purchased or were familiar with the luxury brands. The survey comprised 248 respondents (74 men and 194 women), who had completed a questionnaire in Chinese that was composed in Taiwan, and the unit of analysis was the group of consumers who had ever purchased or were familiar with those luxury brands, and the average price of the luxury brands they purchased was approximately $1050. The profiles of the respondents are shown in Table 1. For the questionnaire used to collect data, we applied an experimental design, and the research design included six cells (Table 2).

TABLE 1: DESCRIPTION OF RESPONDENT

Item	Description	Frequency	Percentage
Gender	Male	74	29.8%
	Female	174	70.2%
Education	Junior High school	1	0.4%
	High school	23	9.3%
	College	33	13.3%
	University	131	52.8%
	Master/PHD	60	24.2%
Age	<20	2	0.8%
	21-30	90	36.3%
	31-40	92	37.1%
	41-50	50	20.2%
	>50	14	5.6%

TABLE 2: RESEARCH DESIGN

Design Combination	Country of Manufacture			
Variance of two Brand images	China	Japan	Italy	Sample
Low	38	34	47	119
High	43	50	36	129
Sample	81	84	83	248

RESULTS

Reliability and manipulation check: the scales for all of the constructs were analyzed according to Cronbach's α to determine if they possessed acceptable levels of reliability (Nunnally, 1978). Table 3 presents the reliability estimates. All Cronbach's α were higher than 0.7, indicating that every construct had an acceptable reliability. Manipulation checks were performed to confirm that the manipulations were successful. The *t*-test results displayed a significant difference between the three luxury brand images and COM images. The results revealed the following: Hermes versus Gucci, p =.00; Hermes versus Coach, p =.00 (***high variance of brand image***); Gucci versus Coach, p =.00 (***low variance of brand image***). In addition, the consumers' perception of the COM image between the three countries was as follows: Italy versus Japan, p =.00; Japan versus China, p =.00; Italy versus China, p =.00. The results indicated that the manipulations of the luxury brand image and COM image functioned as intended.

TABLE 3: RELIABILITY ESTIMATES

Perceived conspicuousness	Perceived uniqueness	Perceived quality	Perceived hedonic	Perceived extended self
0.905	0.922	0.939	0.926	0.949

MAIN EFFECT

To analyze the effect of each variable in detail, we employed MANOVA to test the main effect, and Table 4 lists the mean and standard deviations for the variance of the brand image and COM image. Table 5 shows a summary of the MANOVA results, and also demonstrates that the different levels of variance between two brand images after M&A have a significant effect on the five sets of the BLI. According to balance theory, a stronger attitude toward the original target results in a higher likelihood of the attitude impacting an association with the target in a similar manner (Dalakas and Levin, 2005). Table 4 indicates that a brand with an inferior image, after acquiring one with a superior image, obtained higher perception scores among respondents across all five dimensions of the BLI compared with if it had acquired a brand with an average image. In other words, a better brand image acquired by one with an inferior image results in further increases on the BLI.

The hierarchy of biases posits a positive relationship between customer product evaluations and the degree of economic development (Bilkey and Nes, 1982). Therefore, products from developing countries are rated as inferior to those from industrialized countries (Han and Terpstra, 1988), and the results of our study support these statements. Table 5 demonstrates that all of the BLI dimensions vary significantly with the COM after M&A, and that the impact of the COM is greatest in relation to perceived quality. Table 5 also lists the BLI dimension means for different COM images after M&A. An excellent COM image was revealed to have significantly higher means for all the BLI dimensions, implying that an excellent COM image can sustain or even heighten the consumers' perceptions of the acquirer after M&A; therefore, a better COM image further increases the BLI.

Furthermore, this study conducted a post-hoc multiple comparison to investigate significant differences among the group means. Table 6 presents the results of the least significant difference (LSD) method employed in our investigation. Our results demonstrate that all of the five dimensions of the BLI under the COM from Italy and Japan were significantly higher than that from China. In addition, the respondents' perceptions on perceived quality, hedonism, and extended self vary substantially between Italy and Japan. Although the respondents' perceived conspicuousness and uniqueness did not vary significantly between Italy and Japan, products made in Italy also enjoyed a higher brand image than those made in Japan.

TABLE 4: MEANS AND STANDARD DEVIATIONS

	Brand Image Variance		Country of Manufacture(COM)		
BLI	Low-variance	High-variance	China	Japan	Italy
Perceived conspicuousness	3.89(1.19)	4.38(1.32)	3.70(1.57)	4.31(.99)	4.50(1.10)
Perceived uniqueness	3.60(1.17)	4.16(1.32)	3.51(1.52)	4.06(.98)	4.10(1.22)
Perceived quality	3.79(1.28)	4.20(1.48)	3.39(1.65)	4.09(0.99)	4.52(1.26)
Perceived hedonic	4.01(1.20)	4.33(1.51)	3.73(1.64)	4.31(1.16)	4.63(1.18)
Perceived extended self	3.90(1.25)	4.32(1.53)	3.56(1.66)	4.17(1.06)	4.62(1.28)

TABLE 5: MANOVA RESULTS: SIGNIFICANCE OF MULTIVARIATE TESTS

Between-subject effect value		df	F value	P
variance of two Brand image	Perceived conspicuousness	1,247	12.252**	0.001
	Perceived uniqueness	1,247	14.063**	0.000
	Perceived quality	1,247	8.316**	0.004
	Perceived hedonic	1,247	8.362**	0.004
	Perceived extended self	1,247	8.286**	0.004
COM	Perceived conspicuousness	2,246	10.201**	0.000
	Perceived uniqueness	2,246	6.399**	0.004
	Perceived quality	2,246	17.183**	0.000
	Perceived hedonic	2,246	11.368**	0.000
	Perceived extended self	2,246	15.411**	0.000
variance of two Brand image × COM	Perceived conspicuousness	2,246	3.965**	0.020
	Perceived uniqueness	2,246	5.327**	0.005
	Perceived quality	2,246	5.571**	0.004
	Perceived hedonic	2,246	9.991**	0.000
	Perceived extended self	2,246	9.137**	0.000

**deemed significance at the 0.05 level

TABLE 6: POST HOC RESULTS OF MANOVA FOR COM

Brand luxury index	COM1(I)	COM2(J)	Mean(I-J)	P value
Perceived conspicuousness	China	Japan	-0.50**	0.010
	China	Italy	-0.80**	0.000
	Japan	Italy	-0.29	0.128
Perceived uniqueness	China	Japan	-0.55**	0.050
	China	Italy	-0.59**	0.030
	Japan	Italy	-0.04	0.838
Perceived quality	China	Japan	-0.70**	0.001
	China	Italy	-1.13**	0.000
	Japan	Italy	-0.43**	0.020
Perceived hedonic	China	Japan	-0.57**	0.007
	China	Italy	-0.90**	0.000
	Japan	Italy	-0.33	0.116
Perceived extended self	China	Japan	-0.61**	0.004
	China	Italy	-1.06**	0.000
	Japan	Italy	-0.45**	0.033

**deemed significance at the 0.05 level

We conducted MANOVA to demonstrate the interaction effect between the variance of the brand image and the COM and to test the hypotheses. The results indicated that each of the five dimensions of the BLI had a significant two-way interaction between the brand image and the COM, reflecting considerable differences in the perception regarding discounts on luxury brands between the variances of high and low brand image after M&A for the COM. Since an interaction effect emerged for the five dimensions of the BLI, it is necessary to closely examine the differences regarding these dimensions, therefore we conducted a simple main effect test for each COM and variance of the brand image.

A one-way MANOVA for the poor COM (China) presented a non-significant brand image effect, reflecting a non-significant brand luxury index discount for the brand image variance. The MANOVA results for the average COM (Japan) displayed a significant brand image effect, demonstrating a significant perceived conspicuousness (F = 16.683, *p* =.000), perceived uniqueness (F = 14.684, *p* =.000), perceived quality (F = 15.551, *p* =.000), perceived hedonism (F = 12.446, *p* =.001), and perceived extended-self (F = 8.170, *p* =.005), discounting for the high brand image variance, and when a superior image brand is acquired, it is more effective than a medium image brand. Finally, the MANOVA results for the excellent COM (Italy) revealed a significant brand image effect, reflecting a considerable perceived conspicuousness (F = 14.435, *p* =.000), perceived uniqueness (F = 19.539, *p* =.000), perceived quality (F = 12.412, *p* =.001), perceived hedonism (F = 23.190, *p* =.000), and perceived extended-self (F = 24.803, *p* =.000), discounting for the high brand image variance, and when a superior image brand is acquired, it is more effective than a medium image brand. The table also indicates that a better COM image results in an improved BLI after M&A. The results supported H1 to H5.

In addition, MANOVA was conducted to determine the variance of the brand image after M&A. The MANOVA results for the low brand image variance demonstrated a minor influence on the COM image. By contrast, a one-way MANOVA for the high image variance displayed a significant COM effect on perceived conspicuousness (F = 12.366, *p* =.000), perceived uniqueness (F = 11.475, *p* =.000), perceived quality (F = 19.659, *p* =.000), perceived hedonism (F = 23.190, *p* =.000), and perceived extended-self (F = 22.121, *p* =.000), revealing a significant and gradual BLI discount for the lower-quality COM.

TABLE 7: SIMPLE MAIN EFFECT OF COM IMAGE

COM	BLI	Low brand image variance mean(S.D.)	High brand image variance mean(S.D.)	F value(P)
China	perceived conspicuousness	3.74(1.318)	3.67(1.783)	0.045(0.832)
	perceived uniqueness	3.57(1.291)	3.45(1.724)	0.108(0.744)
	perceived quality	3.55(1.371)	3.25(1.915)	0.661(0.419)
	perceived hedonic	4.03(1.307)	3.47(1.866)	2.330(0.131)
	perceived extended self	3.80(1.373)	3.34(1.873)	1.590(0.211)
Japan	perceived conspicuousness	3.71(1.023)	4.55(0.822)	16.983(0.000)***
	perceived uniqueness	3.60(1.000)	4.37(0.842)	14.683(0.000)***
	perceived quality	3.61(1.023)	4.42(0.839)	15.551(0.000)***
	perceived hedonic	3.79(1.137)	4.65(1.067)	12.446(0.001)***
	perceived extended self	3.78(1.078)	4.43(0.986)	8.170(0.005)***
Italy	perceived conspicuousness	4.13(1.194)	4.99(0.757)	14.435(0.000)***
	perceived uniqueness	3.63(1.225)	4.71(0.923)	19.519(0.000)***
	perceived quality	4.12(1.379)	5.04(0.870)	12.412(0.001)***
	perceived hedonic	4.15(1.181)	5.27(0.846)	23.190(0.000)***
	perceived extended self	4.07(1.281)	5.33(0.908)	24.803(0.000)***

**deemed significance at the 0.05 level

*** deemed significance at the 0.01 level

TABLE 8: SIMPLE MAIN EFFECT OF VARIANCE OF BRAND IMAGE

	BLI	China mean(S.D.)	Japan mean(S.D.)	Italy mean(S.D.)	F value(P)
Low brand image variance	perceived conspicuousness	3.74(1.318)	3.71(1.023)	4.13(1.194)	1.599(0.429)
	perceived uniqueness	3.57(1.291)	3.60(1.000)	3.63(1.225)	0.029(0.488)
	perceived quality	3.55(1.317)	3.61(1.023)	4.12(1.379)	2.621(0.207)
	perceived hedonic	4.03(1.307)	3.79(1.371)	4.15(1.181)	0.853(0.972)
	perceived extended self	3.80(1.373)	4.07(1.281)	3.78(1.078)	0.721(0.077)
High brand image variance	perceived conspicuousness	3.67(1.783)	4.55(0.842)	4.99(0.923)	12.366(0.000)***
	perceived uniqueness	3.45(1.724)	4.37(0.842)	4.71(0.923)	11.475(0.000)***
	perceived quality	3.25(1.915)	4.42(0.839)	5.04(0.870)	19.659(0.000)***
	perceived hedonic	3.47(1.866)	4.65(10.67)	5.27(0.846)	18.640(0.000)***
	perceived extended self	3.34(1.873)	4.43(0.986)	5.33(0.908)	22.121(0.000)***

**deemed significance at the 0.05 level

*** deemed significance at the 0.01 level

CONCLUSION AND IMPLICATIONS

The majority of the previous studies on luxury brands have focused only on luxury consumption in China (Li, Li, and Kembele, 2012), and how the brand and country of origin affect the consumers' purchasing intentions towards luxury brands (Godey et al., 2012). However, "mergers and acquisitions are a large part of the luxury industry, as companies grow and owners desire more brands for their portfolios" (Lamb, 2011). Our study is one of the few that has examined how the interaction effect of the variance of two brand images and the COM image affects luxury brands after M&A.

First, we test the relationship between the two luxury brand images with the five dimensions of the BLI. The test results indicated that an inferior image luxury brand can make considerable improvements to its BLI by acquiring a brand with a better image. In other words, companies can improve the existing image of its brand through the acquisition of a better brand. Preserving brand image consistency is crucial for luxury brands because of the brand symbolism (Park et al., 2008; Matthiesen and Phau, 2010). Each of the five dimensions was expected to vary significantly based on the variance of the two brand images after M&A, and these findings suggest that brand image has an influence on luxury brands.

The results of this study confirm that the variance with the greatest value across both brand images among the five dimensions was perceived uniqueness. "Uniqueness dimensions is based on perceptions of exclusivity and rarity that enhance the desire for a brand, and that this desirability is increased when the brand is also perceived as expensive" (Vigneron and Johnson, 2004). After acquiring a superior image luxury brand, the inferior image luxury brand can acquire the resources and technology needed to widen its scope, and make the brand more competitive, which would strengthen its position in the consumer's mind. In other words, acquiring a brand with a superior image can create an greater perception of uniqueness than acquiring one with an average image.

According to the U.S.-based World Luxury Association, 86% of Chinese consumers refuse to buy products labeled "Made in China" because of the country's reputation for cheap goods; therefore, approximately 40% of foreign companies in China have considered moving their manufacturing bases to other countries, such as Vietnam, or even to developed countries (Want China Times, October 11, 2012). The experimental results of our study also reflect this situation in Taiwan. The test results show that the COM image has a significant effect on all five BLI dimensions. The results also support the hierarchy of biases regarding the positive relationship between product evaluations and the degree of economic development (Bilkey and Nes, 1982); therefore, a more positive COM image of a luxury brand results in enhanced perceived conspicuousness, perceived uniqueness, perceived quality, perceived hedonism and perceived extended-self of the luxury brand. Among the five dimensions of the BLI, the COM image had the greatest influence on perceived quality. Luxury brands that are handmade offer excellent product quality compared with non-luxury brands (Vigneron and Johnson, 2004; Weidmann et al., 2007), which is the factor that motivates consumers to buy luxury brands (Gentry et al., 2001). Thus, it seems relatively difficult to develop a luxury brand image without embracing a long-term commitment to quality (Vigneron and Johnson, 2004).

The MANOVA results of the interaction between the two brand images and the COM image are crucial for luxury brands after M&A because both the brand image and the COM image are critical for luxury brands (Jo et al., 2003; Godey et al., 2012). The results imply that the relationship between the COM image and the BLI are interacted by the variance of two brand images, suggesting that excellent and average COM images have a greater effect on the BLI than a poor COM image with a high brand image variance, whereas the effects of high and low brand image variances do not differ for a poor COM image. Most of the luxury brands that have been made in China for a long time, such as Prada, Gucci and Coach, have outsourced 85% of the production capacity in China (https://www.nownews.com/news/20150806/1770816, available at 2017/08/02). Thus, most consumers are accustomed to the "Made in China" luxury brands, the results of the study also demonstrated that even though Coach acquired a superior luxury brand, if Coach still made its products in China, the COM image will not have any synergistic effect and consumers would not have any better perception about Coach after the M&A. Table 7 also demonstrates that if an inferior image brand acquires a medium image brand, a country with a poor manufacturing image might be a suitable location to produce the acquired brand. By contrast, if an inferior brand acquires a superior image brand, the best country to produce the acquired brand is a country with an average or excellent COM image.

Table 8 indicated that the relationship between the variance of two brand images and the BLI are interacted by the COM image, therefore the acquisition of a superior image brand has a greater effect on brand luxury with excellent COM images than medium and inferior COM images. In addition, the effects of the COM image do not differ for low brand image variance. From Table 8 we can see that when Coach acquired LV and Coach moved to Italy it can obtain a higher score in BLI than the other two countries. But if Coach manufactured in Japan and China didn't get a better score, the reason might be that Japan is more famous for consumer electronic products, such as televisions, and they are not perceived to be good at producing luxury products, so if Coach manufactured in Japan there would not be a synergistic effect. The results demonstrate that the COM image is a crucial factor that affects the consumers' perception of luxury brands. Furthermore, different COMs might have varying luxury prices, such as the price of a Burberry black label, which is made in the United Kingdom, and is more expensive than the blue label, which is made in Japan.

MANAGERIAL IMPLICATIONS

Numerous luxury brands have recently begun using the M&A strategy to increase their market share or diversify. (When a company endeavors to enter a new market or increase its market share, M&A is one of the easiest, fastest, and most valuable strategies (Lee et al., 2011). Moreover, M&A enables the acquirer to obtain all of the assets of the acquired company, including tangible and intangible assets (Lee et al., 2011). However, after M&A, customers may worry whether an acquirer with a lower brand image can maintain the acquired brand's superior image and quality, and may even wonder how the acquirer can sustain its image and quality after paying a substantial amount of money for the acquisition.

It is essential for a low-image luxury brand to understand how image variance impacts its M&A activities, and how to use the COM image to increase the consumers' perception of the acquirer. How to maintain or increase brand image is vital for luxury brands. However, given the increasing global popularity of luxury brands, certain luxury brands have resolved to cut costs and increase revenue, therefore they have adopted a short-sighted strategy, and replaced their handmade products with products with cheaper materials made by machines, even outsourcing to developing countries, although they continue to state that their luxury brands are still made in Europe (Peng, 2007). Thus, when acquiring a superior image luxury brand, the acquirer with the inferior image should purchase a brand with an average or excellent COM image to increase the consumers' perception of quality. Consumers want to buy a luxury brand because their perceptions of a limited supply of a brand lead to an increased preference for the brand (Lynn, 1991; Christodoulides et al., 2009). Therefore, the perception of greater uniqueness for a brand results in its increased valuation (Verhallen and Robben, 1994; Wiedmann et al., 2007). Previous studies have demonstrated that the design of a unique product is critical in the luxury brand industry. In addition to brand designers, crossover cooperation is a suitable method for luxury brands to produce a unique product, such as the LV monogram bag designed by Takashi Myrakami. Through crossover cooperation, a luxury brand's firm can enhance its perceived uniqueness and value, as well as attract a designer's admirers.

LIMITATIONS AND FUTURE RESEARCH

Our study examined only the influence of the variance of the brand image and the COM image on luxury brands after M&A. However, numerous factors affect luxury brand consumption, such as fashion lifestyle, past purchasing experience, brand value (Li, Li, and Kambele, 2012) or even the brand origin. Future research must examine the effect of these cues to identify the one with the greatest impact on luxury brands after M&A. Companies can employ these results to determine which cues to highlight and promote to be successful after M&A.

We measured the BLI dimensions after M&A, but did not test them prior to M&A. Future research should test the BLI before and after M&A to better evaluate the causes of the results. Such an analysis would reveal changes in the BLI that could be used to determine whether the brand image and the COM image increase or decrease the luxury brand image.

We examined only the influence on the acquirer after M&A; however, the acquired luxury brand might also deteriorate because of the M&A. Since consumers would suspect whether the inferior image acquirer can maintain the acquired image after M&A, future studies should test the influence on acquired luxury brands, and inform the acquirer which factors can cause the most damage to their brand under such circumstances.

"The rapidly growing appetite for luxury brands in the emerging economies of Asia, especially China, has helped boost the growth of the luxury market in recent years" (Li et al., 2012). The global luxury goods market has continued to rise in 2012. According to Bain & Company, global luxury sales were estimated to have reached €212 billion in 2012, up by 10% year-on-year, and luxury goods sales in China were estimated to have reached €15 billion in 2012 (Fung Business Intelligence Centre, 2013). The luxury market in China will be the largest in the world in the future; however, there is a lack of information to identify the factors that affect the consumers' intentions to purchase luxury brands in China. Future studies should survey Chinese consumers to gain a greater understanding of the Chinese consumption of luxury brands.

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APPENDIX 1

Conspicuousness	
Conspicuous	Noticeable
Popular	Elitist*
Affordable	Extremely Expensive*
For wealthy	For well-off
Uniqueness	
Fairly exclusive	Very exclusive*
Precious	Valuable
Rare	Uncommon
Unique	Unusual
Quality	
Crafted	Manufactured
Upmarket	Luxurious*
Best quality	Good quality
Sophisticated	Original
Superior	Better
Hedonism	
Exquisite	Tasteful
Attractive	Glamorous*
Stunning	Memorable
Extended self	
Leading	Influential
Very powerful	Fairly powerful
Rewarding	Pleasing
Successful	Well regarded

*reverse scored items

IMPACT OF CAPITAL BUDGETING TECHNIQUES ON HERO HONDA COMPANY - AN EMPIRICAL STUDY

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ABSTRACT

Capital budgeting is concerned with allocation of the firm's scarce financial resources among the available favorable circumstances. The return of investment opportunities involves the comparison of the expected future returns from a project with immediate and subsequent return for it. The problems in capital budgeting decisions may be Future uncertainty, Time Element, Difficulty in Quantification of impact etc. Since we all know that automobiles companies requires large investment. Therefore, in this research, Researcher would like to study the impact of various capital budgeting techniques on the financial variables of the selected company. There is very less study done in India regarding the same. Therefore, there is a need to study the various issues involve in Capital Budgeting Practices in India.

KEYWORDS

NPV, IRR, Capital budgeting Techniques.

JEL CODE

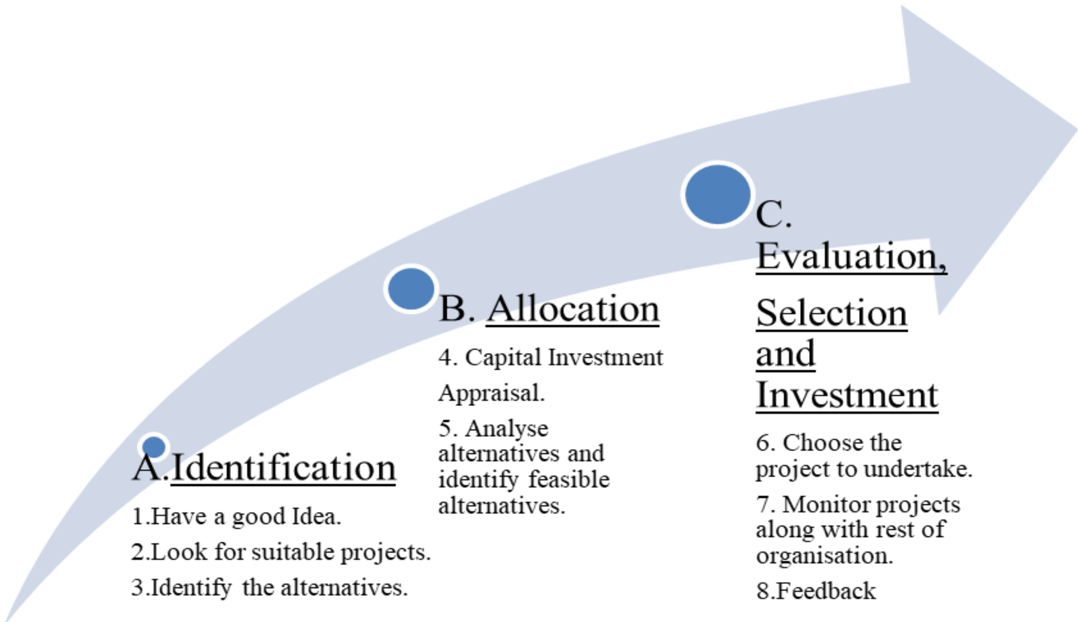
G32.

INTRODUCTION OF CAPITAL BUDGETING

As all we know that finance is the life blood of every business. In this competitive era the optimal usage of finance is crucial issue. Almost in every business huge amount of funds are required to purchase various assets and for the expansion of business. So before investing huge funds, every organization must know in advance the viability of the assets/projects. Capital Budgeting techniques are used to evaluate the profitability/viability of the concerned projects. **Capital budgeting** or **investment appraisal**, is the planning process, which is used to determine whether an organization's long term investments in new machinery, replacement of old machinery with new one, installation of other manufacturing equipment, lunching of new products and research development projects are worth-full for the organization or not. In other words we can say that Capital budgeting is the process in which a business determines and evaluates projected investments that are large in nature.

CAPITAL BUDGETING DECISIONS THROUGH EIGHT STEPS

FIGURE 1



There are number of **evaluation techniques** which may be recommended for evaluating the capital investment proposals. These methods can be classified into the following categories:

A. TRADITIONAL TECHNIQUES

Traditional techniques are grouped in to the following:
(1) Pay-back period method.
(2) Improvement of Traditional Approach to Pay-back Period Method.
(a) Post Pay-back profitability Method.
(b)Reciprocal Pay-back Period Method.
(3) Rate of Return Method or Accounting Rate of Return Method.

B. TIME ADJUSTED TECHNIQUE OR DISCOUNTED CASH FLOW TECHNIQUES

Time Adjusted Method further classified into:
(1) Net Present Value Method.
(2) Internal Rate of Return Method. (IRR)
(3) Profitability Index Method.
(4) Modified Internal Rate of Return (MIRR)
(5) Hurdle Rate
(6) Earnings Multiple Approach
(7) Adjusted Present Value (APV)
(8) Discounted Payback-Period

INTRODUCTION OF HERO HONDA COMPANY

Hero Motocorp Ltd., formerly **Hero Honda**, is an Indian motorcycle and scooter manufacturer based in New Delhi, India. The company is the largest two-wheeler manufacturer in world and also in India where it has a market share of about 46% in the two-wheeler category. The 2006 Forbes list of the 200 World's Most Respected Companies has Hero Honda Motors ranked at #108. On 31 March 2013, the market capitalisation of the company was 308 billion (US$4.8 billion). The company has sold over 47 million 2-wheelers since its inception in 1984 till March 2013.[2] It sold 6.07 million 2-wheelers in 2012, out of which 5.5 million were motorcycles. Hero Motocorp sells more two wheelers than the second, third and fourth placed two-wheeler companies put together. Its most popular bike Hero Honda Splendor sells more than one million units per year.

In 2013, Hero MotoCorp registered best ever calendar year performance of more than 6.1 million unit sales. By selling 625,000 units in the month of October, it became the first-ever manufacturer to cross landmark 6 lakh unit sales in a month. In the last quarter of the year or say in the festive season, the company sold more than 1.6 million units, while in non festive time in April–May 2013, it managed to sell out quite good numbers of units—1.1 million.

REVIEW OF LITERATURE

Jog and Srivastava (1991) surveyed the large Canadian corporations and provide direct empirical evidence on the capital budgeting process. They found many critical issues viz., cash flow forecasting methods, methods used to estimate the cost of capital and the cost of equity and the use of capital budgeting techniques risk analysis techniques. He concluded that most of the firms used multiple capital budgeting methods to evaluate capital investments however DCF methods were employed by more than 80% of our respondents to evaluate projects such as foreign operations and leasing, expansion-new operations and expansion-existing operations.

Block Stanley (2000) has surveyed the capital budgeting policies and procedures of 150 multinational companies in light of current financial theory. He had examined that some of the policies that MNCs used for the capital budgeting decisions are the logical extensions of domestic practices into the international area, while others appear to be misguided changes to normal capital budgeting procedures. According to his study, there are a number of misapplications such as applying corporate wide weighted average cost of capital to foreign affiliate cash flows rather than to cash flows actually remitted to the corporations. Also, risk is frequently measured on a local project basis (in a foreign country) rather than considering the multiple effect on the total corporations. Of the 150 survey respondents in this study, 69.7% believe that international investments increase the risk exposure of the firm and establish policies on that premise. Finally, he has shown that the survey respondents hedge against the uncertainty of the procedures by adding an importance to the weighted average cost of capital as computed by financial analysts given the inconsistent procedures that are often utilized in going from domestic to international capital budgeting.

Ryan Patricia A and Ryan Glenn P. (2002) had evaluated the capital budgeting decision methods used by the 800 manufacturing companies. According to him, most of the most of the companies preferred NPV as capital budgeting tool, which represents alignment between corporate theory and practice. Firms with larger capital investment budgets tend to favor NPV and IRR. PBP is used at least half of the time by 73.7% of the respondents. Fourth in popularity was the discounted payback model used at least half of the time by 58.9% of the companies. Finally at least half time usage was reported for the three models as follows. PI ranks fifth at 43.9%, followed by ARR at 32.3% and finally, IRR at 24.7%.

Gupta Sanjeev, Batra Roopali and Sharma Manisha (2007) had made an attempt to find out which capital budgeting techniques is used by manufacturing industries in Punjab, and the influence of factors such as size of capital budget, age and nature of the company, and education, gender and experience of the CEO in capital budgeting decisions. They conducted a primary survey of 40 companies in Punjab. Almost one-third of the companies had capital budget exceeding Rs. 150million. Majority of the sample companies still use non-discounted cash flow techniques like PBP and ARR. Only a few companies use DCF, and among them very less number use NPV technique to evaluate a new project. The most preferred discount rate is WACC. The most popular risk incorporating technique is 'Shorter PBP.

Klammer, Thomas P. (2008) took a sample of 348 firms in France from the 2001 listing of manufacturing firms that appeared in significant industry groups and invest at least $1 million of capital expenditures in each of the five years 2001-2006. He concluded that Present value method was most popular among the various manufacturing companies.

Pettway (2009) surveyed a random sample of 310 business firms. Questionnaire were sent to companies through mail engaged in retailing, manufacturing transportation, land development, entertainment and public utilities to study the capital budgeting process and the methods used to adjust for risk. He concluded that firms considered the Internal Rate of Return technique to be the most important technique for decision-making.

Lawrence G. and Forrester (2010) analyzed the responses of 125 manufacturing firms that reported as having the greatest stock price growth over the 2004-2009 periods. The survey containing questions related to techniques used in capital budgeting process, the division of responsibility for capital budgeting decisions, the most important and most various difficulties faced in implementation of capital budgeting techniques, the cutoff rate and the various methods used to evaluate the risk factor.

Brighman (2011) conducted the research study of the capital budgeting projects of 15 large manufacturing firms, he found that although techniques that smaller firms prefer PBP method to evaluate the investment proposal but large manufacturing firms most relied on discounted cash flow techniques. Moreover these manufacturing firms assumed some variable constant when discounted cash flow techniques were used. For example, some firms' simplifying assumptions include the use of the same economic life and same cash inflows for all projects even though the actual lives and actual cash flows might be different. Further, firms often did not make any adjustment regarding analysis for risk. This survey indicated the result that most of firms preferred discounted techniques.

Adeniyi (2012) asserted that in spite of the theoretical limitations of the payback period method, it is the one that is most widely used in practice. He offered the following reasons for its usage: it is easily understood by all levels of management; it provides an insight on how quickly the initial can be recouped; most managers see risk as time-related i.e. the longer the period, the greater the chance of failure; where a firm faces liquidity constraints and requires a fast repayment of investments, the pay-back period is more useful; it is appropriate in situations where risky investments are made in uncertain markets that are subject to fast design and product changes or where future cash flows are particularly difficult to predict.

Meigs, et al (2014) a business may benefit from good capital budgeting decisions and suffer from poor ones for many years. Many non-financial factors are also considered in making capital budgeting decisions. For example, many companies give high priority to creating new jobs and avoiding layoffs. However, it is also essential that investments in plant assets earn a satisfactory return on the funds available to finance the project and the company will not be able to generate sufficient funds for future investment projects. The capital budgeting techniques are classified into two -non discounted cash flow and discounted cash flow techniques.

Masa, Imegi and Akenbor (2015), investment decisions relate to the corporate decision to invest its resources in the most efficient manner in business activity with the hope that the activity will, in turn, generate a stream of future returns over time. It asks the question; into what uses do we put the available funds of the business such that we become better in the future? It is the responsibility of the financial experts in collaboration with the accountants to analyse and decide on the type of asset to commit a firm's funds in anticipation of future returns.

STATEMENT OF THE PROBLEM

Capital budgeting is concerned with allocation of the firm's scarce financial resources among the available favorable circumstances. The return of investment opportunities involves the comparison of the expected future returns from a project with immediate and subsequent return for it. The problems in capital budgeting decisions may be **Future uncertainty, Time Element, Difficulty in Quantification of impact etc.**

Since we all know that automobiles companies requires large investment. So In this research, Researcher I would like to study the impact of various capital budgeting techniques on the financial variables of the selected company. There is very less study done in India regarding the same. So, there is a need to study the various issues involve in Capital Budgeting Practices in India.

OBJECTIVES

1. To study the procedure of Capital Budgeting in selecting companies.
2. To study the impact of sound capital budgeting techniques on the financial performance (i.e. total revenue, net profits, market capitalization price etc.) on the selected companies

HYPOTHESES OF THE STUDY

Ho1. Correlation between fixed investments and the selected financial factors (i.e. total revenue, net profits, etc.) is not significant.

RESEARCH METHODOLOGY

In this study the researcher has made use of varying sources of information keeping in mind the cost and time constraints. The major decision with regard to research plan while executing the research study is based on various sources of information. Secondary data will be collected for addressing the research problem and fulfilling the objectives of the study. The data is processed using the Microsoft Windows Excel. Along with that the mix of appropriate analytical tools and techniques including statistical tables, simple frequency tables, percentages, arithmetic mean, standard deviation and correlation are used to analyze the data and address the research problem. The data is collected for 5 years i.e. from 2013-2017.

DATA PROCESSING AND ANALYSIS

The following Table shows impact of sound capital budgeting techniques on the financial performance

TABLE 1

Particular	Formula	March 2017	March 2016	March 2015	March 2014	March 2013
1. Assets Efficiency-y Ratio	Sale/ Total Assest	3.051	3.88	4.48	4.85	4.83
2. Net Profit Percentage-e	Net Profit/ Sale * 100	10.95	10.15	8.14	7.77	8.25
3. Earning power %	1*2	33.41	39.38	36.47	37.68	39.87
4. Fixed Assets Efficiency-y Ratio	Sale/Gross Fixed Assets	4.5	5.21	6.24	7.22	5.8
5. Plant and machinery turnover ration	Sale/ Plant and machinery	60.92	77.56	89.45	96.45	102.35
6. Plant and machinery to Gross Fixed Assets	Plant and machinery/ Gross Fixed Assets*100	7.38	6.713	6.98	7.46	5.66

Source: Annual report of Hero Honda Company

TABLE 2: CORRELATION BETWEEN THE VARIABLES (Amount In Crores)

Years	Sale	Net Profit	Plant& Machinery
March 2017	30846.12	3377.12	506.33
March 2016	30857.48	3132.37	397.85
March 2015	29302.94	2385.64	327.58
March 2014	27155.82	2109.08	280.43
March 2013	25659.94	2118.16	250.70

Source: Annual report of Hero Honda Company

TABLE 3: CORRELATIONS

		sale	Plantandmachiner
Sale	Pearson Correlation	1	.884*
	Sig. (2-tailed)		.047
	Sum of Squares and Cross-products	2.123E7	833699.170
	Covariance	5307488.785	208424.793
	N	5	5
Plantandmachiner	Pearson Correlation	.884*	1
	Sig. (2-tailed)	.047	
	Sum of Squares and Cross-products	833699.170	41898.592
	Covariance	208424.793	10474.648
	N	5	5
*. Correlation is significant at the 0.05 level (2-tailed).			

TABLE 4: DESCRIPTIVE STATISTICS

	Mean	Std. Deviation	N
Sale	28764.4540	2303.79877	5
Plantandmachiner	352.5780	102.34573	5

TABLE 5: DESCRIPTIVE STATISTICS

	Mean	Std. Deviation	N
Plantandmachiner	352.5780	102.34573	5
netProfit	2624.4740	592.33877	5

TABLE 6: CORRELATIONS

		Plantandmachiner	Net Profit
Plantandmachiner	Pearson Correlation	1	.963**
	Sig. (2-tailed)		.009
	Sum of Squares and Cross-products	41898.592	233451.572
	Covariance	10474.648	58362.893
	N	5	5
netProfit	Pearson Correlation	.963**	1
	Sig. (2-tailed)	.009	
	Sum of Squares and Cross-products	233451.572	1403460.870
	Covariance	58362.893	350865.217
	N	5	5
**. Correlation is significant at the 0.01 level (2-tailed).			

Source: Use of SPSS

FINDINGS AND CONCLUSION

An in-depth analysis has been carried out to observe the trend and insight into factors that influence capital budgeting decisions. The results of the survey and its analysis have been provided in the above section. The selected company do have specific amount of average size of annual capital budget and all project size requires formal quantitative analysis. However, such analysis and use of capital budgeting method differ on the basis of nature and size of a particular project under consideration. One of the objectives of this research is to analyze how 'Risk' and 'Uncertainty' in the future estimates in investment projects is being taken care of. Sensitivity analysis is considered as the most important technique while scenario analysis is considered as the second important technique for assessing risk. The other more sophisticated techniques like Decision tree, Monte Carlo simulation, Certainty equivalent, Probability analysis, Beta analysis has got very low ratings that means these techniques are rarely used in the selected company. Further, An effort has been made to develop a relationship between the independent variables; Plant and machinery and sales to explain the variation in the dependent variable as operating income of the company. The analysis has been carried out with the help of regression analysis. The period covered in the study is last five financial years (2014-2017). The summarized results of analysis for each company are provided in the analytical section. The above hypothesis is also not true according to the findings of the above study.

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IMPACT OF AUDIENCE SPECIFIC FACTORS ON PRODUCT PLACEMENT: A LITERATURE SURVEY

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ABSTRACT
Marketing is a dynamic field. There are numerous ways of reaching target market. Marketers keep looking for new ways to acquire target audience as existing marketing strategies turns rotten within few years. One of the marketing strategies that has gained popularity in the last few years is product placement. It is a method of embedding the ads in the storyline of the movies or TV shows. Consumers often tend to ignore the ads shown during a movie or TV show and change the channel, as they often dislike traditional advertisement. But strategically product is shown in the movie or the TV show and consumers just cannot be zapped away without missing the storyline. This research study focuses on individual factors that affect degree of conscious processing. An exploratory research with an emphasis on literature has been the focus.

KEYWORDS
brand recall, consumer attitude, explicit memory, implicit memory, product placement.

JEL CODES
M3, M31

INTRODUCTION
When an individual comes back to home after an entire tiring day, he has TV as one of the main sources of entertainment. But his entertainment is done more by Ads than any real TV show. This makes him nutty over the Ads shown and starts flipping the channel. Marketers lose their value and cost. But product placement makes it possible for the marketers to properly advertise their Ad. Product Placement is the intended incorporation of commercial content into a non-commercial setting (Ginosar, A. & Levi-Faur, D. 2010). It is a mixture of advertising and entertainment. It is becoming a common practice to include product into the storyline of a movie, TV show, magazine, video game, books, comics etc. In simple terms, product placement is a process of producing an engaging content to sell something (Falkow, S. 2010). Product placement has become more effective in today's time when advertising efficacy is declining, media fragmentation and proliferation has increased (Mackay, T.; Ewing, M.; Newton, F. & Windisch, L. 2009). Moreover, viewers are also unable to assimilate so many ads all at a time. According to a study, around two-thirds of TV viewers mute the television sound or change the channel during a commercial as they find the ads as annoying and irrelevant. The literature on product placement is just few years old as it is comparatively a newer topic (Russell and Stern, 2006). Most of the quantitative placement studies differ markedly from one another. Therefore, a conceptual research that informs about Individual and Specific (IS) factors that affects Degree of Conscious Processing (DCP) would work better. Brand plays an important role in marketing communication. Writers, directors, script-writers, creative and media professionals use brands as a tool to communicate specific meaning to audiences. Brand placement also works the same way in movies, TV sit-coms, TV shows and daily soaps. It also sets the mood of the show and depicts the personality traits of the character. However, this process takes place after a formal agreement between the marketer and the producer or the director. Such stories with in-built brand placed in them represent promotional efforts for the brand. Thus, product placement is the paid inclusion of branded products or brand identifiers through audio and visual or both means within mass media (Karrh, 1998). A product placement is also an attempt to influence audiences who does not identify sponsors (Balasubramaniam, 1994).

REVIEW OF LITERATURE
Product placement is initiated by a marketer who suggests his products to a TV show or studio. It may work the other way round too. Sometimes, brokers or intermediaries too work between a marketer and a producer of the show (Stringer, 2006). The cost involved in a product placed in a movie or TV show may range from $10,000 to several hundred thousand dollars depending upon the brand value and the budget of movie production. Sometimes, the product placement occurs even free of cost or in lieu of promotional tie-ins (Cebrzynski, 2006). The history of product placement is long (Galician and Bourdeau 2004). It started somewhere in 1920-1930. The first product placement was seen in Hollywood film, 'It pays to Advertise'. The first reason to include products in the movie storyline was to reduce the cost of production of the movie during the Great Depression. However, the movie received a negative publicity about the surrender of media content to commercial interests (Brett 1995). Seeing the negative publicity and other factors like diminishing role of movie studios, the emergence of independent producers, location-based movie production hampered the growth of product placement industry. Later it started again in 1960s- 70s (Balasubramaniam 1994; Brett, 1995; Segrave 2004). Later in 1980s, it started flourishing and supports more than a thousand brands in the industry (Galician 2004; Karrh, McKee and Pardun 2003). According to statista.com, the spending in million dollars in 201 was 4657 and in 2019, it is expected to increase to 11 574 million dollars.

In India, product placement started long back. Indian film industry is very vast. Impact of films on consumer buying behaviour is evident from his history. It is 100 years old and world's largest producer of films in terms of volume with a production of around 1000 films per annum. There are two types of films produced in India namely, Commercial and non-commercial film. The other film category is tele-film, short film, special effect film etc. Film producers make films which are liked by a larger segment of people. Since the reach of the films is to a larger segment, it is easy to attach an emotional value to the film. This makes way for the corporate and the brand owners to associate their brand with the movie. Advertising agencies also plays a crucial role in setting product placement in Indian movies.

The early example of product placement movies were in 1967, "An evening in Paris" where the lead actress Sharmila Tagore was seen sipping from a bottle of Coke, aggressive to make sure the logo was visible. Another instance is of the movie "Bobby" where Rishi Kapoor was shown riding the Rajdoot bike from Enfield Motors. In another movie, "Prem Diwane", people were shown carrying the Benzer bags. In the movie, "Love Ke Liye Kuch Bhi Karega", the actor holds a ball with Mac 'M' over it. In a very famous movie, "Kaho Naa Pyaar Hai", Hrithik Roshan asks the heroine if she would like to have McDonald's burger. In another famous and hit movie, "Taal", Coke was placed well throughout the story. Another instance is of "Dilwale Dulhaniya Le Jayenge" where Shahrukh Khan talks about the Stroh's beer. Amitabh Bachan in the movie "Baghban" promoted many brands like ICICI bank, Ford Ikon and Tata Tea. In another example of the movie "Bunty aur

Babli", Maruti Suzuki launched its Maruti Swift car. In the movie, "Viruddh", Amitabh Bachan endorsed Calcium Sandoz Tablets and Asian Paints. In the movie "Parineeta", Vidya Balan endorsed Saridon.

In few of the recent catches, in the movie, "Ta Ra Rum Pum", brands like Castrol to Goodyear to Chevrolet were shown. In the movie, "Koi Mil Gaya" Hrithik Roshan says "Mai to sirf Bournvita peeta hun". In the movie, "Rang De Basanti", brands like Coca-Cola, Airtel, LG, Berger and Provogue were shown. In the movie, "Two States", Alia Bhatt endorsed Sunsilk shampoo and Yes Bank. In another movie, "Bodyguard", Kareena Kapoor was sowing carrying a Sony Vaio laptop. The examples of product placement won't end in Bollywood context.

The product placement has many advantages for the media industry. A product that is used by the favourite characters in the TV shows and films is better than just showing a simple product Ad (Kamins M. A, 1990). Audience relate themselves with the product used by their favourite character and associate themselves easily (Solomon M. R., Ashmore R. D., Longo L. C, 1992). It has been observed that small brands benefit more than big brands in product placement (Till, B. D., Busler, M., 2002).

The product placement cannot let the readers infer quantitative facts so easily. It is not based on practitioner sentiments that include occasional claims of success from placements, empirical studies that include impact of memory on brands and qualitative inquiries that includes complex meanings specified by the audience (Balasubramainiam; Karrh; Patwardhan 2006). There can be perceptual differences based on subjectivity and biasness between a corporate and academician. Practitioners may have a biased approach towards the success of the placement even if it is just shown in the media (Karrh, 1995; Karrh, McKee and Pardun, 2003, Pardun and McKee, 1999). Many corporate agencies just rely on different performance indices of which source is not available (Law and Braun-LaTour 2004). There are many qualitative evidence available from many sources like a depth interview, focus groups, interpretative studies (DeLorme and Reid 1999, Gould and Gupta, 2006; La Pastina 2001). These sources show themes about program viewing that is appreciating realism, noticing the known, referencing it to others, association with a program genre, its embedded characters and placed products (DeLorme and Reid 1999, Gould and Gupta, 2006; La Pastina 2001). It also has individual consumption that includes using information to develop aspirations and buying related products (DeLorme and Reid 1999, Gould and Gupta, 2006; La Pastina 2001).

In this study, a framework between the individual specific factors and its effect on the degree of conscious processing of information is studied.

CONCEPTUAL FRAMEWORK

In this section, the individual specific factors such as brand familiarity, judgement of "Fit", defence mechanism towards placement, involvement and connectedness with product and motivation to process brand information will be studied in respect to the degree of conscious processing of information shown in product placement.

BRAND FAMILIARITY

The Von Restorff effect (Wallace 1965) also known as isolation effect (Huang, Scale, McIntyre, 1976) may act as a factor to influence the recall of brand placement (Balasubramaniam 1994). It is said that familiar brands does not arouse brand familiarity to the extent an unfamiliar brand would do so. The less familiar brands demonstrated familiarity superiority (Nelson 2002). It can be thus said that unfamiliar brands generate more attention but familiar brands establishes association with the character in the movie. Familiar brands help audience to quickly understand the context of the brand used. As t is said that users form opinion about others based on characteristics easily understood (Beike and Sherman 1994; McCracken 1989).

JUDGEMENT OF "FIT"

It includes appropriateness of fit in the movie and TV shows. It is noticed by the practitioners and the audience both (Karrh 1995; Karrh, McKee and Pardun 2003). Individuals may perceive the placement based on various judgements related to product, medium, communicator, message dimensions (Balasubramaniam 1994; Bhatnagar, Aksoy and Malkoc 2004). Another aspect of "judgement of fit" is depicted by the incongruence that is higher-plot visual placement or lower-plot audio placement improved the brand recall, whereas congruence that is lower-plot visual placement and Higher-plot audio placement improved persuasion (Russell 2002).

DEFENCE MECHANISM TOWARDS PLACEMENT

Audience are sometimes sceptical about the credibility of the placement. This scepticism arises when audience acquires more knowledge and insights about the tactics and persuasive intent of the advertisers (Boush, Friestad and Rose 1994). The disbelief decreases the attitude of consumers in general towards both the ad and the placement. It is found that audience who are more positively inclined towards the advertising were more positive towards placement and audience who were less positive towards advertising were less inclined towards placement (Gupta, Balasubramaniam and Klassen 2000).

INVOLVEMENT AND CONNECTEDNESS WITH PRODUCT AND MOTIVATION TO PROCESS BRAND INFORMATION

The success of product placement lies in the audience involvement with the content of the program (Bhatnagar, Aksoy and Malkoc, 2004). The video games are short-lived and involvement is less, so in a study it was revealed that program involvement with a computer game increased short-term brand recall (Nelson 2002). However, a large program involvement may hinder the brand recall completely (Newell, Henderson and Wu 2011). So, the increase in program involvement decreases the brand recall and decreased involvement in the program increases the recall of brand.

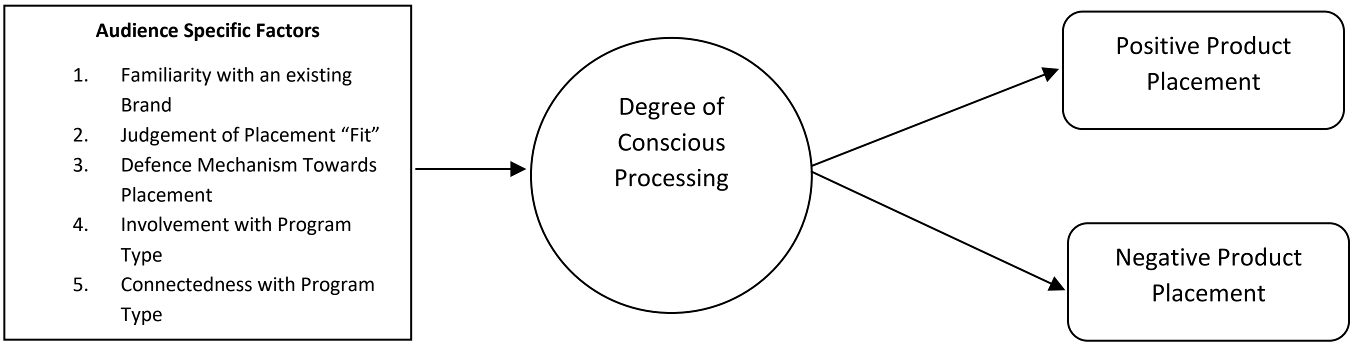
Program connectedness is related to the association of the audience with the characters, ads and context shown in the movies or TV shows with his social and personal life (Russell 1998; Russell, Norman and Hecker 2004a 2004b; Russell and Puto 1999; Russell and Stern 2006).

The high level of connectedness leads to more influential affect than a high level involvement. This happens by imitating the characters in real-life, referencing about it in social groups (Russell 1998).

PROCESSING DEPTH

Processing the information is based on the brand recall. It is based on explicit and implicit memory. Explicit memory is tested directly with the help of recall and recognition tests. It involves an intentional effort to retrieve information through some kind of stimulus (Krishnan and Chakravarti 1999; Shapiro and Krishnan 2001). Implicit memory is tested through projection tests like sentence completion, word association and projective techniques. Such test does not involve consumer's conscious memory retrieval (Duke and Carlson 1993; Krishnan and Chakravarti 1999).

FIGURE 1: CONCEPTUAL FRAMEWORK OF IMPACT ON PRODUCT PLACEMENT



RESULTS AND DISCUSSION

This study has tried to evaluate the impact of product placements. Thus, the discussion lands into following points:

- Practitioners tend to bring success to product placement just by its presence in a hit movie or a TV show. However, any success of product placement should be analysed on a rating scale to find out the degree of favourable portray of the brand (Avery and Ferraro 2000).
- Understanding of the product placement may even arise at a low level of conscious processing. Audience seek information and relatedness to product placement by empathy. Entertainment marketing plays dominant role in arousing audience's self-concepts and identity formation through brand exposure with the right fit in the content (Hackley and Tiwasul 2006).
- The effectiveness of product placement can be identified with compassionate identification of product with oneself (Russell 1998). However, identification with product placement is done either with conative and affective ways (Gould and Gupta 2006; Hirshman and Thompson 1997; Stern and Russell 2004).
- Product placement changes brand attitude. However, there were no changes found in brand attitude even when the placement was made memorable (Karrh 1994). But Russell (2002) found that favourable impact arises on brand attitude if product is placed neatly.
- Audience accepts product placement more willingly if it is free of marketing gimmick. Few surveys in America showed that product placement is largely accepted (Gould and Gupta and Grabner- Krauter 2000). Moreover, the acceptance is likely to increase in future as digital transformation will act as catalyst in the field (Sheehan and Guo 2005).
- Designing a suitable placement strategy is difficult for practitioners and corporate bodies because there can be multiple outcomes like cognitive, affective and conative. A good understanding of dissociations and related processes will empower sponsors to frame suitable marketing strategy.

CONCLUSION

Placement is an embedded form of ad tweaked in the message content. Placements arrange for a mood upliftment of the audience better than paid Ads. It is a transformational way of associating the product with the real-life of the audience. The stimuli based factors in product placement are type of the program, flexibility of execution of program, placement processing, expressing placement content, Showcasing appearance of brand, type and amount of brand information presented, link between the content of the show and the brand presented. The audience related factors that impact product placement are existing familiarity with the brand, judgement of placement fit, disbelief towards advertising, involvement and connectedness towards program and motivation to process information presented in the program. From the conceptual study, it is found that unfamiliar brands create better brand recall than the familiar brands. However, audience relate themselves better with the character and the storyline when brand is familiar. Incongruence that is higher-plot visual placement or lower-plot audio placement improved the brand recall, whereas congruence that is lower-plot visual placement and Higher-plot audio placement improved persuasion. The higher attitude towards brand placement leads to affective outcome towards the brand placed. The connectedness with the program plays an important role in deciding the positive product placement or negative product placement.

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DEMONETIZATION AND ITS IMPACT ON INDIAN ECONOMY

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ABSTRACT

The largest cleanliness drive in the Indian economy is the demonetization of high value currency notes of 500 and 1000 to unearth the black money and to curb corruption, counterfeit currency and terror financing as well. The demonetization has a major impact on curbing black money even though it may not curb black money and the boldest reform by Prime Minister Shri Narendra Modi after becoming prime minister since 2014. In the world's largest democracy, the demonetization was revolutionary: it called into question the state's promise to "pay the bearer" the face value on every banknote. One can expect a great improvement in the national deficit and a largely clean business environment in the long term.

KEYWORDS
demonetisation, black money.

JEL CODE
E60.

INTRODUCTION
The world is looking to India not just to solve its problems but to address global challenges through innovation**.**
When a currency note of a particular denomination ceases to be a legal tender, it is termed as Demonetization. it occurs whenever there is a change of national currency.
Demonetization of ₹500 and ₹1000 banknotes of **Mahatma Gandhi** series was a policy enacted by the government of India on November 8th 2016 Prime minister in his televised address to the nation on November 8th 2016 made the notes invalid saying that it was aimed at curbing the disease of corruption and black money

OBJECTIVES
1. To study the demonetization policy of Indian economy.
2. To know how far does it work for the benefit of public.
3. To know the problems faced by public.

"Corruption and hypocrisy ought not to be inevitable products of democracy, as they undoubtedly are today."

Mahatma Gandhi

UNDERSTANDING THE TOPIC DEMONETIZATION
The objective of demonetization as claimed by Government of India was to curtail the black money running as shadow economy and to stop the use of counterfeit cash to fund illegal activity and terrorism. The sudden nature of the announcement—and the prolonged cash shortages in the weeks that followed—created significant disruption throughout the economy, threatening economic output. The demonetization move was heavily criticized as poorly planned and unfair, and was met with protests, litigation, and strikes.

RESEARCH METHODOLOGY
In the present study, secondary data has been used. Data has been collected from various research papers, magazines and articles. In addition to this study, data have also been collected from various journals, economic and political weekly and the research is also based on the referred sources- published, & unpublished and other sources of information
The announcement was sudden and unscheduled. It was a live television address at 8 PM on November 8, 2016. In the days following the demonetization, the country faced severe cash shortages with severe detrimental effects across the economy. People seeking to exchange their bank notes had to stand in lengthy queues, and several deaths were linked to the inconveniences caused due to the rush to exchange cash. As the cash shortages grew in the weeks following the move, the demonetization was heavily criticised by prominent economists and by world media.

LITERATURE REVIEW
Various articles and publications have come up with regard to demonetization. some of the key findings are highlighted to get an overall idea on demonetization. People have supported it right from vendors to big retail shop have started accepting credit cards, paytm barcodes are seen in shops which proves people are accepting the change.

POSITIVE EFFECTS OF DEMONETIZATION
1. Elimination of counterfeit currency
2. Higher tax collection
3. Deflation
4. Enhance the liquidity position of the banks
5. Real estate price cut
6. speed breaker for corruption

SPECIAL NOTE
Demonetization has gained limelight internationally after bill gates, founder of Microsoft expressed his opinion over it and supported the decision of Prime Minister Shri Narendra Modi calling it a bold move. Calling for shifting to a more transparent economy from a shadow one, it was imperative that old notes are replaced with new ones having high security features.

CRITICISM
As said by Robin Sharma Global leadership expert Change is hard at first, messy at middle and gorgeous at the end. The biggest criticism that is faced is the way it was implemented as it has caused a lot of inconvenience to the common man.**, with due preparation, demonetization could have been a good policy with some positive effects.**

Though demonetization is not an end in itself, rather it's conduit for India to become a less cash economy at first and cashless economy later. Act such as prevention of corruption act, Disclosure of income tax act, Prohibition of Benami transaction amendment act should implemented in more regulated manner to curb this giant of society.

RURAL ECONOMY

The rural economy being 70 percent of the employment and 50 percent of GDP is the most important segment. The demonetization has caused significant distortions as farmers are unable to sell their goods and the farmers prefer to receive in cash. The banking penetration in rural India is quite low and the farmers live miles away from their nearest bank branch and number of ATM s in the rural regions are negligible, but this historic move has a potential of bringing about transformational changes in the sector like better access to credit for farmers, elimination of middlemen, direct transfer of subsidies to farmers and ultimately linking the Indian farmer to the global agricultural market. If the government and industry come together to help farmers this will be a thumping success for the farming sector

The government and industry must come together to help farmers and make this initiative a thumping success for the farm sector. In response to the demonetization operation, many analysts have revised their growth expectations for the fiscal 2016/2017 (April 2016-March 2017) .

TABLE 1

	Original 2017	*Revised 2017*	*2018*
Reserve Bank of India	7.6%	7.1%	-
World Bank	7.6%	7.0%	7.6%
IMF	7.6%	6.6%	7.2%
Rabobank	7.0%	5.5%	8.2%

The pick-up in growth later this year is due to important reforms that our prime minister has been able to implement, such as the Goods and Service Tax (GST), which brings uniformity in India's complicated and inefficient tax scheme and reduces the cascading effect in the old system. The implementation of GST will result in lower prices of goods and services, as well higher investment and tax revenues.

FINDINGS

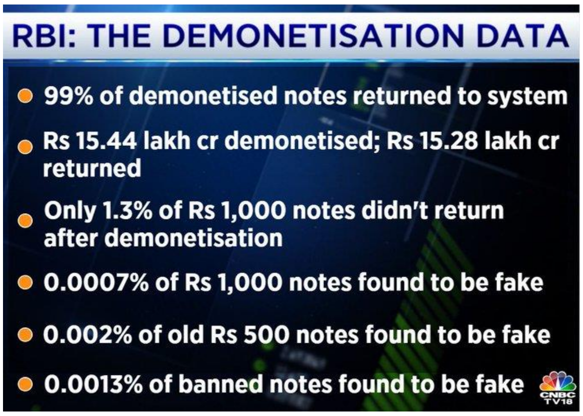
1. Currency liquidity of the banks is increased.
2. Though online banking services were provided by banks earlier, majority of bank customers are using those services now.
3. Most of the bank account holders are now habituate to online banking and other online facilities to help India become a cashless society.
4. The government added 9.1 million new taxpayers in 2016-17, an 80% increase over the typical yearly rise, highlighting the impact of India's November demonetisation of high-value currencies.
5. The long-term benefits of demonetization on GDP growth will outweigh the short-term transitional impacts of demonetization.

RBI DATA ON DEMONETIZATION

Demonetisation, which was done to crack down on black money, significantly affected India's GDP growth, but with almost all of the money now being accounted for there are doubts if the government's action was effective. Demonetisation's long-term impact on the Indian economy is still debated.

RBI data states that out of Rs 15.44 lakh crore worth of currency notes that were taken out of circulation, Rs 15.28 lakh crore have returned to the system and around Rs 16,000 crore is yet to be deposited back to banks. RBI report also says that about 8.9 crore units of the demonetised Rs 1,000 notes worth Rs 8,900 crore, had not come back into the system. There were 632.6 crore pieces of Rs 1,000 currency notes in circulation on the day of demonetisation. This reveals that just 1.4 per cent of Rs 1000 notes did not return after demonetisation.

FIG. 1



However, the benefits of demonetization cannot be seen immediately but definitely can see over long term. The web services in local languages and train the population in popularizing on the digital world to be undertaken to go for cashless transactions. The step that is taken is right which is giving a positive impact on economy or country though not immediately but will definitely support the Indian economy and demonetization of higher denomination notes is a good move backed with noble intent but with poor execution. Government would have given alternatives for common people to avoid inconvenience but definitely going to strengthen India's economy. This move has led to improved tax compliance, better fiscal balance, lower inflation, lower corruption, less elimination of fake currency and another stepping stone for sustained economic growth in the longer term. This move will stop the flow of fake cash a definitive target is to make India a cashless society, it is a step towards making India a computerized

Demonetization in India has worked in the many ways in India. India's demonetization process has tackled the country's problem of counterfeit notes. The process of demonetization in India has not been without its challenges. It has, however, had both positive and negative impacts in the short-term. It remains to be seen if the positive impacts will be long lasting. In the long run, there will be more formalisation of the economy due to demonetisation,

CONCLUSION

Even though 99% of the scrapped notes have come back into the system post-demonetisation, Prime Minister Narendra Modi has succeeded in driving home the point that the government is serious about tackling black money and tax evasion with the help of information about the depositors. Along with the goods and services tax (GST), the urgency that the government machinery is now showing in curbing cash transactions and the creation of black money will undoubtedly prove to be a potent weapon in cleansing the economy.

FOOTNOTE

1. Prime Minister Modi has also signaled that the demonetization was a first step against corruption and tax evasion, and property records will be digitalized as well. These digital records are used to identify individuals who have been registering assets under other peoples' names in order to avoid taxes. The property digitalization operation will put additional stress on the real estate sector.
2. International response to this move is positive.
3. With this move, owners of informal organisations are more likely to register their organizations to transform them into formal organisations. Thereby tax revenue for governments will be increased.
4. Chhattisgarh is the first state to pass notion supporting the demonetization move.
5. It will cut the supply of black money circulating the economy and bring some of it into the formal economy over time
6. The government can see tax gains if it succeeds in unearthing unaccountable money from the shadow economy
7. GDP - While demonetization would most certainly result in the fall of GDP in the short term, it is predicted that the rise would be significant in the longer run. Fear of awareness among people due to tough steps taken by government and will take in future.

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GOODS AND SERVICES TAX (GST) AND ITS IMPACT ON INDIAN ECONOMY

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ABSTRACT

Goods and Services Tax popularly known as GST a single tax on the supply of goods and services, right from the manufacturer to the consumer. Credits of input taxes paid at each stage will be available in the subsequent stage of value addition, which makes GST essentially a tax only on value addition at each stage. This research paper highlights the positive and negative impact of the GST in the Indian Tax System.

KEYWORDS

GST in India, Impact of GST, Tax system in India, Mechanism of GST, features, impact on prices, Indian Economy.

JEL CODE

H25

I. INTRODUCTION

The Goods and services Tax (GST) is a vast concept, which reflects the giant tax structure by supporting and enhancing the economic growth of the country. GST is a comprehensively structured tax system, which will be levied on manufacturing, sale and consumption of the goods and services at a national level. The constitution amendment (122) in the year 2014 seeks to amend the constitution of India to facilitate the introduction of Goods and services Tax (GST) in the country. The proposed amendments will confer power in both the parliament and the state legislatures to make laws for levying GST on the supply of goods and Services on the same transaction. GST is an indirect tax in where all the stages of the production will bring to uniformity in the system.

In order to bring GST into practice, there will be an amalgamation of central taxes and state taxes into a single tax payment. It would also help to enhance the ease of doing business in India both for domestic and international investors. Under GST regime, the consumer pays the final tax, but an effective input tax credit system, which ensures the consumers that there will be no cascading of taxes i.e. tax on tax paid on inputs that go into manufacturing of goods.

Moreover, in order to avoid the current payment of multiple taxes such as excise duty and service tax at central level and sale tax/Vat at the state level, GST would unify these taxes and create a uniform single tax market throughout the country. The present tax system generally taxes on production whereas the GST will aim to tax on final consumption.

II. OBJECTIVES OF THE STUDY

The study has following objectives:

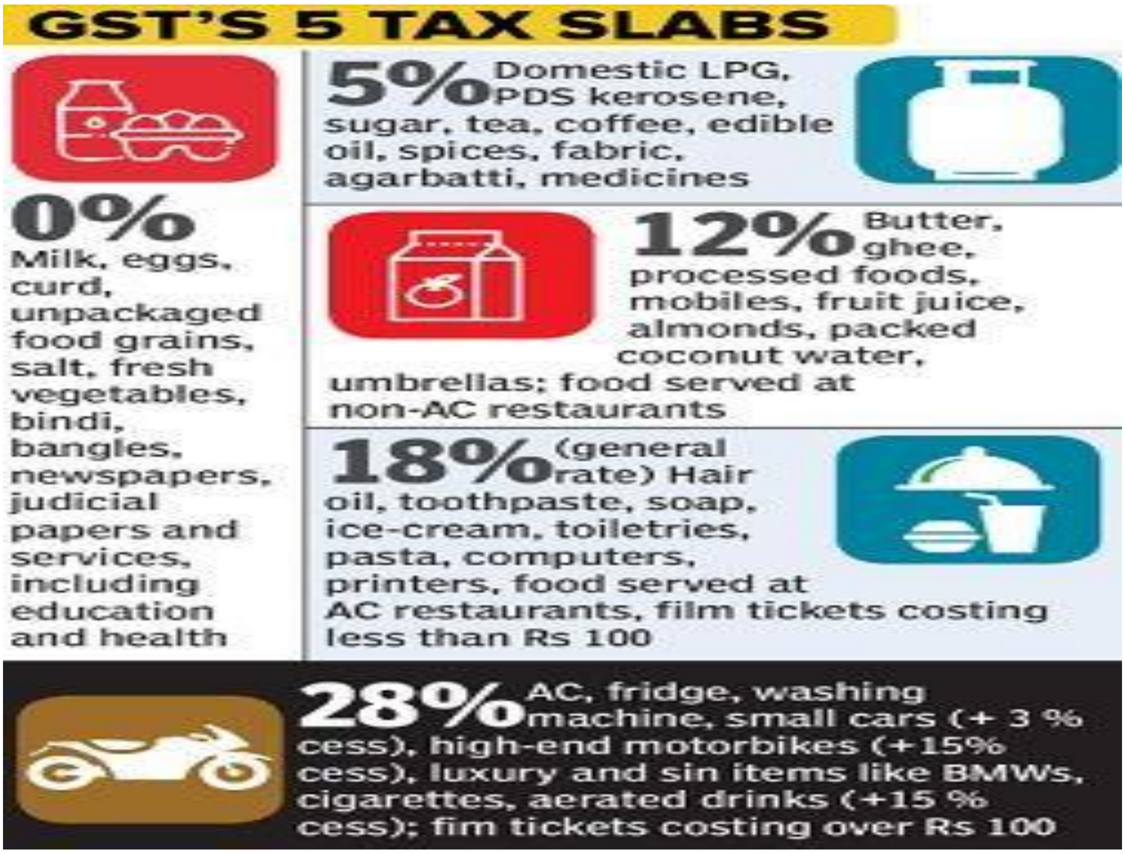
1. To cognize the concept of GST
2. To study the features of GST
3. To evaluate the advantages and challenges of GST
4. To furnish information for further research work on GST

It is a single indirect tax for the whole nation, one which will make India a unified common market. It is a single tax on the supply of goods and services, right from the manufacturer to the consumer. The GST Bill was introduced in Lok Saba in 2009 by UPA government but they failed to get it passed. The NDA government introduced a 'slightly modified' version of the GST Bill in the Parliament and both the Houses passed it. Through GST, the government aims to create a single comprehensive tax structure that will subsume all the other smaller indirect taxes on consumption like service tax, etc. Touted to be a major game changer, in the words of Union Finance Minister Arun Jaitley 'it will lead to the financial integration of India'. Currently, tax rates differ from state to state. GST will ensure a comprehensive tax base with minimum exemptions, will help industry, which will be able to reap benefits of common procedures and claim credit for taxes paid.

III. BENEFITS OF GST

- Overall reduction in Prices for Consumers
- Reduction in Multiplicity of Taxes, Cascading and Double Taxation
- Uniform Rate of Tax and Common National Market
- Broader Tax Base and decrease in "Black" transactions
- Free Flow of Goods and Services – No Checkpoints
- Non-Intrusive Electronic Tax Compliance System

FIGURE 1



Source: Times of India

FIGURE 2

Source: Finance Ministry

IV. GOODS AND SERVICES TAX NETWORK

Goods and Services Tax Network (GSTN) has been set up by the Government as a private company under erstwhile Section 25 of the Companies Act, 1956. GSTN would provide three front end services, namely registration, payment and return to taxpayers. Besides providing these services to the taxpayers, GSTN would be developing back-end IT modules for 25 States who have opted for the same. The migration of existing taxpayers has already started from November, 2016. The Revenue departments of both Centre and States are pursuing the presently registered taxpayers to complete the necessary formalities on the IT system operated by Goods and Services Tax Network (GSTN) for successful migration. About 60 percent of existing registrants have already migrated to the GST systems. GSTN has already appointed M/s Infosys as Managed Service Provider (MSP) at a total project cost of around Rs 1380 crores for a period of five years.

EXAMPLE OF GST CALCULATION

Let us assume that the GST is set at 5% Suppose that the manufacturing cost of a Product A is 100 and assuming a GST of 5% the total amount is Rs. 105 The next step of taxation would be when the Product is sold to consumers, let's say at a price of 150. So the GST will charge another 5% on just the difference of Rs. 150 and Rs. 105 i.e. only 5% on Rs. 45 which is equal to Rs. 2.25. So the final price is Rs. 150 + Rs. 2.25. Unlike the case of petrol pricing there is no tax on a tax now. This eliminates the cascading effect of taxes which is very prevalent in our economy and has been simplified to an elemental level in the example. Since the GST will be applied at every step of value creation it will be very difficult for black money owners to participate anywhere in the value chain with the GST without accounting for all other transactions.

V. CHALLENGES OF GST IN INDIAN CONTEXT

GST will be the biggest reform in Indian taxation since 1947, but there are many challenges for its successful implementation. These are as under:

- **CONSENT OF STATES**: For implementing, it is critical that GST bill is passed by the respective state Governments in state assemblies so as to bring majority. This is a herculean task.
- **REVENUE NEUTRAL RATE (RNR)**: It is one of Prominent Factor for its success. We know that in GST regime, the government revenue would not be the same as compared to the current system. Hence, through RNR Government is to ensure that its revenue remains the same despite of giving tax credits.

- **THRESHOLD LIMIT IN GST**: While achieving broad based tax structure under GST, Both empowered committee and Central Government must ensure that lowering of threshold limit should not be a "taxing" burden on small businessmen in the country.
- **ROBUST IT NETWORK**: Government has already incorporated Goods and service tax network (GSTN). GSTN has to develop GST portal, which ensure technology support for GST Registration, GST return filing, tax payments, IGST settlements etc. Thus, there should be a robust IT backbone.
- **EXTENSIVE TRAINING TO TAX ADMINISTRATION STAFF**: GST is absolutely different from existing system. It, therefore, requires that tax administration staff at both Centre and state to be trained properly in terms of concept, legislation and Procedure.

VI. CONCLUSION
There are approx. 140 countries where GST has already been implemented. Some of the popular countries being Australia, Canada, Germany, Japan, and Pakistan, to name a few. Implementation of GST affects a nation both ways, positively and negatively. Ignoring negative aspects, positive aspects can be taken into consideration, in order to improve the economy of the country. In order to measure the Impact the GST we need to wait for the time and the Government needs to communicate more and more about the systems. It could be a good way to reduce the black money and good effort by the Government of India after the Demonetization of the money in 2016.

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GROWTH AND PERFORMANCE OF DISTRICT CO OPERATIVE BANKS IN INDIA

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ABSTRACT

Cooperative Banks are the heart of our rural financial system. They help to mobilize the rural economy by attracting deposits and make funds available through lending and investing programmes in rural area. District Co-operative Banks work as an intermediary to link the primary societies with the money market. They are supposed to provide certain normal banking facilities to members like acceptance of deposits, remittance of funds, collection of cheques etc. The study focused on growth and performance of district co-operative banks in India. Secondary data was used for the study. The data required for the study has been collected from, Journals, reports on trend and progress of banking in India, Annual Reports of NAFSCOB. The data, which were collected, was analysed by using Compound Growth Rate analysis, trend analysis, Ratio analysis, Mean, Standard deviation and Co-efficient of variation. The study find out that there is positive trend in number of office, total member ship, share capital, deposit, credits, and working capital concluded that District Co operative Bank has tremendous growth in performance of the bank during the study period.

KEYWORDS

cooperative bank, credit, district co operative bank, deposit.

JEL CODE

G21.

INTRODUCTION

Co-operative credit institutions are an important constituent of Indian financials sector in general and the banking sector in particular. Co-operative movement in India is the largest movement. There has been significant growth of co-operative credit sector in India. However, the problem is that the success of co-operative movement depends much upon the efforts made by the government agencies and as such, it cannot be characterized as people's movement. Co-operative banks perform all the main banking functions of deposit mobilization, supply of credit and provision of remittance facilities.

Co-operative banks accept savings, current and fixed deposits from individuals and institutions including banks. They are organized and operated on the basis of cooperative principles which provide objectives methods of operation the distinguish them from other organizations. Mobilization of more deposits, improving in granting loans, speedy recovery of over dues maintenance of adequate and limited resources keeping of adequate margin between borrowing and lending rates to build a strong reserve fund making of proper scrutiny and provision for bad and doubtful reserves are some the reforms that were already announced and implemented by the co-operative bank

Cooperative banking in India is federal in its structure. The cooperative banks provide both short term and long term credit. There is a three tier structure of short term cooperative credit. At the top of the whole structure, there is the State Cooperative Bank and at lower level, there are Primary Credit Societies or Primary Agricultural Co-operative Banks and the Central Cooperative Banks are at the district level, between the State Co-Operative Banks and Primary Agricultural Credit Societies.

District Co-operative Banks are functioning at district level. These banks are established according to the Co-operative Societies Act 1912. These is established to provide financial assistance to the primary co-operative societies. A District Central Co-operative Bank generally functions within a three-tier structure in almost all the provinces excepting a few provinces where it functions in a two-tier structure. Under a three-tier structure form, it acts as the link between the Apex Bank at the top and societies and individuals at the base as its constituent members. District Co-operative banks are one of the strongest units in the Co-operative credit banking structure. The present paper focuses on the growth and performance of district co operative banks in India.

LITERATURE REVIEW

Dr. A.Selvaraj (2013) conducted a study on co operative banks performance in Tamilnadu and study found that performance of Co-operative Bank is good in during the study period and at the same time it is found that most of the Banks are suffering a lot due to continuous loss. The study suggested that the Government of Tamil Nadu may take necessary arrangements to revamp the administrative systems of co-operative banks.

Dr. P. Amarjothi (2014) conducted a study on financial performance of Agricultural cooperative bank in Kottagudi at Madurai.The study revealed that the number of membership of the Bank, reserve fund, borrowings has increased during the study period and also found that the current ratio of the bank is fluctuating between 0.15 and 8.92, it indicate that the poor liquidity pertaining to certain years during the study period.

Dr. Kuldeep Kumar Attri and Mohinder Paul (2015) studied on growth and performances of state co operative bank in India. The study found that the State co operative banks are working efficiently, increasing the profits level and using the managerial talent in a best way. The increasing amount of deposits was achieved as result of increased membership. The overall financial performance of the State Co-operative Banks in all fronts namely, Membership, Share Capital, Deposits, Loans and Advances, Reserve Funds, Working capital, Overdues, Loans issued etc., are showing a significantly trend during the study period. The study also revealed that the till the year 2007 -08, the bank's liquidity position was not safe and it has concentrated on credit dispensation rather than on deposit mobilization.

Ruchi (2015) evaluated the performance of Central Co-operative Banks in Haryana and examined and compare the various aspects of performance of Central Co-operative banks in Haryana. The study number of branches has been increased and employees of DCCBs have been reduced during that study period. The study shows that the amount of deposits of all the Central Co-operative Banks in Haryana have moved from Rs. 174488 lacks in 2001-02 to Rs. 572901 lacks in 2013 and the amount of credit of all the Central Co-operative Banks in Haryana have moved from Rs. 313071 lack in 2001-02 to Rs. 909914 lacks in 2013-14. In 2013-14. Kamal Central Co-operative Bank has maximum loans outstanding Rs. 80413 lacks that is 8.84% of total credit. The highlight that the amount of volume of business of all the Central Co-operative Banks in Haryana have moved from Rs. 487559 lacks in 2001-02 to Rs. 1482815 lacks in 2013-14. In 2013-14 Gurgaon Central Co-operative Bank contributed maximum to the volume of business Rs. 127353 lac that is 8.59% of total volume of business.

RESEARCH PROBLEM

District cooperative banks are leaders in their district in guiding the banking activities for their members. They admit all types of primary Co-operative societies and provide banking and financial services. They compete with commercial banks in mobilising deposits and have opened branches in all important centres of a district. Their operations have been modernised with inducting efficient personnel trained in various banking and financial operations.

District Cooperative banks perform commercial and other functions related to rural development in general and agricultural development in particular mobilization of more deposits improvement granting loans, speedy recovery of over dues, maintained of adequate and limited resources keeping of adequate margin between borrowing and lending rates so as to build a strong reserve fund and making of proper scrutiny and provision for bad and doubtful reserves are some of the reforms that were already announced and implemented by the co operative banks. However The NPAs of the cooperative banks are higher than those of commercial banks in NPAs to asset ratios. They are largely depends upon government capital than the shareholders contributions. Cooperative banks till now have to depend heavily on refinancing facilities from the government, RBI and NABARD. This study focused on the growth and performance of District co operative banks in India and also analyse credit deposit ratio of the banks in India.

OBJECTIVES OF THE STUDY

1. To examine the growth and performance of district co operative banks in India
2. To analyse the deposits, credits and Credit deposit ratio of district co operative banks in India
3. To analyse the trends of deposit and credits of district co operative banks in India.
4. To understand the working Capital and Cost of Management position of DCCBs.

METHODOLOGY

The research design used in this study is analytical research. Secondary data was used for the study. The data required for the study has been collected from Journals, reports on trend and progress of banking in India, Annual Reports of NAFSCOB. The data which were collected from the bank were analyzed by using percentage analysis, Trend analysis, Growth Rate analysis, mean, standard deviation, co-efficient of variation.

PERIOD OF THE STUDY

This study covers a period of 10 years i.e. from 2005-2006 to 2014-2015.

DISCUSSION AND RESULT

District co operative bank is a federation of primary credit societies and provides banking services to the people through its wide branches network. There are 370 District co operative banks in India.

TABLE 1: BRANCH EXPANSION AND MEMBERSHIP OF DISTRICT CO OPERATIVE BANKS IN INDIA

Year	No. of DCCB	No. of Office	Total membership
2005-06	370	12956	2270155
2006-07	371	12898	3262023
2007-08	372	13130	3395434
2008-09	373	13213	3528451
2009-10	372	13238	3976725
2010-11	371	13327	3145789
2011-12	371	13495	3420520
2012-13	370	13655	3915657
2013-14	370	13811	3563497
2014-15	370	14060	3048765
Mean	**371**	**13378.30**	**3352701.60**
S.D	**1.05**	**374.52**	**483435.84**
C.V	**.28**	**2.79**	**14.41**
CAGR	**.000**	**.0091**	**0.033**
CAGR%	**.00**	**.91**	**3.33**

Source: NAFSCOB-Mumbai (2005-06 to 2014-15)

The table shows that there is a slight change in number of district co operative banks in the period of 2005-06 to 2011-12 but there is no change in the number of district co operative banks during the period of 2012-13 to 2014-15. Number of office of the district co operative banks which stood 12956 in 2005-06 is increased in to 14060 in 2014-15. The co efficient of variation is 2.79. The total membership of the district co operative bank is increased from 2270155 lack into 3048765 in 2014-15. Compound Annual Growth rate of number of DCCB in India is .000. It indicate there is no progress in the number of banks but in the case of number of branches there is a growth, CAGR is .0091. Compound Annual Growth Rate of total membership is 0.033.

TABLE 2: TRENDS OF CAPITAL, RESERVES AND BORROWINGS OF DCCB IN INDIA

Year	Capital		Reserves		Borrowings	
	Amount	Trend	Amount	Trend	Amount	Trend
2005-06	4478	**100**	13952	**100**	22931	**100**
2006-07	5089	**113.64**	15469	**110.87**	27865	**121.51**
2007-08	5820	**129.96**	16377	**117.38**	30475	**132.89**
2008-09	6070	**135.55**	17787	**127.48**	28413	**123.90**
2009-10	7797	**174.11**	20204	**144.81**	30522	**133.10**
2010-11	7255	**162.01**	20692	**148.30**	39101	**170.51**
2011-12	8189	**182.87**	22920	**164.27**	50545	**220.42**
2012-13	8915	**199.08**	24375	**174.70**	61731	**269.20**
2013-14	9774	**218.26**	25690	**184.13**	67229	**291.17**
2014-15	13410	**299.46**	28812	**206.50**	73794	**321.80**
Mean	**7679.70**		**20627.80**		**43260.60**	
S.D	**2629.19**		**4823.61**		**18603.47**	
C.V	**34.23**		**23.38**		**43.00**	
CAGR	**.1296**		**.0833**		**.1387**	
CAGR%	**12.96**		**8.3**		**13.87**	

Source: NAFSCOB-Mumbai (2005-06 to 2014-15)

From above the table, it revealed that there is a positive trend in capital, reserves and borrowings of District co operative bank. The amount of capital which was Rs. 4478 lakh in the year 2004-05 has gradually increased and reached Rs. 13410 lakh in 2014-15 registering a compound growth rate of 12.96 percent. The reserves funds are kept in the bank to meet various contingencies**.** The co efficient of variation of reserve is 23.38. The borrowings of these institutions have increased significantly from Rs. 22931 lakh in 2005-06 to Rs. 73794 in 2011-12. The compound growth rate of reserve and borrowings are 8.3 and 13.87 percent respectively.

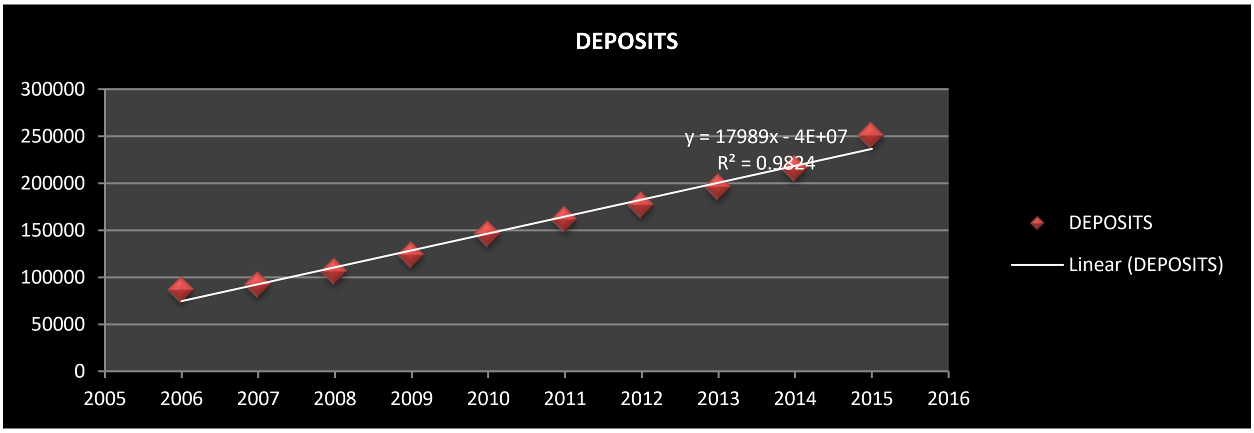
TABLE 3: DEPOSITS, CREDIT AND CREDIT DEPOSITS RATIOS OF DISTRICT CO-OPERATIVE BANKS IN INDIA (Amount Rs. in Lakh)

Year	Deposits	Outstanding loans	Credit Deposit Ratio
2005-06	86652	77819	**89.8**
2006-07	92081	85445	**92.7**
2007-08	105994	95827	**90.4**
2008-09	123722	97070	**78.4**
2009-10	146303	105240	**71.9**
2010-11	161309	122797	**76.1**
2011-12	176822	144763	**81.8**
2012-13	195727	171513	**87.6**
2013-14	215662	183144	**84.9**
2014-15	251116	207205	**82.5**
Mean	**155538.80**	**129082.30**	
S.D	**54950.22**	**45145.28**	
C.V	**35.32**	**35.74**	
CAGR	**.25**	**0.115**	
CAGR%	**12.55**	**11.5**	

Source: NAFSCOB-Mumbai (2005-06 to 2014-15)

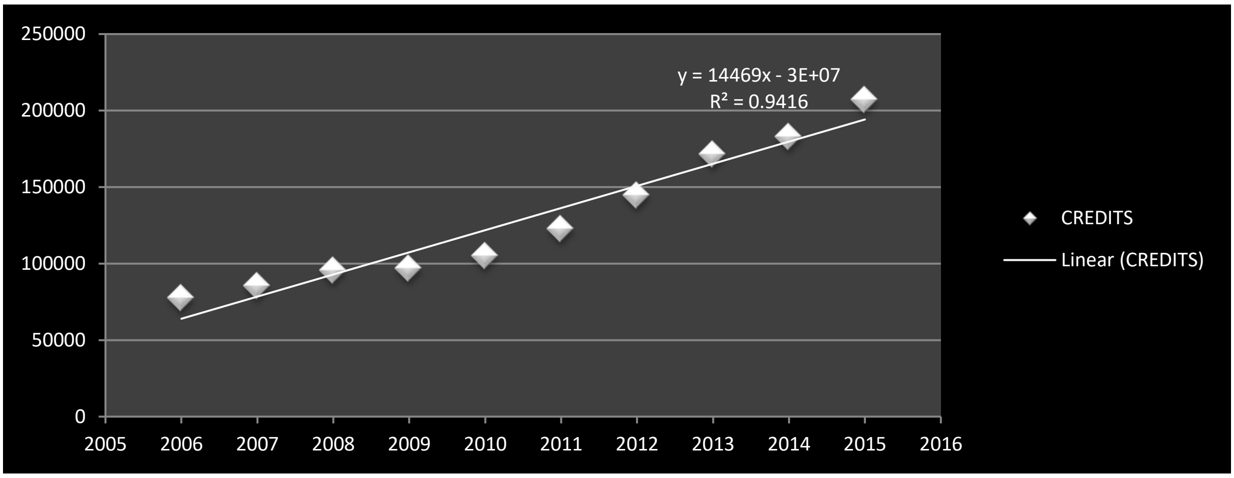
The deposits of these institutions have increased from Rs. 86652 in 2005-06 to 25116 in 2014-2015 and average and standard deviation of deposit of the district co operative bank is 155538.80 and 54950.22 respectively. The Compound growth rate has increased into 12.5 per cent. The outstanding loans of the district co operative bank has revealed increasing trend during the period under study. The outstanding advances of district co operative bank have been shown that the Rs. lakh 77819 in the year 2004-05, which reached Rs. 207205 lakh in the year 2014-15. The average outstanding advances have been registered in the district co operative bank to the tune of Rs lakh 45145.28. The compound growth rate has raised up to 11.5 per cent during the period covered under study.

FIGURE 1: TREND OF DEPOSIT OF DISTRICT CO OPERATIVE BANKS IN INDIA



Above figure shows that there is a positive trend during the study period and can predict for the futureby using trend line.

FIGURE 2: TREND OF LOANS OUTSTANDING OF DISTRICT CO OPERATIVE BANKS IN INDIA



The credit of the District Co-operative Banks in India are analysed by using trend line.It shows that there is positive trend during the study period and can predict for trend values for the future by using trend line.

TABLE 4: COST OF MANAGEMENT PER EMPLOYEE AND PERCENTAGE OF COST OF MANAGEMENT TO WORKING (Amount Rs. in Lakh)

Year	Working capital	Cost of management	No. of employees	Cost of Mgmt per employee	Cost of Mgmt to working capital
2005-06	130394	2995	105934	**2.82**	**2.3**
2006-07	145852	3776	91596	**4.12**	**2.59**
2007-08	167768	3743	88984	**4.20**	**2.23**
2008-09	183546	4207	89161	**4.71**	**2.29**
2009-10	207281	4404	88028	**5**	**2.12**
2010-11	235431	5307	87928	**6.03**	**2.25**
2011-12	257306	5865	85996	**6.82**	**2.28**
2012-13	288021	7375	85611	**8.61**	**2.56**
2013-14	318651	8055	84497	**9.53**	**2.53**
2014-15	377098	9758	83347	**11.70**	**2.59**
Mean	**231134.80**	**5548.50**	**89108.20**		
S.D	**79704.09**	**2199.20**	**6396.57**		
C.V	**34.48**	**39.63**	**7.17**		
CAGR	**0.125**	**0.140**	**-0.026**		
	12.5	**14.0**	**-2.6**		

Source: NAFSCOB-Mumbai (2005-06 to 2014-15)

Working capital of the District co operative bank increases from 130394 in 2005-06 to 377098 in 2014-15. The average of the working capital is 231134.80 and S.D. is 79704.09 with co efficient of variation is 34.48. Compound growth rate has raised into 12.5 percent. Cost of Management of District Central Co-operative Banks includes salaries and other operating expenses. The Cost of management of DCCBs is shown in above table it is revealed that the cost management per employee has been increasing constantly year by year from Rs.2995 in 2005-06 to 9758 lakhs (2014-15). Growth rate of Cost of management is 14 percent. The average cost of management is Rs. 5548.50 lakhs and the S.D is 2199.20 with a co efficient of variation of 39.63%. Number of employees decreases from 105934 in 2005-06 to 83347 in 2014-15. A negative trend is shown in the case of number of employees that is -2.6.

TABLE 5: RECOVERY PERFORMANCE OF DISTRICT CO-OPERATIVE BANKS IN INDIA (Amount Rs. In Lakh)

Year	Demand	Recovery	Overdue	Overdue to Demand (%)	Recovery to Demand (%)
2005-06	56636	38865	17771	**31.38**	**68.62**
2006-07	64813	43444	21370	**32.97**	**67.02**
2007-08	73914	46458	27456	**37.15**	**62.85**
2008-09	80782	54360	26421	**32.71**	**67.29**
2009-10	89290	65504	23785	**26.64**	**73.36**
2010-11	106119	77069	29049	**27.37**	**72.62**
2011-12	124376	97167	27209	**21.88**	**78.12**
2012-13	154825	123295	31530	**20.37**	**79.63**
2013-14	173329	135577	37752	**21.78**	**78.21**
2014-15	189899	150174	39725	**20.92**	**79.08**
Mean	**111398.30**	**83191.30**	**28206.80**		
S.D	**47234.93**	**40974.43**	**6794.45**		
C.V	**42.40**	**49.25**	**24.08**		
CAGR	**0.143**	**.162**	**.093**		
CAGR%	**14.3**	**16.2**	**9.3**		

Source: NAFSCOB-Mumbai (2005-06 to 2014-15)

The total demand of the District co operative bank has been increased Rs. 56636 lakh in the year 2005-06 and out of which the recovery made was Rs. 38865 lakh, which was around 68.63 percent of the total demand. Compound growth rate of total demand and recovery is 14.3 and 16.2 per cent. On the other hand, the total demand in 2014-15 was Rs. 189899 lakh and out of which Rs. 135577 lakh was recovered, which was 78.21 percent.

MAJOR FINDINGS

- The study found that there is slight change in number of district co operative banks in India, number of office and total membership increased during the study period. Number of office of the district co operative banks has been increased from 12956 in 2005-06 is increased in to 14060in 2014-15.There is variation in number of office of the district co operative banks in Kerala that is is 2.79.
- Compound Annual Growth rate of number of DCCB in India is.000. It indicate there is no progress in the number of banks but in the case of number of branches there is a growth, CAGR is.0091. Compound Annual Growth Rate of total membership is 0.033 percent.
- The study revealed is a that there is a positive trend in capital, reserves and borrowings of District co operative bank. The amount of capital has been increased Rs. 4478 lakhs in the year 2004-05 and reached Rs. 13410 lakhs in 2014-15 registering a compound growth rate of 12.96 percent. Average of the reserve is Rs 20627.80 lakhs and standard deviation is 4823.61. Borrowing of the district co operative increased during the study period that is Rs. 22931 lakhs in 2005-06 to Rs. 73794 lakhs in 2014-15.
- The deposits and outstanding loans of the district co operative bank has revealed increasing trend during the period under study. The Compound growth rate of deposit has increased into 12.5 per cent The outstanding loans of district co operative bank have been shown that the Rs. lakh 77819 in the year 2004-05, which reached Rs. 207205 lakh in the year 2014-15. The compound growth rate of loans and outstand has risen up to 11.5 per cent during the period.
- The result found that working capital of the District co operative bank increases from Rs. 130394 lakhs in 2005-06 to Rs 377098 lakhs in 2014-15 and also the cost management per employee has been increasing constantly year by year from Rs. 2995 in 2005-06 to Rs. 9758 lakhs.
- The total demand of the District co operative bank has been increased Rs. 56636 lakhs in the year 2005-06 and out of which the recovery made was Rs. 38865 lakhs, which was around 68.63 percent of the total demand. Average of the recovery amount is Rs. 83191.30 lakhs and standard deviation is 40974.43 and there is a variation in the recovery of the bank that is 49.25 and the growth rate is 16.2 per cent. The mean of the overdue is 28206.80 and co efficient of variation is 24.08. Percentage of overdue to demand is a decreasing trend during the study period. Recover to demand has been increasing trend but it is decreased only two years that is 62.85 percent in 2007-08 and 67.29 per cent in 2008-09.

CONCLUSION

Co-operative bank is a part of a set of institutions which are engaged in financing rural and agricultural development.co-operative banks are organised voluntarily by people who could save their money with the bank. The primary motive of a co-operative bank is to encourage savings**.** District co operative bank supervise the functioning of the primary societies of a district or art of a district and offer financial assistance to them their capital is drawn from public deposits, share capitals and loans from other sources. They function as balancing centres by diverting funds of surplus societies to the needy societies. The study analysed the growth and performance of District co operative banks in India during the period from 2005-06 to 2014-15. The study find out that there is positive trend in, number of office, total member ship, share capital, reserves, borrowings and working capital. The study also depict that significant growth has been seen deposits and loans out sanding.

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PURCHASING SOCIAL RESPONSIBILITY: A COMPARATIVE STUDY ACROSS THE TAIWAN STRAIT

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ABSTRACT

Purchasing social responsibility denotes the purchasing activities that meet the ethical and discretionary responsibilities expected by society. Social responsibility in purchasing affects purchasing decisions, business reputations and consumer evaluations. Although an amount of empirical studies have examined ethical issues on purchasing practices, there is still lack of research focusing on purchasing social responsibility. The main purpose of this study is to take purchasing professionals in Taiwan and China as research subjects to investigate the difference in purchasing professionals' attitudes to purchasing social responsibility between these two areas. Data were collected through a questionnaire survey of purchasing professionals across a broad spectrum of industries in Taiwan and China. Research findings reveal that the difference in purchasing social responsibility attitude between Taiwanese and Chinese purchasing professionals is significant.

KEYWORDS

Taiwan, China, purchasing social responsibility, purchasing professionals.

JEL CODE

M14

1. INTRODUCTION

Purchasing ethics and social responsibility are important issues for purchasing professionals. Although an amount of empirical studies have examined ethical issues on purchasing practices, there is still lack of research focusing on analyzing purchasing professionals' attitudes toward purchasing social responsibility. Studies about the nature of buyer-supplier relationships reveal that purchasing professionals play a key role in keeping long-term relationships with suppliers and achieving the company's strategic objectives (Razzaque & Hwee, 2002; Turner, Taylor & Hartley, 1995).

As people's attitudes are related to their action, individuals' attitudes to purchasing social responsibility play an essential role in how his/her socially responsible values and actions are shaped. Purchasing professionals, the key role to perform socially responsible purchasing, extend the boundary between internal functions within the organization and external suppliers by coordinating the flow of goods and services in business (Carter & Jennings, 2004; Landeros & Plank, 1996). They have to establish and maintain a database of suppliers, find or select qualified and available suppliers to provide materials required, negotiate purchasing contracts with suppliers, and even act as the interface between the company and its suppliers. Recognizing purchasing professionals' attitudes to purchasing social responsibility is necessary for those who want to construct an international buyer-supplier relationship in global business contexts.

Owing to the increasing importance of Asia to the global economy, the need of understanding Asian purchasing professionals' ethical behaviors is self-evident. In particular, both Taiwan and China stand at an important position in the current global economic system, and are also major manufacturers and consumers for industrial products. Being one of the world's fast-growing economies, China has no doubt attracted many multinational companies access to this vast emerging market. On the other hand, Taiwan is an industrialized economy with world-leading indigenous electronic, information and communication technology companies. With the economic growth of China, the business environment in Taiwan has undergone enormous changes. Taiwanese companies, who share the same culture and language with the people of the Mainland, have been enthusiastic about investing in China. As a result, Taiwan has a close economic relationship with China. Although China and Taiwan are both influenced by the Chinese culture, these two societies were separated and developed independently since 1949. They consequently exhibit different paths of political and economic development. Taiwan's society is considered democratic and capitalistic; whereas China's society is considered more centralist and socialistic. Different political and economic conditions are potential factors which lead to differences in the values and behaviors of people between China and Taiwan. Some evidence reveals that businesspeople or business students in Taiwan behave to a certain extent differently from those in China (Chang & Ding, 1995; Wu, 2003). However, most studies on purchasing ethics or the purchasing social responsibility have been conducted in the non-Chinese society, only a few studies focused on the Chinese cultural context. To be successful in today's international business markets, especially the markets in the Great China Area, understanding purchasing professionals' attitudes to purchasing social responsibility in Taiwan and China is beneficial and necessary. To fill the research gap, it is worthwhile to examine the difference in attitudes of purchasing social responsibility between purchasing professionals in Taiwan and China. Therefore, the main purpose of this study is to take purchasing professionals in Taiwan and China as research subjects to investigate the difference in purchasing professionals' attitudes to purchasing social responsibility between these two areas.

2. LITERATURE REVIEW

2.1 PURCHASING SOCIAL RESPONSIBILITIES

A number of studies have discussed and examined the positive effects of social responsibility in business purchasing. For instance, Carter (2005) suggests that activities of purchasing social responsibility will lead to financial performance such as cost reduction. Also, purchasing social responsibility may have significant impact on supplier performance by working with suppliers to change processes, product designs, and packaging (Carter, 2005). In addition, by developing and working with minority suppliers, purchasing companies may improve their overall performance (Krause, 1999). The elements of purchasing social responsibility contribute to the business goodwill and reputation, which serve as significant sustainable competitive advantages (Carter & Jennings, 2004). Social responsibility in purchasing has the characteristics of corporate social responsibility (CSR) that denotes the involvement the purchasing function in corporate social responsibility (Carter & Jennings, 2004). Purchasing Social Responsibility (PSR) can be defined as "purchasing activities that meet the ethical and discretionary responsibilities expected by society" (Salam, 2009, pp. 357-358) or purchasing activities that meet social and ecological responsibilities expected by society (Blome & Paulraj, 2013; Carter & Jennings, 2004).

Corporate social responsibility, which has diverse notions, has been frequently discussed in numbers of studies. For instance, Aguinis (2011) defines corporate social responsibility which has also adopted by others (Aguinis & Glavas, 2012; Rupp, 2011; Rupp, William, & Aguilera, 2010) that the corporate social responsibility is the "context-specific organizational actions and policies that take into account stakeholders' expectations and the triple bottom line of economic, social and environmental performance" (Aguinis, 2011, pp.855). Carroll (1991) proposes four hierarchies of corporate social responsibility from social expectations: economic responsibility, legal responsibility, ethical responsibility, and discretionary/ philanthropy responsibility. In addition, social responsibility in business consists of specific sets of corporate activities that includes the environment (Fryxell & Dooley, 1997), safety (Wokutch, 1992), human rights (Jennings & Enine, 1999), donations (Wokutch, 1998), community considerations (Mallot, 1998), and the advancement of workplace diversities in gender, racial and religion (Clair et al., 1997). These corporate responsible activities and concerns are also aligned to the corporate responsibility in purchasing.

Studies on corporate social responsibility in purchasing have gained much attention; however, very few studies explore the dimensions and drivers of social responsibility in purchasing. Taking U.S. purchasing managers as research subjects, Carter and Jennings (2004) propose the dimensions of purchasing social responsibility including the environment, diversity, human rights, philanthropy, and safety. Their study found people-oriented organizational culture, top management leadership, employee initiatives, and customer pressures significantly influence purchasing social responsibility, and therefore suggest purchasing managers may influence purchasing corporate responsibility by hiring and selecting employees with corresponding individual systems to manage initiates in purchasing social responsibility.

Salam (2009) replicates Carter and Jennings' (2004) study in Thailand. His findings indicate that top management leadership, customer pressure, employee initiatives, government regulations, individual values, and the people-oriented organizational culture all significantly influence purchasing corporate responsibility. In particular, individual values and the people-oriented organizational culture are the most dominant predictors of purchasing social responsibility. A people-oriented organizational culture aims to guide regular working relationships and influences how employees behave within the organization. Also, the finding suggests that employees' values are vital because the individual actions are rooted in a commitment based on a complex process of moral judgment. Purchasing professionals should identify individuals whose value systems are personally aligned with the socially responsible purchasing activities of the organization.

Moreover, building upon the studies on purchasing corporate responsibility by Carter and Jennings (2004) and Salam (2009), Blome and Paulraj (2013) incorporate the environmental, human rights, and safety dimensions to examine the effect of ethical climate on purchasing social responsibility in Germany. Their study found that community-focus climate, ethical norms from top management, and code of conduct implementation significantly affect purchasing social responsibility through ethical climate.

Previous studies regarding the factors that affect purchasing social responsibility focus more on people-oriented organizational culture, top management leadership, purchasing professionals' individual values, employee initiates, government regulation, and external customer pressures (e.g., Carter & Jennings, 2004; Salam, 2009), code of conduct implementation, top management ethical norms, and employee-focused or community-focused ethical climates (e.g., Blome & Paulraj, 2013).

2.2 DIFFERENCES IN ATTITUDES TO SOCIAL RESPONSIBILITY BETWEEN TAIWAN AND CHINA

Both Taiwan and China are influenced by the Chinese culture; however, these two societies have been separated and developing independently over 60 years. Taiwan has developed to some extent following the Western free-market model while retaining traditional Chinese culture. Taiwan is regarded as a capitalistic and democratic society; whereas China is considered a socialistic and centralist society. Under different political and economic systems, people in Taiwan and China are likely to have some differences in behaviors and cultural values. For example, people in Taiwan and China sometimes use the same expression with different connotations even though they use the same language, or use different words and phrases to describe the same thing.

Taiwan and China scored more or less differently on each of Hofstede's cultural dimension (Hofstede & Hofstede, 2005). As Taiwan is a democratic society and China is a centralist society, power distance would to a certain extent give us a clue to explain the difference in ethical perceptions between these two areas. Based on Hofstede's survey (Hofstede & Hofstede, 2005), China scored higher on power distance than Taiwan (Taiwan scored 58 and China scored 80 on the power distance index). Power distance is the degree to which people in a society accept inequality in power and still consider it normal. Power distance might relate to the likelihood of subordinates to perform ethical/unethical actions in response to superiors' pressure and the code of conduct of the group (Hofstede & Hofstede, 2005).

Only a few studies have provided empirical evidence revealing that businesspeople and business students in Taiwan exhibit to a certain extent differently in ethical perceptions from those in China. Using samples of purchasing professionals in Taiwan and China, Chang and Ding (1995) found that significant differences existed between Taiwanese and Chinese respondents in the integration and Confucian work dynamism dimensions measured by the Chinese Value Survey. As compared with their Chinese counterparts, purchasing professionals in Taiwan would be more likely to cooperate with their colleagues, not insist on their own opinions during decision making, and consider the firm before personal advantage when making buying decisions (Chang & Ding, 1995). Wu (2003) found that business students in these two societies showed differences in ethical decision making for selected scenarios. Chinese business students displayed different levels of moral development from their Taiwanese counterparts. Lin and Ho (2009) used the DIT to compare the development of ethical judgment of purchasing professionals in Taiwan and China, and found that Chinese purchasing professionals focused more on the conventional level and less on the post-conventional level than Taiwanese respondents. Regarding negotiation ethics, only a few studies investigated perceptions of unethical negotiation tactics of Chinese managers (Al-Khatib et al., 2007; Rivers, 2009). There is still lack of research on comparing the differences in perceptions of unethical negotiation tactics of purchasing professionals in Taiwan and China.

When dealing with an ethical dilemma, individuals with higher power distance would be more likely to comply with the wishes of workplace superiors and to follow the rules or laws established by the group. Therefore, Chinese purchasing professionals will be more likely than their Taiwanese counterparts to comply with the wishes of workplace superiors and to follow the rules or laws established by the group while facing ethical dilemmas. Comparing to their Chinese counterparts, Taiwanese purchasing professionals will be more likely to question and oppose norms and laws which seem to violate universal principles such as respect for life and distributive justice (Lin & Ho, 2009). As a result, it is reasonable to expect that there is difference in attitudes to purchasing social responsibility between purchasing professionals in Taiwan and China. Therefore, this study proposes the research hypothesis that *there are significance differences in attitudes to purchasing social responsibility between Taiwanese and Chinese purchasing professionals*.

3. METHODOLOGY

3.1 MEASUREMENT

The study used the Purchasing Social Responsibility Scale (PSR Scale) developed by Carter and Jennings (2002; 2004) to evaluate purchasing professionals' attitudes toward purchasing social responsibility. The dimensions in the scale include the concerns of the environment, safety, human rights, diversity, and philanthropy. Items of each dimension are measured on a 4-point Likert scale where "1" denotes "no extent whatsoever" and "4" denotes "very great extent". The PSR Scale has been used and confirmed the reliability and validity by previous studies (e.g., Carter and Jennings, 2002; 2004; Salam, 2009).

3.2 DATA COLLECTION

To compare difference in attitudes of purchasing social responsibility between purchasing professionals in Taiwan and China, data were collected through a questionnaire survey of purchasing professionals across a broad spectrum of industries in Taiwan and China. Because of the difficulty in obtaining a list of all purchasing professionals in these areas, we requested the aid of some purchasing professionals and associations in Taiwan and China to provide for a list of purchasing professionals. In China, Shanghai was selected because this region is mature in economic development and international trade. Some purchasing professionals were invited to participate based on their responsibilities of purchasing practices for their organizations. Respondents who agree to participate were asked to suggest the names of other individuals that are then contacted, either by e-mail or telephone. Care was taken to ensure that the individuals are actually involved in purchasing functions. Because several Taiwanese companies have invested in China, some purchasing professionals in China may come from Taiwan. These professionals were categorized into Taiwanese group.

The study collected a sample of two thousands of purchasing professionals, with a thousand in Taiwan and the other thousand in China. These purchasing professionals were contacted by researchers via e-mail and telephone to solicit their cooperation. A packet containing a cover letter with the promise of protecting the confidentiality of responses, a questionnaire, and a pre-addressed return envelope were mailed to each of the sampled purchasing professionals. After the questionnaires were delivered, a follow-up to the purchasing professionals was conducted by e-mail and telephone to remind them of the importance of their responses and thank them for their assistance. A total of 631 respondents in Taiwan and 527 in Mainland China returned the questionnaires. Like any other ethics research, this study has the potential to suffer from responses that state what is socially desirable, not what is practiced. The fact that the survey was conducted voluntarily and anonymously may have minimized this problem to some extent.

4. RESEARCH RESULTS

Table 1 shows respondents' attitudes to purchasing social responsibility. It can be found that that there are significant differences in the attitudes to purchasing social responsibility between purchasing professionals in Taiwan and China. The attitude scores of Taiwanese respondents are less than those of Chinese respondents. This implies that Taiwanese purchasing professionals may view social responsibility more appropriate than Chinese purchasing professionals. Purchasing professionals with different social and cultural backgrounds would reveal different attitudes to purchasing social responsibility.

TABLE 1: A SUMMARY OF RESPONDENTS' ATTITUDES TO PURCHASING SOCIAL RESPONSIBILITY

	Taiwan	China	*t*
Environment	4.03	3.48	2.93**
Diversity	3.52	2.97	2.41*
Human rights	3.94	3.16	3.05**
Philanthropy	4.17	3.51	2.87**
Safety	4.28	3.92	2.16*

* : p<0.05; ** : p<0.01

5. CONCLUSIONS

This study has explored purchasing professionals' attitudes to purchasing social responsibility in Taiwan and China. The research findings have revealed that there are significant differences in the attitudes to purchasing social responsibility between purchasing professionals in Taiwan and China. As there is increasing awareness of the needs to develop strong sense of business ethics. The findings of the study can contribute to the research on purchasing social responsibility.

This study can contribute to a better understanding of attitudes to purchasing social responsibility of purchasing professionals in Taiwan and China. While most previous studies focused on purchasing ethics in the Western society, the current study can make significant contributions towards the ethics literature by providing valuable empirical insight into social responsibility in the context of purchasing in Taiwan and China, a non-Western environment.

This study has profound implications for Taiwanese and Chinese businesses as it can provide a basis for understanding their purchasing professionals' attitudes to purchasing social responsibility in purchasing situations. This study might help businesses to establish guidelines to help purchasing professionals to conduct socially responsible purchasing when facing dilemmas and to prevent them from resorting to purchasing social responsibility.

While the present study reveals purchasing professionals with different social and cultural backgrounds may reveal different attitudes to purchasing social responsibility, there might be other possible predictors that affect the attitudes to purchasing social responsibility. For instance, in collectivism countries, peer behavior might be influential to one's attitudes because collectivist people tend to consider and aligned to others' opinion to guarantee social or family support. When discussing factors affect purchasing professionals' attitudes to purchasing social responsibility, the influence of peer behavior might be a powerful and direct predictor particularly in Taiwanese or Chinese organizations.

In addition to the possible influence of peer behavior, there has been increasing interest in the research of the consequences of happiness. Being happy is no doubt important for human beings, and recent reports on international happiness are considered more meaningful than traditional economic measures such as gross domestic product (Blanchflower & Oswald, 2011). Workplace happiness can result in desired outcome for organization, such as employee retention, performance, safety, customer satisfaction, and citizenship behavior; therefore, it will be interesting to examine whether the workplace happiness has significant impact on purchasing professionals' attitudes to purchasing social responsibility.

This study has limited external validity as the sample frame is restricted to Taiwan and China. This might limit the generalization of the results of the study to the other countries. Making generalizations about the perceptions of social responsibility of purchasing professionals in other countries based on the results of this study may not be appropriate without further research. With the increasing globalization in business environment, contemporary industrial marketers have increasing opportunities to communicate with purchasing professionals with different cultural backgrounds. The current study has provided the evidence that the attitudes to social responsibility of purchasing professionals are apparently influenced by the country factor. Culture plays such a potentially important role in ethical decision making. Therefore, understanding the possible cross-cultural differences in the attitudes to purchasing social responsibility of purchasing professionals is a relevant work. Future research can put more attention on examining the attitudes to purchasing social responsibility of purchasing professionals in multi-country settings.

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PERFORMANCE EVALUATION OF SELECT PHARMACEUTICAL COMPANIES

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ABSTRACT

The basic objective of every firm is to maximize its profit. Profit is the engine that drives the business enterprise. Without profit, no firm can sustain in the competitive world. Profit is an accounting concept, which is expressed as income over expenditure. Analyzing the profitability position is very important to evaluate the performance of a company. Several tools like Ratio Analysis, Comparative and common size statement and other tools are available for gauging the performance of a company. The present study attempts to analyze the profitability position of the select pharmaceutical companies in India using Ratio Analysis. In addition, statistical techniques like Mean, Standard deviation and Coefficient of variation have used extensively to sensibly interpret the data. The study period is of 10 years from 2008 to 2017. After a thorough investigation, the study concluded that the profitability position of Sun Pharmaceutical Industry Ltd. seems to be disappointing. However, the profitability positions of Cadila Healthcare Ltd., Lupin Ltd., Cipla Ltd. and Aurobindo Pharmaceutical Ltd. seems to be satisfactory for the study period.

KEYWORDS
profitability, efficiency, ratio analysis, acquisition, coefficient of variation.

JEL CODES
C25, E22, F65, G3, M41.

INTRODUCTION

Profitability is the ability to generate earnings from all the activities of the firm. Profit shows how effectively the management of the firm utilizes its resources. Profits are the useful measure of overall efficiency of the business. In the word of Lord Keynes, 'profit is the engine that drives the business enterprise.' Profitability can be defined as financial measure of financial success achieved by a firm in relation to its investments. Analysis of the profit is very important to the stakeholders, both internal and external. Internal stakeholders are Shareholders, employees who are interested to get revenue in the form of dividends, bonus, hikes in salaries etc. The external stakeholders are creditors, bankers, governments, tax authorities etc. They are interested in profits because it is one of the sources of fund for the interest coverage and debt coverage. A firm needs profits not only for its existence but also for expansion and modification.

Pharmaceutical sector is one of the fastest growing sectors in Indian economy. Change in life style of the people is cause for increasing number of health problem among the people. Innovation in pharmaceutical industry, especially in the areas like microbiology, bio-technology and genetic engineering etc., is helping to develop new medicine to meet the growing health problems of the people. The pharmaceutical market is highly fragmented with about 24000 players (330 organized sectors). The top ten companies are manufacturing more than a one third of the market. The pharmacy market is majorly dominated by branded generics which constitutes nearly 70 to 80 percent of the market. Currently Indian pharmaceutical market is ranked third largest in terms of volume and thirteen largest in terms of value in the world. The Indian pharmaceutical companies are also attracting Foreign Direct Investment on large scale, as the industries are highly regulated by legal framework existing in the country, and so, the favorable regulatory environment is conducive to the development of pharma industry. Pharma industry is one of the industries which are least affected by business cycles in the economy. However, as the industry's revenue depends on the domestic supply and exports to a considerable extent, changes in the exchange rate will have its impact on earnings of the companies in India.

NEED FOR THE STUDY

The contribution of Pharmaceutical sector to Indian GDP is 1.71 percent (2011). This indicates the huge potential for growth. Profitability plays an important role in the successful growth of the industry. Hence, understanding of the profitability and performance efficiency of the management fosters the profitability of the pharmaceutical industry. The present study contributes to the existing literature on profitability and performance evaluation of India pharmaceutical sector.

REVIEW OF LITERATURE

A.Geethalakshmi and K.Jothi (2016) in their research work observed profitability position through current ratio, quick ratio, debt equity ratio, interest coverage ratio, debtor's turnover ratio and working capital turnover ratio had been used and found that there is a positive relationship between firm size and profitability. They concluded that the profitability positions of the selected pharmaceutical companies are satisfactory. Swapan Kumar Pan and Durga Pada Mal (2016) had studied profitability analysis of selected cement companies in India. They have selected 10 cement companies from India for the period of 10 years from 2001 to 2010. They concluded that all the selected companies are earnings high profits and management of the companies has good efficiency. Neetu Saini and Sanjeev Bansal (2017) in their research work liquidity analysis of select pharmaceutical companies in India had concluded that there is a significant difference between related population means of current ratio and quick ratio of the company and liquidity position of the select companies is satisfactory. V.Vijayalakshmi and M.Srividya (2014) has conducted a study on financial performance of pharmaceutical industry in India. They found that the net profit is significantly affected by gross profit ratio, operating profit ratio, return on equity capital and earnings per share. They concluded that profitability position of pharma industry is satisfactory.

OBJECTIVE OF THE STUDY

To analyze the profitability position of select pharmaceutical companies in India.

RESEARCH METHODOLOGY

The research methodology is adopted for the study is presented as follows:

SOURCE OF THE DATA

The study is undertaken with help of secondary data. The data required for the study is collected from financial statements of the companies, collected from online database i.e. Capitaline Database.

SAMPLE SELECTION

The sample for the study is selected from listed pharmaceutical companies in India. At present 211 pharma companies have been listed with BSE & NSE in India. Out of them, top five companies have been selected based on their market capitalization. The selected top five companies are Sun Pharmaceutical Industries Ltd., Cadila Health Care Ltd., Cipla Ltd., Aurobindo Pharma Ltd. and Lupin Ltd.

PERIOD OF THE STUDY

Period of the present study consist of 10 years i.e. from the year 2007-08 to 2016-17.

SCOPE OF THE STUDY

The present study focused only on select five pharmaceutical companies based on their market capitalization. They are Sun Pharmaceutical industries Ltd., Cadila Health Care Ltd., Cipla Ltd., Aurobindo Pharma Ltd. and Lupin Ltd. The study is restricted to only ten years from 2007-08 to 2016-17 financial years.

ANALYTICAL FRAMEWORK OF THE STUDY

For analyzing data and to draw the meaningful conclusions, various financial tools and techniques are used viz. Operating Profit Ratio, Gross Profit Ratio, Net Profit Ratio, Cash Profit Ratio, Return on Assets and Return on Equity. Further a comprehensive analysis is carried by applying statistical techniques viz. mean, standard deviation and coefficient of variation.

MEASUREMENT OF PROFITABILITY RATIOS

Profitability means the earning capacity of a firm. There are two types of profitability ratios: first general profitability or profit margin ratios and second rate of return ratios. The general profitability ratios show the relationship between profit and net sales. Since profit can be measured at different levels, there are different types of profit ratio. The most popular profit ratios are Operating Profit Ratio, Gross Profit Ratio, Net Profit Ratio and Cash Profit Ratio. Rate of return ratios represent the relationship between net profit and investment. The most popular rate of return measures are Return on Assets and Return on Equity etc. The presents study analyzes the profitability of the selected pharmaceutical companies using the following profitability measures.

OPERATING PROFIT RATIO

Operating Profit Ratio indicates how much profit a firm earns after meeting its variables cost of production. It is also expressed as percentage of sales and then shows efficiency of a company in controlling cost and associated with business operations. It is expressed as follows

$$\textbf{Operating Profit Ratio} = \frac{\textbf{Operating Profit}}{\textbf{Net Sales}} \times 100$$

GROSS PROFIT RATIO

Gross Profit Ratio indicates the relationship between gross profit and net sales. Gross profit is the excess of net sales over the cost of goods sold. It is a tool to measure the operational performance of a firm. Higher the gross profit ratio is a sign of good efficient of management.

$$\textbf{Gross Profit Ratio} = \frac{\textbf{Gross Profit}}{\textbf{Net Sales}} \times 100$$

NET PROFIT RATIO

Net Profit Ratio indicates the relationship between net profit after tax and net sales. This ratio indicates the efficiency of the management in terms of production, administration, selling, financing and tax management of the firm and it indicates the firm's capacity to face adverse economic conditions such as price competition and low demand etc. Higher the net profit ratio, better the profitability position of a firm.

$$\textbf{Net Profit Ratio} = \frac{\textbf{Net Profit}}{\textbf{Net Sales}} \times 100$$

CASH PROFIT RATIO

Cash Profit Ratio indicates the relationship between cash profit and net sales. The net profit of the firm is affected by the non-cash expenses i.e., depreciation and amortization. Therefore to calculate net cash profit depreciation and amortization has to add back to net profit. Cash profit ratio measures the operating performance of the company.

$$\textbf{Cash Profit Ratio} = \frac{\textbf{Cash Profit}}{\textbf{Net Sales}} \times 100$$

RETURN ON ASSETS

Return on Assets is the relationship between net profit and total assets. It indicates how much profit is generated on total assets. It is an overall measure of profitability of a firm. It shows how the management is efficient to utilize its assets to generate more profits. Higher the returns on assets better the efficient management in utilizing its total assets.

$$\textbf{Return on Assets Ratio} = \frac{\textbf{Net Profit}}{\textbf{Total Assets}} \times 100$$

RETURN ON EQUITY

Return on Equity is the relationship between net profit and shareholders' funds. It measures the profitability that calculates how many rupees of profit a firm generates with each rupee of shareholders' funds. Higher the return on equity better is the efficiency of the management.

$$\textbf{Return on Equity} = \frac{\textbf{Net Profit}}{\textbf{Equity shareholders' funds}} \times 100$$

RESULTS AND DISCUSSION

PROFITABILITY POSITION BASED ON OPERATING PROFIT RATIO

Operating Profit Ratio is the relationship between Operating Profit and Net Sales.

TABLE: 1 OPERATING PROFIT RATIO

Year	Sun Pharmaceutical Industries Ltd.	Cadila Healthcare Ltd.	Cipla Ltd.	Aurobindo Pharma Ltd.	Lupin Ltd.
2008	35.32	23.78	24.32	21.00	25.68
2009	35.14	27.49	22.28	11.77	19.98
2010	41.00	35.65	28.33	27.19	22.49
2011	48.86	26.23	22.31	23.84	21.70
2012	44.87	28.71	24.80	6.37	21.64
2013	30.81	21.52	28.63	18.15	26.78
2014	-94.77	27.60	24.00	28.05	37.23
2015	-4.32	32.54	20.82	28.63	36.44
2016	-0.57	39.13	19.26	28.80	36.79
2017	7.92	27.99	15.73	26.13	35.87
Mean	14.43	29.06	23.05	21.99	28.46
Standard deviation	42.81	5.33	3.93	7.74	7.27
Coefficient of Variation	296.76	18.33	17.03	35.19	25.53

Source: computed form compiled data

It is evident form table 1 that the operating profit ratio of Sun Pharmaceutical Industries Ltd. is fluctuating from year to year. It is recorded highest (48.86) in the year 2011 and it is lowest (-94.77) in the year 2014. It shows that the firm has generated operating loss for three years from 2014 to 2016. The firms employee cost has been increased by an average of 1270 percent, selling and distribution expenses were increase by an average of 410 percent and miscellaneous expenses were increased by 23070 percent in the year 2014. The increase in the overall operating expenses can be due to the merger of Ranbaxy Laboratories Ltd. with Sun Pharma industries Ltd. It indicates that the firm operating expenses exceeds over the net sales.

The operating profit ratio of Cadila Healthcare Ltd. is fluctuating from year to year. It is recorded highest (39.13) in the year 2016 and it is lowest (21.52) in the year 2013. The operating profit ratio of Cipla Ltd. is fluctuating from year to year. It is recorded highest (28.63) in the year 2013 and it is lowest (15.73) in the year 2017.

The operating profit ratio of Aurobindo Pharma Ltd. is fluctuating from year to year. It is recorded highest (28.80) in the year 2016 and it is lowest (6.37) in the year 2012.

The operating profit ratio of Lupin Ltd. is fluctuating from year to year. It is recorded highest (36.79) in the year 2016 and it is lowest (19.98) in the year 2009.

The mean value of cadila health care ltd shows highest 29.06 followed by lupin ltd., cipla ltd., Aurobindo Pharma Ltd. and Sun Pharmaceutical Industries Ltd., which is the lowest (14.43).

Coefficient of variation of gross profit ratio of Sun Pharmaceutical Industries Ltd. (296.76), Aurobindo Pharma Ltd. (35.15), Lupin Ltd. (25.53) are higher than the Cipla Ltd. (17.03) and Cadila Healthcare Ltd. (18.33) which indicates that Sun Pharmaceutical Industries Ltd. shows higher risk and lower return compare to Cipla Ltd. and Cadila Healthcare Ltd.

PROFITABILITY POSITION BASED ON GROSS PROFIT RATIO

Gross profit Ratio is the relationship between Gross Profit and Net Sales.

TABLE 2: GROSS PROFIT RATIO

Year	Sun Pharmaceutical industries Ltd.	Cadila Healthcare Ltd.	Cipla Ltd.	Aurobindo Pharma Ltd.	Lupin Ltd.
2008	35.16	21.13	23.88	18.41	24.32
2009	35.07	22.31	21.23	8.82	18.55
2010	40.98	33.30	27.81	25.24	21.71
2011	48.86	25.14	22.10	22.51	21.09
2012	44.86	24.71	24.41	0.12	21.11
2013	30.79	18.38	28.22	13.54	26.31
2014	-95.42	26.55	22.65	23.98	36.99
2015	-11.19	31.73	19.48	27.00	36.39
2016	-8.00	38.75	18.05	26.30	36.58
2017	5.01	27.64	15.37	25.66	35.64
Mean	12.61	26.96	22.32	19.16	27.87
Standard deviation	43.74	6.15	4.05	8.99	7.63
Coefficient of Variation	346.84	22.80	18.15	46.94	27.37

Source: computed form compiled data

Table 2 shows that the gross profit ratio of select pharmaceutical companies for the period of 10 years from 2008 to 2017. The gross profit ratio of Sun Pharmaceutical Industries Ltd. is fluctuating from year to year. It is recorded highest (48.86) in the year 2011 and it is lowest (-95.42) in the year 2014. In 2014, Ranbaxy Laboratories Ltd. was merged with the Sun Pharmaceuticals. As a result the firms raw material expenses were increased by an average of 210 percent, power and fuel expenses were increased by an average of 980 percent and manufacturing cost has been increased by an average of 1297 percent. It shows that the firm has generated gross loss for three years from 2014 to 2016. It indicates that the firms manufacturing expenses exceeds over the net sales.

The gross profit ratio of Cadila Healthcare Ltd. is fluctuating from year to year. It is recorded highest (38.75) in the year 2016 and it is lowest (18.38) in the year 2013. The gross profit ratio of Cipla Ltd. is fluctuating from year to year. It is recorded highest (28.22) in the year 2013 and it is lowest (15.37) in the year 2017.

The gross profit ratio of Aurobindo Pharma Ltd. is fluctuating from year to year. It is recorded highest (27.00) in the year 2015 and it is lowest (0.12) in the year 2012.

The gross profit ratio of Lupin Ltd. is fluctuating from year to year. It is recorded highest (36.99) in the year 2014 and it is lowest (18.55) in the year 2009.

The mean value of Lupin Ltd. shows highest 27.87 followed by Cadila Healthcare Ltd., Cipla Ltd., Aurobindo Pharma Ltd. and Sun Pharmaceutical Industries Ltd shows lowest (12.61) value of mean.

Coefficient of variation of gross profit ratio of Sun Pharmaceutical Industries Ltd. (346.84), Aurobindo Pharma Ltd. (46.94), Lupin Ltd. (27.37) are higher than the Cipla Ltd. (18.15) and Cadila Healthcare Ltd. (22.80) which indicates that Sun Pharmaceutical Industries Ltd. is less consistency compare to Cipla Ltd. and Cadila Healthcare Ltd.

PROFITABILITY POSITION BASED ON NET PROFIT RATIO

Net Profit Ratio is the relationship between Net Profit and Net Sales.

TABLE 3: NET PROFIT RATIO

Year	Sun Pharmaceutical industries Ltd.	Cadila Healthcare Ltd.	Cipla Ltd.	Aurobindo Pharma Ltd.	Lupin Ltd.
2008	32.17	14.38	17.54	12.76	17.57
2009	32.77	15.65	15.66	4.53	14.38
2010	36.16	27.46	20.18	16.16	17.83
2011	44.53	20.90	15.17	14.88	18.02
2012	42.27	20.87	16.11	6.35	14.94
2013	21.24	14.14	18.37	9.12	17.70
2014	-99.99	22.35	14.68	16.50	26.00
2015	-18.36	24.05	11.66	18.76	24.58
2016	-14.09	28.97	12.07	17.76	24.96
2017	-0.45	20.49	8.88	17.91	24.63
Mean	7.63	20.93	15.03	13.47	20.06
Standard deviation	44.21	5.12	3.39	5.10	4.47
Coefficient of Variation	579.78	24.48	22.57	37.88	22.29

Source: computed form compiled data

Table 3 reveals that the net profit ratio of select pharmaceutical companies for the period of 10 years from 2008 to 2017. The net profit ratio of Sun Pharmaceutical Industries Ltd. is fluctuating from year to year. It is recorded highest (44.93) in the year 2011 and lowest (-99.99) in the year 2014. After merging of Ranbaxy Laboratories Ltd. the firms non-operating expenses i.e. interest were increased by an average of 8886 percent. It shows that the firm has been paying more interest on borrowings. It may be the reason for generating net loss for last four years from 2014 to 2017. It indicates that the firm could not control its non-operating expenses.

The net profit ratio of Cadila Healthcare Ltd. is fluctuating from year to year. It is recorded highest (28.97) in the year 2016 and it is lowest (14.14) in the year 2013. The net profit ratio of Cipla Ltd. is fluctuating from year to year. It is recorded highest (20.18) in the year 2010 and it is lowest (8.88) in the year 2017.

The net profit ratio of Aurobindo Pharma Ltd. is fluctuating from year to year. It is recorded highest (18.76) in the year 2015 and it is lowest (6.35)* in the year 2012. The net profit ratio of Lupin Ltd. is fluctuating from year to year. It is recorded highest (26.00) in the year 2014 and it is lowest (14.38) in the year 2009.

The mean value of Cadila Healthcare Ltd. shows highest value of 20.93 followed by Lupin Ltd., Cipla Ltd., Aurobindo Pharma Ltd. and Sun Pharmaceutical Industries Ltd shows lowest value (7.63) of mean.

Coefficient of variation of net profit ratio of Sun Pharmaceutical Industries Ltd. (579.78),is higher than Aurobindo Pharma Ltd. (37.88), Cadila Healthcare Ltd. (24.48) Lupin Ltd. (22.29) and Cipla Ltd. (22.57) which indicates that Sun Pharmaceutical Industries Ltd. is less consistency compare to Cipla Ltd., Cadila Healthcare Ltd., Lupin Ltd. and Aurobindo Pharmaceutical Ltd.

PROFITABILITY POSITION BASED ON CASH PROFIT RATIO

Cash Profit Ratio is the relationship between Cash Profit and Net Sales.

TABLE 4: CASH PROFIT RATIO

Year	Sun Pharmaceutical industries Ltd.	Cadila Healthcare Ltd.	Cipla Ltd.	Aurobindo Pharma Ltd.	Lupin Ltd.
2008	33.95	18.85	20.45	16.04	19.79
2009	34.29	20.52	18.72	7.53	16.67
2010	38.95	32.37	23.26	19.14	20.07
2011	46.60	24.22	19.09	17.90	20.34
2012	44.16	24.30	20.15	9.69	17.39
2013	24.77	17.45	22.07	12.28	19.80
2014	-96.39	25.51	18.10	19.12	27.87
2015	-10.13	28.06	15.93	21.78	28.04
2016	-8.07	32.12	15.72	20.62	27.65
2017	4.98	28.25	13.44	20.89	27.50
Mean	11.31	25.17	18.69	16.50	22.51
Standard deviation	43.19	5.17	3.02	5.00	4.67
Coefficient of Variation	381.80	20.56	16.15	30.30	20.75

Source: computed form compiled data

Table 4 presents the cash profit ratio of select pharmaceutical companies for the period of 10 years from 2008 to 2017. The cash profit ratio of Sun Pharmaceutical Industries Ltd. is increasing trend form the year 2008 to 2011and decreasing trend rom the year 2012 to 2016. It is recorded highest (46.60) in the year 2011 and it is lowest (-96.39) in the year 2014. It shows that the firm has generated cash loss for three years from 2014 to 2016.

The cash profit ratio of Cadila Healthcare Ltd. is fluctuating from year to year. It is recorded highest (32.37) in the year 2010 and it is lowest (17.45) in the year 2013. The cash profit ratio of Cipla Ltd. is fluctuating from year to year. It is recorded highest (23.26) in the year 2010 and it is lowest (13.44) in the year 2017.

The cash profit ratio of Aurobindo Pharma Ltd. is fluctuating from year to year. It is recorded highest (20.89) in the year 2017 and it is lowest (9.69) in the year 2012. The cash profit ratio of Lupin Ltd. is fluctuating from year to year. It is recorded highest (28.04) in the year 2015 and it is lowest (16.67) in the year 2009.

The mean value of cash profit ratio of Cadila Healthcare Ltd. shows highest 25.17 followed by Lupin Ltd. Cipla Ltd., Aurobindo Pharma Ltd. and Sun Pharmaceutical Industries Ltd. shows lowest value (11.31) of mean.

Coefficient of variation of cash ratio of Sun Pharmaceutical Industries Ltd. (381.80), is higher than Aurobindo Pharma Ltd. (30.30), Lupin Ltd. (20.75), Cadila Healthcare Ltd. (20.56) and Cipla Ltd. (18.15) which indicates that Sun Pharmaceutical Industries Ltd. is less consistency compare to Cipla Ltd., and Cadila Healthcare Ltd., Lupin Ltd., Aurobindo Pharma Ltd.

PROFITABILITY POSITION BASED ON RETURN ON ASSETS

Return on Assets is the relationship between Net Profit and Total Assets.

TABLE 5: RETURN ON ASSETS

Year	Sun Pharmaceutical industries Ltd.	Cadila Healthcare Ltd.	Cipla Ltd.	Aurobindo Pharma Ltd.	Lupin Ltd.
2008	23.53	13.18	16.33	9.77	33.66
2009	24.45	12.95	14.68	3.64	30.32
2010	15.64	22.71	18.27	13.40	25.64
2011	20.53	22.56	13.57	12.57	25.69
2012	21.17	16.82	14.75	5.14	21.54
2013	6.49	10.48	15.20	8.64	26.01
2014	-22.92	17.10	12.54	16.89	33.30
2015	-4.60	20.98	9.32	17.52	26.56
2016	-3.68	26.78	10.93	14.73	23.76
2017	-0.12	6.87	7.29	14.94	21.25
Mean	8.05	17.04	13.29	11.72	26.77
Standard deviation	15.71	6.25	3.33	4.78	4.38
Coefficient of Variation	195.13	36.65	25.05	40.74	16.36

Source: computed form compiled data

Table 5 shows the return on assets of select pharmaceutical companies for the period of 10 years from 2008 to 2017. The return on assets of Sun Pharmaceutical Industries Ltd. is fluctuating from year to year. It is recorded highest (24.45) in the year 2009 and it is lowest (-22.92) in the year 2014. It shows that the firm has generated loss on assets for last four years from 2014 to 2017. It indicates that the firms does not utilizing its assets effectively to generate profits. The firm has acquired Ranbaxy Laboratory Ltd. in the year 2013-14, it may be the reason for decreasing Return on Assets.

The return on assets of Cadila Healthcare Ltd. is fluctuating from year to year. It is recorded highest (26.78) in the year 2016 and it is lowest (6.87) in the year 2017. The return on assets of Cipla Ltd. is fluctuating from year to year. It is recorded highest (18.27) in the year 2010 and it is lowest (7.29) in the year 2017.

The return on assets of Aurobindo Pharma Ltd. is fluctuating from year to year. It is recorded highest (17.52) in the year 2015 and it is lowest (3.64) in the year 2009.

The return on assets of Lupin Ltd. is fluctuating from year to year. It is recorded highest (33.66) in the year 2008 and it is lowest (21.25) in the year 2017.

The mean value of Lupin Ltd. shows highest 26.77 followed by Cadila Healthcare Ltd., Cipla Ltd., Aurobindo Pharma Ltd. and Sun Pharmaceutical Industries Ltd shows lowest (8.05) value of mean.

Coefficient of variation of return on assets of Sun Pharmaceutical Industries Ltd. (195.13), is higher than the Aurobindo Pharma Ltd. (40.74), Cadila Healthcare Ltd. (36.65), Cipla Ltd. (25.05) Lupin Ltd. (16.36) which indicates that Sun Pharmaceutical Industries Ltd. is less consistency compare to Lupin Ltd. Cipla Ltd. and Cadila Healthcare Ltd.

PROFITABILITY POSITION BASED ON RETURN ON EQUITY

Return on Equity is the relationship between Net Profit and Shareholders Funds.

TABLE 6: RETURN ON EQUITY

Year	Sun Pharmaceutical industries Ltd.	Cadila Healthcare Ltd.	Cipla Ltd.	Aurobindo Pharma Ltd.	Lupin Ltd.
2008	24.10	22.41	18.68	23.83	19.42
2009	24.56	21.57	17.85	9.46	17.97
2010	15.72	31.03	18.29	27.02	18.88
2011	20.71	29.21	14.52	23.93	19.29
2012	21.55	25.71	14.89	10.90	16.40
2013	6.63	17.13	16.99	16.84	22.53
2014	-38.18	24.89	13.76	29.25	32.24
2015	-6.47	28.09	10.65	28.33	26.10
2016	-4.97	32.46	12.20	23.70	22.59
2017	-0.17	10.00	7.62	20.39	20.06
Mean	6.35	24.25	14.55	21.36	21.55
Standard deviation	19.69	6.83	3.61	6.94	4.66
Coefficient of Variation	310.20	28.16	24.83	32.48	21.62

Source: computed form compiled data

Table 6 shows the return on equity of select pharmaceutical companies for the period of 10 years from 2008 to 2017. The return on equity of Sun Pharmaceutical Industries Ltd. is fluctuating from year to year. It is recorded highest (24.56) in the year 2009 and it is lowest (-38.18) in the year 2014. It shows that the firm has not generated profit for equity holders for last four years from 2014 to 2017. The firm has issued 1,035,581,955 bonus shares on 3rd August, 2013 and it has acquired Ranbaxy Laboratory Ltd. in the year 2013-14, for every 1 shares firm has issued 0.8 shares. It may be the reason for decrease in Return on Equity.

The return on equity of Cadila Healthcare Ltd. is fluctuating from year to year. It is recorded highest (32.46) in the year 2016 and it is lowest (10.00) in the year 2017. The return on equity of Cipla Ltd. is fluctuating from year to year. It is recorded highest (18.29) in the year 2010 and it is lowest (7.62) in the year 2017.

The return on equity of Aurobindo Pharma Ltd. is fluctuating from year to year. It is recorded highest (29.25) in the year 2014 and it is lowest (9.46) in the year 2009.

The return on assets of Lupin Ltd. is fluctuating from year to year. It is recorded highest (32.24) in the year 2014 and it is lowest (16.40) in the year 2012.

The mean value of Cadila Healthcare Ltd., shows highest (24.25) followed by Lupin Ltd., Aurobindo Pharma Ltd. and Cipla Ltd. and Sun Pharmaceutical Industries Ltd shows lowest (6.35) value of mean.

Coefficient of variation of return on equity of Sun Pharmaceutical Industries Ltd. (310.20), is higher than the Aurobindo Pharma Ltd. (32.48), Cadila Healthcare Ltd. (28.16), Cipla Ltd. (24.83) Lupin Ltd. (21.62) which indicates that Sun Pharmaceutical Industries Ltd. is less consistency compare to Lupin Ltd. Cipla Ltd. and Cadila Healthcare Ltd.

CONCLUSION

The study attempts to analyze the profitability position and efficiency of select pharmaceutical firms in India in terms of Operating Ratio, Gross Profit Ratio, Net Profit Ratio, Cash Profit Ratio, Return on Assets and Return on Equity. It can be concluded that the sun pharmaceutical industries has not generated profit in 2014 and thereafter. The firm has concentrated on expanding their business operations in India and abroad. It acquired Ranbaxy laboratories Ltd. in 2013. As a result the operating expenses have shoot up considerably affecting the profitability position. The raw material cost, manufacturing expenses, employee expenses, selling and distribution expenses and non-operating expenses have increased significantly. As a result, the company is generating negative profits post acquisition. It's high time for Sun Pharmaceutical Industries Ltd. to control its manufacturing, operating and non-operating expenses to improve profitability position. Except Sun Pharmaceutical industries Ltd. all the selected companies i.e., Cadila Health Care Ltd., Cipla Ltd., Aurobindo Pharma Ltd. and Lupin Ltd. are good in generating operating profit, gross profit, net profit, cash profit, returns assets and return on equity. It can be concluded that the overall profitability position of select pharmaceutical companies except sun pharmaceutical are good and satisfactory for the study period.

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DETERMINANTS OF FAMILY BUSINESSES' PERFORMANCE IN CAMEROON

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ABSTRACT

Since family businesses are the subject of several studies in the world (France, Canada, USA, Germany...), very few studies are carried out on it in the African context in general and Cameroon in particular. Thus, in the face of all these studies that show their super-performance relative to non-family businesses, we believe the performance of all these business taken individually should not be concluded. There is therefore a lack of research to explain why some of these companies succeed while others fail. Thus, to carry out this study, we opted for a hypothetical-deductive approach. In fact, going from a sample of 116 family firms, we empirically tested the hypotheses derived from theory. The main results show that apart from the factors commonly cited; another new factor is the "willingness to transfer the company to future generations" as a determinant of the performance of these companies.

KEYWORDS

family businesses, performance.

JEL CODES

M10, M14.

INTRODUCTION

From the Eighties till present date, the society has witnessed a certain number of changes with the coming of the globalisation of markets and competition. The multimedia has had to offer, on a planetary scale and in real time, access to a multitude of information. The economic crisis put to question the validity of the values preached during the 1980s (Catry and Airelle Buff, 1996).

In the face of such uncertainties, we think, like Catry and Airelle Buff (1996) that the family appeared in recent years as one of the last symbols of permanence and stability. The advantages of traditions and family values are also seen in the universe of companies. The heritage of the companies are becoming more numerous, family companies expose themselves in broad daylight and declare their pride to conjugate in the past and present, and they hope in the future, the concepts of family and company (Catry and Airelle Buff, 1996).

Family companies occupy a privileged place in the world economy. In Europe, they account for 80 to 90 % of companies. In the United States, it is estimated that 96 % of companies are family companies (Hugron, 1998). A third of the five hundred largest American companies listed by the *Fortune* magazine are family businesses. The contribution of these companies to the GNP and employment in capitalist countries is also essential: 45 to 70 % of the GNP is generated by family companies. They account for 50 to 75 % of total employment (Kenyon- Rouvinez and Ward, 2004). In Cameroon, the results of the general census of companies (RGE 2009) released in 2010 show that very small companies (TPE) are more numerous and account for 74,9% of the total number of companies and establishments; small companies (PE) account for 19% of the total, medium-sized companies 5,1% and large companies 0,8%. Thus, the TPE and PE alone account for 94,1% of companies in Cameroon. By assimilating, with the risk of making summation errors[1], the TPEs, EPs and half of the medium-sized companies (2,55%) to family companies; we can thus say that family companies account for about **96,65%** of the total number of the companies in Cameroon according to the distribution by type of company. By using the distribution according to the legal structure, sole proprietorships are more numerous (89%) while legal entities (companies) account for 11%. However, in the businesses with a company structure, it appears that the limited liability companies are dominant (58,5%), followed by public limited companies (26,1%) and finally unipersonal limited liability companies (15,5%) or 1,05% of the total. By considering that all one-man businesses and unipersonal limited liability companies (SARLU) are family businesses[2], we can say that family businesses represent close to **90,05%** of the total number of companies in Cameroon.

We can thus, by using the arithmetic mean of the figures in bold say that family companies represent about **93,35%** of companies in Cameroon. They provide permanent and temporary jobs to 58,3% of the total labour of the companies using the same methods of calculation. They thus contribute, by the same method of calculation to 23,29% of the total of the sales turnover realized by all the companies[3] (ODO, 2014). Consequently, we think with Catry and Airelle Buff (1996) that: « the presence of this type of company is of primary importance for the future of economies, because these companies are the roots of capitalism and individual initiative. It is thus thanks to family businesses that countries with a planned economy and Developing countries will be able to rebuild their economy in a durable manner».

It is thus obvious according to this logic that it is normal to be interested in the performance of these businesses in Cameroon, a country that aspires to be emerging by 2035.[4]

The concept of performance itself remains a central notion in management (Gauzente, 2002). Given its role in the incentives of financing and methodological and epistemological debates which revolve around its definition and its measurement (Feudjo, 2006), issues on the performance of the company remain central to research in management. It shows the desire of fulfillment of the company or its success (Gauzente, 2002). To attain this objective, the business must have effective cohesion and control tools.

Thus, although close to family businesses, they are known to be more powerful than non-family companies because of characteristics, which are peculiar to them (Bughin, Colot, 2008). In the Sixties, Monsen et al., (1968) compared the performance of family businesses with that of companies under managerial control. The results obtained show that the profitability of investments is higher by 75 % in family businesses. Mourgues (1987) finds that economic performance is significantly higher than in companies held by managers on the basis of accounting criteria. In the same manner, Charreaux (1991) shows that the structure of ownership of

[1] - Because the assimilation of the family business with very small bysinesses or SMEs is an operational amalgam (Feudjo J. R. (2006)).

[2] - This in reference to:

- Barnes and Hershon (1976) who consider that a business is a family one if the control of the property remained in the hands of an individual or the hands of the members of only one family.

- (Bughin C. and Colot O., 2008; Boungou Bazika J-C, 2005; Essomba Ambassa C. and Um Ngouem M.T, 2006…), SMEs are very often family companies.

[3] - NB: Statistics on the importance of family businesses in Cameroon being almost non-existent because statisticians have not yet been able to make a distinction between family and non-family businesses (interview with Mr. SHE ETOUNDI GUY, Deputy manager of the NIS). Thus, the statistics that we present here are the fruit of our own extrapolative reflections by using the results of the RGE 2009 and by taking into account the various definitions of the family business. These statistics will thus not be free from criticism.

[4] - Documents of the Ministry of Economy, planning and Regional development on the vision of Cameroon by 2035, the Cameroon growth and employment strategy between 2010 and 2020, 2009.

family businesses has a significant effect on their economic performance (Q of Tobin[5]), even if the relationship with the profitability of the capital cover is not significantly established. The study of Daily and Dollinger (1992) also highlight a better performance of family businesses as concerns the growth of the sales and the evolution of the sales margin. Thereafter, Allouche and Amann (1997) study the differences in economic, financial and social performance between family and non-family businesses. This study carried out using two paired samples makes it possible to highlight the fact that the average profitability of the first is definitely higher than that of the second, be it in terms of the satisfaction of the shareholder or profitability in the broad sense. Let us also cite Gallo and Vilaseca (1996) and Ganderrio (1999) who find within Spanish and Swedish family businesses respectively a higher level of earning on assets. Lastly, other more recent studies examine the super-performance of family businesses: Jorissen et al. (2002) show that they have higher ratios of returns of assets (ROA) and returns on equity (ROE) than those of non-family firms; Anderson and Reeb (2003) conclude that the American family firms are significantly more profitable in term of ROA and that they have a higher market value (Q of Tobin); Maury (2006) obtains similar results using an empirical research carried out on family firms established in Western Europe....

In the face of this vast body of research on the performance of family businesses, studies emerge in Cameroon on the performance of the TPE, the PE and SME (Feudjo J. R, 2006; Ngamoe et al., 2007; Kombou and Ngok Evina, 2007; Ndangwa et al., 2007…) which may integrate family businesses but do not take into account certain dimensions which are specific to them like their mode of management and operation.

Thus, as regards research on the performance of family firms, a synthesis of research brings out a certain number of axes:

- Those which show the superiority of the performance of family businesses as compared to non-family businesses (Bughin, Colot, (2008); Monsen et al., (1968); Mourgues (1987); Daily and Dollinger (1992)…);
- Those which explain the differences in performance between family and nonfamily businesses (Allouche and Amann (1998); Allouche and Amann (2000); Schulze et al., (2001); Maury (2006); Charreaux (1997)…) ;
- And finally, those which explore the factors determining the performance of family businesses (Westhead and Cowling (1998); Markin (2004); Klein et al. (2004); Mc Conaughy (1999)…) compared to non-family firms.

Considering these studies, we are of the opinion that one cannot conclude that all family firms are performing or that all are not; of course some are performing but not all. This implies that there are very few studies which try to identify the factors likely to explain why some of these companies succeed while others fail, without comparing them with their non-family counterparts; that is by taking them in an intrinsic manner and especially as an entire entity.

Thus, this study, instead of focusing on the various comparisons which exist between the performances of family and non-family firms rather aims at determining the factors that explain the performance of family firms in Cameroon.

In this sense, it becomes important for us to identify the elements which can explain their good or bad functioning. We thus ask ourselves the following question: given that all family firms are not performing, what are the factors or determinants of the performance of these companies in Cameroon?

The main objective of this study is to highlight the factors likely to explain the observable differences in performance between Cameroonian family firms.

LITERATURE REVIEW AND HYPOTHESES

The analysis of the performance of family businesses can be done to two levels: the first (and most common) uses the hypothesis of the super-performance of the family businesses compared to non-family ones; the second on the other hand considers the existence of factors that determine their performance (Bughin and Colot, 2008).

As regards the factors that explain the super-performance of family businesses, this field of research is presently marked by the absence of a unifying theory, or the multiplication of contradictory theories (Allouche and Amann, 2000; Chua et Al, 2003). However, three to four major theoretical axes can be mobilized to explain the differences in performance between family and non-family businesses: the theory of property rights, agency theory, the structure of property as well as the specific culture of family businesses.

The theory of property rights (Demsetz, (1983); Demsetz Lehn (1985)) was formulated in the sixties in the United States. Its main objective is to show that the separation ownership/management far from being a sign of the decline of the property, is a proof of its adaptability. This is a rebirth of classical and neoclassical analysis of the firm: the organization is no longer the central homogenous object of analysis, each individual in the organization seeks his personal objectives, within the framework of constraints imposed by the environment, agents try to maximize their utility function of which profit is one of the components, and this whatever the property rights they have. Given the existence of imperfect information, transaction costs which are non-zero constitute an important element in the behavior of company agents, especially that of owners and managers.

When applied to the domain of the family businesses, the direct result is that in the family business, managers do not always have in mind the maximization of the wealth of the owners, and the owners do not always have the means of inciting managers to act in a way that is in conformity with their interests (Daily and Dollinger 1992). On the one hand, the owners tolerate the discretionary practices of the managers when their cost is less than the cost necessary to correct them. On the other hand, managers take advantage of this degree of liberty to maximize their utility. The basic idea according to which property rights affect behavior is unanimously accepted by the supporters of this theory. This has a significant effect on the functions and definition of property rights because of the existence of control costs which limit their exclusive use, even in the presence of controls like the wages of the manager, the capital market and the labour market (Allouche and Amann 1995, 1998). This greatly affects the behavior of managers. Many authors find in this the explanation for the difference in the behaviours of family businesses (Schein 1968, Dyer 1986, Daily and Dalton 1992). These effects on behaviour enable Harvey (1999) to suggest that one of the reasons for the dominance of family firms as a form of business organization resides in the fact that family managers have a larger horizon than non-family ones, a horizon that sometimes goes far beyond the generation. These long run perspectives of the managers of family businesses are in fact a natural extension of belonging to the family system. This extension of horizon acts as an incentive (Harvey 1999).

After the theory of property rights, we have agency theory which finds its origin in the separation of the ownership and control of the company (Jensen and Meckling, 1976) which implies that the shareholders have a limited control of the actions and decisions taken by the managers, whereas the latter a priori have diverging (Charreaux, 1997). As a reaction, the shareholders protect their investments by putting in place various mechanisms of control and monitoring which generate agency costs. However, family businesses differ from the others in the fact that the owners and managers are often the same people or members of the family who generally have convergent objectives and interests. The agency costs are consequently minimized, even null (Schulze et al., 2001; Markin, 2004; Maury, 2006). This ''natural '' privilege of family businesses can thus explain the origin of their competitive advantage (Daily and Dollinger, 1992), and their better financial results compared to their non-family counterparts.

Besides these theories, we also have empirical studies which not only show the importance of the characteristics of the managers (owner or not) but also the composition of the management team on performance [Kor (2003), Woywode and Lessat (2001), Barringer and Jones (2004), Garnier (1982), McConnel (1979) and Schlegelmilch (1986)...].

We thus formulate the following hypothesis:

H1: The profile of the manager has an effect on the performance of the family business.

In the continuity of these developments, Hambrick and Mason (1984) show that the age of the management team, her functional experience and its socio-economic origins have a relationship with the growth of the company.

In the same vein and concerning this concept of management group, Ouchi (1983) shows that the composition of the management group can explain the super-performances of companies and shows the bases of the need for "clans'' in the management of firms. This same logic is defended by Murray (1989) who shows that the composition of the management group has an effect on the performance of the company.

Ouchi (1983) extends the theories of organisational control initially suggested by the economists Arrow (1974) and Williamson (1975) to include ''clans''. Williamson holds that when transactions become more complex and when the environment in which they take place evolves in a more uncertain way, the market proves

[5] - Q of Tobin is the relationship between the quoted value of the company and the net stock of capital. When this ratio is higher than 1, the company is profitable and when it is lower than 1, the company is not profitable.

to be inefficient as a place and mode of exchange. Under such conditions, it is better to replace the market by bureaucracy and contracts of exchange by the contracts of employment.
Ouchi continues by saying that as the complexity and uncertainty increase, the roles of the individuals in the bureaucracy become more difficult to define and the costs of supervision and coordination increase quickly. Finally, according to Ouchi, we come to the stage where to be efficient, it is necessary "to socialize" individuals by leading them to internalize the goals of the organization so that they become in conformity with their personal goals. This makes it possible to make control economies, which represents the advantage of the clan system.
Ouchi's ''clans *encourage many individuals to give their opinion on decisions rather than let each person make decisions alone.* This system of collective decision-making can be regarded as an additional means to encourage the development and the continuous reinforcement of the social knowledge shared through contact between the members'' (Wilkins and Ouchi, 1983).
We thus formulate the following hypothesis:
H2: The composition of the managing group affects the performance of the family business.
As regards the structure of ownership, a considerable number of studies tested the hypothesis according to which the ownership structure of a company affects the performance of the firm. However, the results of these studies diverge (Demsetz and Lehn, 1985; Morck et al., 1988; Holderness and Sheehan, 1988; Hill and Snell, 1989; Charreaux, 1991, Allouche and Amann, 1997). The majority show a higher performance from companies managed by their owners, even if the difference is seldom statistically significant. However, Charreaux (1991) shows a positive and significant effect of the percentage of external administrators on the performance of family businesses.
Many empirical studies aiming at consolidating the relationship between the tenure of multiple posts and the performance of the company exist presently.
Thus, the separation between managerial power and supervisory power remains the major stake of reflections on company governance. The major difficulties encountered by the boards of directors are mainly at the level of the problems of the cumulation of the function of control. The question of ''who should chair the board of directors? '' has been posed by many commentators. Is it necessary to avoid the cumulation of functions of decision (general management) and control (chairman of the board)? This cumulation, relatively frequent in the United States, is envisaged by the French legislation with the function of Chief Executive Officer (CEO). In fact, the cumulation of function occurs when the same person holds at the same time the positions of chairman of the board of directors and manager (Recliner and Dalton, 1991).The relationship between the performance of the company and the cumulation of functions is the subject of controversy in the literature. Many theorists suggest that one person should not simultaneously hold the post of board chairman and manager. This structure represents at first sight the crossroads of conflicts of interests (Zahra and Pearce, 1989). The cumulation of functions has significant implications on the monitoring exercised by the board of directors and on the performance cycle of the firm. This method of control is thus weakened and its role reduced.
In line with arguments in agency theory, a dual configuration characterized by a common post of president and manager shows a potential managerial opportunism (Fama and Jensen, 1983). When decisional power belongs to only one person, the possibilities of checking and controlling his operations by the senior executive are incontestably eliminated. Duality would thus limit the capacity of the board of directors to carry out its role of control and monitoring. In situations of distress, one of the determining factors making it possible to reassure shareholders would be an effective separation of decisional powers. This type of action makes it possible to obtain an efficient control and transmits a positive signal to the various stakeholders, revealing to them as well that a divergence of interest within the company would be in no case tolerated.
We thus formulate the following hypothesis:
H3: The cumulation of functions affects the performance of the family business.
As regards social, cultural and managerial specificities of family businesses, according to certain authors, the success of the family businesses, whatever their size, is primarily due to their social, cultural and managerial specificities. The underlying theoretical developments are related to the theory of social capital, the concept of confidence, the culture specific to family businesses and human capital management which are mobilised.
The theory of social capital is based on the RBV-Resources Based View approach. For Baron and Markman (2000), social capital corresponds to the resources which the individuals acquire by knowing other individuals, either by belonging to their social network, or by being recognized and appreciated by them. According to Arregle et al., (2004), this theory can explain the existence of unique resources and competitive advantages in favour of family businesses (goodwill of the members of the family, greater sharing of information…). This refers to the familiarity resulting from the positive overlap of two social capitals specific to the family business: on the one hand, interactions between the members of the family, and on the other hand, exchange relations between customers, suppliers and workers (Arregle et al., 2004).
However, the family is also sensitive to economic logic. Its wealth can link its members but also to divide them. It is thus necessary that the family imposes codes of conduct to maintain cohesion (Bughin and Colot, 2008): ''the family teaches its members a collective knowledge which represents the set of the statutory values and standards of behavior carried by the family group'' (Arregle et al., 2004). Thus, the workers of the company who are also members of the family should behave and act according to the education they received.
In the same vein, confidence according to several authors (Chami, 1997; Allouche and Amann, 1998), can explain the better performance of family businesses. It comes from the natural persistance of relations between the members of the family, without risk of conflict between the principal and the agent.
As regards the values inherent in the family, it is also commonly agreed that one of the major characteristics which differentiates family businesses from the others consists in a unique atmosphere creating a powerful sense of belonging (Ganderrio, 1999). Morck et al., (1988) as for them suggested that the founder brings the innovation and an expertise that allows an increase in the value of the company. Anderson and al., (2003) show that the presence of family members in a company has a positive influence on its reputation. In addition, according to Casson (1999) and Chami (1997), the founder regards his company as an asset to be transferred to his descendants rather than as wealth to be consumed during his existence.
The quality of the relationship between the members of a united family, a more clearly defined culture, a better quality of information sharing, the presence of long run prospects, are as many elements which can also affect the performance of family businesses favorably, through optimal investment decisions and a more efficient use of the assets which in addition increase the confidence of suppliers and financial partners (Anderson and Reeb, 2003; Markin, 2004). This can then lead to a lower cost of capital for the firm.
We thus also formulate the following hypothesis:
H 4: the will of transfer has an effect on the performance of the family company.

METHODOLOGY
In this section, we present the characteristics of the sample, the measurement of the variables and the statistical tests used.

CHARACTERISTICS OF THE SAMPLE

Due to the absence of a list of family businesses in Cameroon, we use a ''snow ball sampling procedure''. In fact, after having identified certain well-known family companies; they indicated other companies likely to be used to us as a basis and so on till a final sample of 116 family companies located in the towns of Douala & Bafoussam whose characteristics are as follows:

TABLE 1: LEGAL STRUCTURE OF THE FAMILY COMPANIES

Legal structure	frequency	percentage
Sole proprietorship	45	38,8
Limited liability company	49	42,2
Public limited company	15	12,9
Partnership	4	3,4
Establishments	3	2,6
Total	116	100

The limited liability companies come at the top with 42, 2%; then come the sole proprietorships with 38, 8% and public limited companies with 12, 9%. Partnerships and establishments, which should not be considered, account for 6%.
This predominance of the limited liability companies and sole proprietorships in this sample is not by chance. In fact, the intuitu personae prevailing in these companies make the transfer of shares. This confirms the family character of the companies of this sample. This choice is also explained not only by the limited financial means of the promoters of these companies but also by the relative simplicity in the creation of this kind of company.
The branch of industry of the companies of the sample is given in the following table:

TABLE 2: BRANCH OF INDUSTRY OF FAMILY BUSINESSES

Branch of industry	frequency	percentage
Craft industry	3	2,6
Trade	61	52,6
manufacturing	16	13,8
Service	36	31
Total	116	100

This table shows that 52,6% of the family businesses are in the commercial sector; followed by the service sector with 31% and manufacturing with13,8% and finally comes the craft industry with 2,6%. This leads us to say that the commerce is the main branch of industry of the family businesses of our sample. This is explained by the fact that it is easier to buy and resell rather than to transform. Generally, one does not even need to have a certain level of education or a specific training to manage a company related to commerce. This explains the reason why the only the uneducated managers represent 18 % of the sample and managers with a level of education lower than or equal to the Avanced Levels GCE represent 56 % of the sample.

MEASUREMENT OF THE VARIABLES

We have the dependent and independent variables.
The dependent variable here is performance. We use qualitative indicators given the characteristics of the sample and subjectivity related to a quantitative measurement of this concept in the context of family businesses in Cameroon. The performance measured here is thus organisational performance because it includes commercial performance, financial performance, economic performance…
In a much more operational manner, we retain ten indicators distributed as follows:

I- Financial and economic performance (existence of cash problems, evolution of turnover, evolution of profits, evolution of liabilities, evolution of capital, nature of investments);
II- Commercial performance (evolution of turnover, nature of the investment);
III- The strategic performance (judgement of performance compared to the objectives, judgement of performance compared to the competitors, judgement of performance compared to the past, evolution of the number of employees);
IV- Competition performance (judgement of performance compared to the competitors, judgement of performance compared to the past);
V- and we can also talk of durable performance (nature of the investment, evolution of the number of employees, judgement of the current performance compared to the past).

It is noted that the indicators used in each case are not exclusive, which leads us to this summary table of measurement of the organisational performance.

TABLE 3: PERFORMANCE MEASURE

Variables	Classes
Nature of the Investment	Replacement, expansion, modernization, no investment.
Existence of cash problems	Yes, no.
Evolution of the number of employees	Increase, stable, drop.
Evolution of turnover	Increase, stable, drop.
Evolution of profits	Increase, stable, drop.
Evolution of the debt	Increase, stable, drop.
Evolution of the capital	Increase, stable, drop.
Judgement of current performance compared to objectives	Good, average, bad.
Judgement of current performance compared to competitors	Good, average, bad.
Judgement of current performance compared to the past	Good, average, bad.

Directly or implicitly defined in the hypotheses, the independent variables include the factors of the biographical profile, training profile, behavior, the experience, composition of the management group, the structure of property, the cumulation of functions, governance mechanisms, transfer, preparation of succession and transmission within the family.[6]

CHOICE OF THE INSTRUMENTS OF ANALYSIS

To validate the relationship existing between the variables, we used the Chi-square test. The SAS program enabled us to automatically calculate elements such as: X^2, the probability P, measures of association Φ and C, which make it possible using the X^2 to determine the degree or intensity of the relationship.
Thereafter, the method of factorial analysis enabled us to highlight the relationships existing between the variables of the profile of the manager, the transmission of the company and the level of performance reached by the company.
We thus use the software: SAS and ADDAD.

RESULTS AND DISCUSSION

RESULTS

The results from the Chi-square test are summarized in the following table:

TABLE 4: SUMMARY OF THE CHI-SQUARE RESULTS

HYPOTHESIS	VAr	DF	X^2	P	Φ	C
H1	Age	1	8,228	0,004	0,269	0,269
	Sex	1	5,489	0,019	0,219	0,219
	Level of education	1	6,377	0,012	0,235	0,235
	Type of training.	1	5,664	0,017	0,222	0,222
	Behaviour	1	8,331	0,004	0,269	0,269
	Experience	1	9,936	0,002	0,295	0,295
H2	Composition of MG	1	7,293	0,007	0,252	0,252
H3	Cumulation of funtions	1	11,873	0,001	0,320	0,320
H4	Former transfers	1	3,232	0,072	0,177	0,177
	Willingness to transfer	1	6,096	0,014	0,233	0,233

[6] - the measurement of these variables is contained in the thesis of the author defended in July, 2014.

Globally, this table shows that the probabilities of all these tests are between 0,001 and 0,072. These probabilities are thus low and show that the supposed relationships between these variables are of a strong intensity. The corresponding Chi-square values are between 3,232 and 11,873. We note that these Chi-square values are high and confirm the relationship detected by the probabilities of the test. The measures of association vary between 0,177 and 0,320. We note that these figures are different from zero showing that the relationships detected between these variables are not due to the choice of the sample. In conclusion, we validate all our four study hypotheses.

The results of the factorial analysis of the multiple correspondences are contained in the table below and we limit ourselves only to some of the factorial axes (the others are presented in the appendix).

TABLE 5: FACTORIAL AXIS 1

codes	Description	1 AXE	CORR	CTR
PPPM	Poor performance relative to the past	843	398	47
PCOM	Poor performance relative to competitors	968	330	44
NCET	No knowledge of the stages of transfer	828	285	36
MDFA	Family labour	778	273	34
BEBA	Dropping profits	732	295	34
CABA	Dropping total sales	682	306	33
INMO	Renewal of equipments	664	309	32
PAIN	No investment	590	270	27
MCCS	Mechanism of control of surveillance com.	680	221	27
DICA	Manager of Cameroonian nationality	544	222	23
RFTN	Reflections on un-started transfer	590	159	20
	Total positive coordinates			357
NESU	Higher education	-1138	429	59
NSAH	Increase in the number of employees	-1282	342	51
SIND	Sector of industry	-616	405	36
MCCA	Mechanism of control is BOD	-512	439	30
PFCF	Main barriers to transfer family conflicts	-1025	171	26
TRHF	Transfer out of the family	-640	208	25
SARL	Limited liability company	-578	204	23
BEHA	Increasing pofits	-463	317	23
MDMF	Less family labour	-502	232	22
ATDF	Arrived at head of e'se by creation or link	-436	286	21
ADMF	Other managers wit same training as GM	-509	216	21
ENHA	Increased indebtedness	-422	303	20
	Total of negative coordinates			357
	Total contribution			714
	percentage			71,4%

We conclude from the variables that this axis opposes two categories of profiles of managers of businesses according to the level of performance reached by their company.

The first category is made up of family companies whose managers have a level of education lower than Advanced level. These companies use family labour and the board of directors is their mechanism of control. **They do not achieve** the goals of performance and the manager has not yet started to think on the transmission of the company.

The second category is made up of the companies **which achieve** their goals of performance. The managers of these companies have a higher level of education and employ a family labour. These companies belong to the industrial sector and are limited liability companies having chosen the board of directors as mechanism of control. Reflection on the transfer of the company is already started and the manager prefers to transfer the company out of the family.

TABLE 6: FACTORIAL AXIS 2

Codes	Description	2AXE	CORR	CTR
JEUN	Age of manager≤35 years	745	146	37
NSAH	Increasing number of employees	791	130	35
CETR	Knowledge on the stages of transfer	823	126	34
TRHF	Transfer out of the family	540	149	32
SOIN	Sole proprietorship	151	70	32
AOGR	Achieved performance obj. thanks to results	675	101	25
ATDS	Salaried manager	308	387	25
FOFI	Training of a son	811	74	22
ARTI	Arts and craft sector	1580	65	21
RFTN	Reflection on transfer not started	463	98	21
ENBA	Decreasing debts	399	83	18
	Total positive coordinates			302
ANFA	Experience of manager ≤ 9 years	-1371	440	115
DGNP	General manager different from owner	-1190	472	114
AOGM	Achieved performance objective thanks to the W. method	-1190	472	114
INEX	Expansion investments	-706	206	47
NESE	Level of education ≤ GCE A-levels	-595	97	25
PFPD	Main obstacle to the succession of manager	-359	98	18
	Total negative coordinates			433
	Total			735
	percentage			73,5 %

- This axis enables us to distinguish two categories of companies:

A first is made up of individual companies of the arts and craft sector, which **partially achieve** their goals of performance. They are managed by young people with a high level of education perceiving wages and who know the stages of transfer perfectly. Their managers prefer to transmit their company out of the family.

A second is made up of companies**, which do not achieve** their goals of performance. They are however managed by external people. Their experience is ≤9 years. In fact, it is experience and the level of education which played much in favour of the first group vice versa. The personality of the manager constitutes a handicap to succession.

TABLE 7: FACTORIAL AXIS 3

Codes	Description	3AXE	CORR	CTR
DGNP	GM is not different from owner	668	148	41
AOGM	Achieved performance objective thanks to method of work	668	148	41
ENHA	Increasing debts	388	255	35
FOFI	Trains son	925	97	33
BEHA	Increasing profits	373	206	31
PAFC	No complementary training	378	167	28
DIHE	Heterogenous management	372	101	22
PFPP	Loss of power is a barrier to transfer	564	66	20
CAHA	Increasing turnover	294	90	17
ANFA	Experience of managers≤ 9 years	439	45	14
	Total positive coordinates			282
RFTR	Reflection on transfer started	-811	446	97
TRFA	Transfer within the family	-563	455	70
BEBA	Decreasing profits	-656	237	56
CABA	Decreasing turnover	-526	182	41
PCOM	Poor performance compared to competitors	-564	112	30
PFCF	Conflicts are a main barrier to transfer	-759	94	29
ADMF	Other managers with same training as GM	-413	142	29
PPPM	Poor performance compared to the past	-442	109	26
POCM	Poor performance relative to the objectives	-640	82	25
NSAB	Falling number of employees	-304	83	16
	Total of negative coordinates			419
	Total			701
	percentage			70,1 %

- This axis enables us to distinguish two categories of companies:
- A first includes companies, which achieve their goals of performance. These companies are managed not only by their owners but also by people having trainings that are not complementary to that of the owner. The heterogeneity of their management group leads these companies to increase their profits, sales turnover… The preparation of transfer is done by the means of the training of a son.
- The second group is made up of companies that do not achieve their goals of performance. These companies are managed by a person or people having the same training (homogeneous management group). These companies witness their profits, sales turnover… drop and record bad performances in all fields. Thus, in spite of the fact that the manager already started to reflect on the transfer, there is still a resistance on the transfer of the company.

DISCUSSION OF RESULTS

This discussion analyses factors that explain the performance of Cameroonian family businesses. We discuss the age of the manager, his experience, his level of education, the composition of the management group and reflections on the transfer of the company in turn.

Concerning age, the results of this study show that pain managers having an age lower than or equal to 35 years contribute significantly to the improvement of the performance of the family businesses they manage. Studies by Handy (1991) and (Hisrich et al., 1991) have already highlighted a similar result by noting that the period of reasoning delimits the chronological age going from 22 to 55 years, interval in which begins the career of entrepreneurship in the majority of cases. However, though an age limit of 35 years seems to be small, it is normal to make a distinction like Hisrich et al., (1991) between the age of entrepreneurship (the age of the manager as it is reflected in his experience) and the age in a number of completed years or chronological age. Our study shows that the experience of these managers, in spite of their relative youth is higher than 9 years; in the same manner, these managers have a higher level of education. This is a result which is also close to those of Hisrich et al., (1991) which shows that the experience in entrepreneurship is one of the most predictive factors of success when the professional experience gained is in the field of the activity performed.

On this last point, the results of this study are also in line with those of Hambrick and Mason (1984), which shows that the age of the entrepreneur, his functional experience and socio-economic origins affect the growth of the company.

As regards experience, the results of this study show that the paid managers whose experience are lower than or equal to 9 years do not achieve their goals of performance, unlike those whose experience is higher than 10 years.

The results of this study are thus also in line with those of the study by Leonidou et al. (1998) which show that the professional experience of the manager which includes his previous trade, his technical experience and knowledge of the product has a positive effect on the performance of companies.

The results of this study are in line with those of Moussa Sambo (1996) which shows that the experience of the manager has an effect on the performance of SMEs in Cameroon.

These results are however contrary to those of Djaowe (2003), which does not find any significant incidence of the characteristics of the manager on the performance very small businesses of the town of Maroua in Cameroon.

Concerning the level of education of the manager, we deal here with the managers who have a higher level of education. These managers better manage their companies. In fact, their performances perform better than those having less than the GCE Advanced Level. This result comes to consolidate the results of the study of Fréderick Harmon (1987) who shows that "education is the base and driving force of two great qualities of the American nation: entrepreneurship and the capacity of innovation". "Education was probably the determining factor in the success of the United States as first industrial power in the past."

Thus Chile, thanks to education reached a level of industrialization or development comparable with that of the industrialized countries as well as Indonesia where the rate of adult literacy passed from 17% in 1950 to 67 % in 1980.[7]

In this same logic, higher education is important for the managers of Cameroonian family businesses. This result is in line with that of the study by Woywode and Lessat (2001), which shows that the human capital of the manager, captured by his age and university diploma or the highest professional diploma affect the growth of SMEs. These authors are of the view that the university training of a manager has a favourable effect on the growth of the company he manages through its effect on productivity and the credibility of the head of company and helps this manager in the resolution of problems related to access to credit. This also comes to consolidate our results: the debts of these family companies are increasing; proof that these managers do not have difficulties of access to credit because of their higher level of education. This result is also in this line, close to that of the studies of Janssen and Wtterwulghe (1998) or of Cressy (1996) who highlight the fact that banks are reluctant to grant loans to SMEs because of managerial deficiencies that they find there, particularly insufficient formation…

This result is however contradictory with that of the study by Sylla Karima (2013), which predicts the absence of a causal relationship between the level of education and stagnation.

Finally, we can say that this factor of "higher level of education" is thus accompanied by other factors such as: the reflection on the transfer, the composition of the management group and its personality.

[7] - World Bank report.

As regards the reflection on the transfer of the company, it arises from the result of this study that family businesses in which reflection on transfer have started are more performing than their counterparts where this reflection has not started. The managers having initiated reflections prefer to transfer their company out of the family. They seem to understand what the heirs often do to the company once the founder deceased. This behavior is also described by (Catry and Buff, 1996) when they describe generations: "the first generations build, the second consolidate, the third waste". This same idea can be expressed in the popular form of use in family companies: "the founder is an eagle, the second generation falcons and the third real idiots". Thus, the founders of Cameroonian family businesses conscious of these various realities, have the desire to transfer the management of the firm out of the family; even if it mean telling the manager to who he will have to transfer the profits in the family for sharing. In addition, the fact that the owner prefers to transfer the business out of the family is a behavior in line with the theory of property rights (Alchian and Demsetz, 1872). In fact, the entrepreneur has, amongst other rights, the residual right of control which makes it possible for him to make decisions concerning the use or the distribution of the assets he owns in all the cases not envisaged by contracts, customs or the law.

As regards the composition of the management group, this study shows that the homogeneous management groups can also contribute to the improvement of the performances of Cameroonian family businesses, unlike the heterogeneous management groups.

In fact, the results of this study are in line with those of Hambrick and Mason (1984), who affirm that the demographic and professional characteristics of managers significantly explain the strategic choices and profits of the company. They also find that the homogeneity of the management group members increases strategic decision-making, unlike to heterogeneity. This result is also in line with that of Murray (1989) who finds that homogeneity produces efficiency in a stable environment while heterogeneity destroys it. Conversely, the same author also shows as heterogeneity increases the capacity of adaptation and creativity in a turbulent context while the homogeneity of interests exhausts them. In fact, one can say that the environment in the context of the family business is not as unstable as it sounds.

This result is also in line with that of Mayo (1970) which are built around the human aspects of management. Individuals collaborate in the achievement of performance objectives of. The satisfaction of physical and emotional needs of the employees ensures the adaptation of the group to the objectives to be reached. Experiments carried out with western Electric (1930) showed that the productivity of the employees improved clearly if the leaders showed competence in human relations management.

This result however contrary to that of the study by Feudjo (2006) which does not find any relationship between the homogeneity or heterogeneity on performance in Cameroon and concludes that: "the reference framework of performance generally allotted to the configuration of the management team according to the dynamics of the environment is not always verified in all contexts".

As regards the personality of the manager, the results show that the personality of the manager, barrier to the desire to transfer the company, is not an element of the improvement of the performance of family businesses in Cameroon.

This result is in line with the results of (Lansberg, 1988) which shows that the fear of death prevents the manager from calmly considering his departure. In order avoid thinking about this, certain owners plunge themselves in a harmful over-activity. This result is also in line with the predictions of the theory of property rights (Alchian and Demsetz, 1872), which shows that the manager has, amongst other rights, the residual right of control which makes it possible for him to make decisions concerning the use or the distribution of the assets he owns in all the cases not envisaged by contracts, customs or the laws. This result is also in line with that of the study by Barner (1993) on the effect of the manager in the theories of governance of the company. In fact, Barner (1993) shows that the manager of the SME is a man with three hats who functions according to a triple rationality: economic, political and family. The behaviour described here is more related to political rationality. In fact, "Homo politicus seeks to consolidate his power, or at least to preserve it, he is characterized by a non-automatic transfer of his company, the avoidance of a designed successor, reticence to share power and the difficulty in stopping work at retirement age.

In the same line of ideas, this result is also in line with the study by (M. F. R. De vries, 1988) who finds that managers who consider the end of their career wish to avoid any covetousness from their descendants by envisaging an inheritance which is unexpected and not due.

The results of this study are also in line with those of the study of E. Vatteville (1994), who finds that "the abandonment of power is never an easy thing to achieve. When one has managed a company for several decades founded it, it is not easy to be convinced that it could live without you". Thus, even if consciously, the predecessor wishes to transfer the company to his children, he wants also wants the latter to know show that they can manage his most invaluable good. He wishes that they succeed, but in his presence (Kets De Vries, 1977). This ambivalence is generally manifested by contradictions between the words and actions (Kittel, 1996).

This result is also in line with that of study (Sonnenfeld, 1986) who holds that certain managers do not fail to manifest a certain form of resistance to succession which can result in the "sabotage" of successors in order to prove his usefulness or to jealousy and selfishness.

CONCLUSION

Without claiming to have made an exhaustive study of the factors that explain the performance of family companies in Cameroon, we can say that this study contributes to the comprehension of certain determinants of the performance of these companies. Thus, apart from the factors commonly cited such as: the profile of the management group, the cumulation of functions, we find a new factor which is the will of transfer of the company to the future generations. This will plays a very significant role in the performance of these companies because nobody wishes to be referred to as someone who left a wreck of company to his successors. Thus, a certain number of recommendations are made to the promoters of these companies, namely: the quality of the training of managers (summarized by a higher level of education in management or economics) and a more than 9 years experience are known assets for family companies. In the same manner, the desire to absolutely work with members of the family or to manage the company himself is to be proscribed. Not to prepare your departure, resulting in the promoter not wanting to leave his company is a barrier to the development of these companies.

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EMPOWERING EMPLOYMENT THROUGH ENTREPRENEURSHIP: A CONTEMPORARY APPROACH

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ABSTRACT

Skilling India to empower its citizens and to equip them to compete and excel on a global stage is a multi-pronged challenge. India has witnessed rapid growth in recent years driven by the increase in new-age industries. The increase in purchasing power has resulted in the demand for a new level of quality of service. However, there is a growing shortage of skilled manpower in the country. In the wake of the changing economic environment, it is necessary to focus on inculcating and advancing the skill sets of the young population of the country. India lags far behind in imparting skill training as compared to other countries. Reports indicate that only 10 per cent of the total workforce in the country receives some kind of skill training (2 per cent with formal training and 8 per cent with informal training). Further, 80 per cent of the entrants into the workforce do not have the opportunity for skill training. But all that is changing. National Skill Development Agency is encouraging innovation in skills development and promoting entrepreneurship in the country.

KEYWORDS
skill india, self - employment, training, entrepreneurship.

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E24.

INTRODUCTION

Unemployment of youth is a ticking time bomb that is perilously close to exploding with the young population that we have. Soon, three of every four people will be 20 years of age. Despite growing as a developing country, the economy has not created youth friendly labour market where millions of young Indians descend every year, creating rising youth unemployment.

The lack of jobs or a limited number of jobs, ineffectual vocational training, lack of skills development, unrealistic expectations from jobs, lack of entrepreneurship, absenteeism in school, early dropouts and a myriad of other factors have given rise to youth unemployment. Growth in economies has not led to a resultant increase in formal jobs or a youth-friendly labor market.

As in other developing countries and countries that have recently bridged the chasm to become developed nations, the problem perhaps also lies in perception and inadequate transition from school to the workplace. Youth are keen to get employment in formal sectors to get full-time employment, which may even offer benefits such as healthcare and paid holidays, instead of pursuing jobs in the informal or traditional sectors that may be seasonal. The main objective is to focus on Job Creation, Skill Development and Enhancement and to study the changing scenario of Employment and Entrepreneurship

The biggest challenge in the Indian ecosystem lies in finding out how to make skilling programmes inspirational? How do you create a desire or need in the mind of people to get pursue skill development programmes vis-à-vis a pure educational course? Another big challenge facing the implementation and execution of any skills development-related scheme is reaching out, educating and motivating youth in the rural and remote parts of the country.

REVIEW OF LITERATURE

Hurst and Pugsley (2010) and Sanandaji (2010). Hurst and Pugsley (2010) show that the vast majority of US small businesses do not innovate, do not want to innovate, do not significantly grow in size and do not want to expand. This suggests that most US self-employed workers are hardly entrepreneurial from the perspective of innovation and job creation. Although we cannot measure small entrepreneurs' intentions to grow and innovate, we can link the incidence of self-employment to net firm creation – related to firm survival and expansion – and innovative activities, thus looking at these issues from a similar angle.

Sanandaji (2010) uses cross-country data to document that the correlation between the incidence of self-employment and billionaires who became rich by setting up their own business (as listed in Forbes Magazine) is negative and significant. In this respect, we follow a similar approach by comparing the spatial distribution of self-employment to other proxies for entrepreneurship. However, our work has the advantage of focusing on one single country, thus abstracting from problems with cross-country differences in institutions and culture. Furthermore, our measures of firm creation and innovation are better proxies for entrepreneurship than 'entrepreneurial stardom' (i.e. the incidence of billionaires).

Previous research has shown that the density of all businesses – including *small* ones – is an important force determining agglomeration economies (Ellison et al., 2010; Glaeser, 2009; Glaeser and Kerr, 2010), and that small businesses disproportionately contribute to net job creation (Neumark et al., 2011). Recently, Haltiwanger et al. (2013) show that young small firms account for the largest portion of employment creation through an 'up-or-out' dynamics. The authors find that every year start-ups create a substantial number of jobs only to destroy them in the subsequent year. However, the surviving young firms grow astonishingly fast and create vast amounts of employment. On the one hand, our findings for urban areas are consistent with those of Haltiwanger et al. (2013). On the other hand, our results for rural TTWAs reveal that the parallel between self-employment and job creation cannot be taken to hold universally.

METHODOLOGY OF RESEARCH

Secondary research is used for the purpose of the study. Qualitative research methods were employed and data was obtained by supporting documents from the internet, books and journals.

ANALYSIS AND DISCUSSION

Youth worldwide face challenges finding a job and earning a decent income. Youth are more likely to be unemployed than adults, or find themselves in low paying informal sector jobs. Youth, however, have an advantage. They are quick to acquire ICT (information and communication technologies) skills and lead the digital age. Today, numerous organizations in the public, private and non-governmental sectors have made a wide range of resources available to help youth gain the skills they need to get a job or start a business. This database is for youth. It contains resources for finding employment, becoming an entrepreneur, learning technical and soft skills, finding a mentor, searching for funding, networking, and many other valuable services.

Today, 73 million young people are unemployed worldwide, and three times as many are underemployed — often those working in the informal sector, facing low wages, no benefits, and a higher probability of being laid off. A further 621 million youth are said to be "idle" — not in education or training, and not looking for employment. Youth make up 17 per cent of the world's population and 40 per cent of the world's unemployed.

It's a myth that running a business means you can do whatever you want, whenever you want. Because you are in charge of your business, there is more to do. Because your cash is only what you sell, you are even more beholden to clients than in a traditional job. Yes, in a job, you will get fired eventually if you don't serve your clients, but there is a buffer there from the structure and other staff the company has built around you. If you're in a job and need more flexibility or balance, don't assume that entrepreneurship is the answer. Work on negotiating for flexibility or setting better boundaries.

Employment has always been a central issue in development. Jobs represent the means by which individuals gain a sense of personal purpose and satisfaction; support themselves and their families; and contribute to the productivity and health of their local and national economies. The importance of employment to a healthy, productive and peaceful society cannot be overestimated. Jobs can mean economic freedom for women; provide access to education and health services for children; and present an alternative to violence for idle youth. Employment is crucial to successful and sustainable development. Indeed, if a developed society is one in which individuals can lead healthy, productive lives, have access to the resources needed for a decent standard of living and participate in the life of the community, then jobs can make development happen.

ROLE OF GOVERNMENT

To promote youth employment and entrepreneurship, the Government and the country is working together to:

- Address the concerns of young people in employment strategies
- Invest in the skills employers look for
- Develop career guidance and counselling services
- Promote opportunities to work and train abroad
- Support quality internships/apprenticeships
- Improve childcare and shared family responsibilities
- Encourage entrepreneurship

EMPLOYMENT Vs. ENTREPRENEURSHIP: FINDINGS

The structure of the job market has changed in recent years with technology having slipped into almost every nook and cranny in our daily lives. With the Make in India initiative, came the rise of start-ups, and students started to become more inclined towards starting something of their own and becoming entrepreneurs. In India, the services sector is growing at Compound Annual Growth Rate (CAGR) of 9 per cent, faster than the overall GDP CAGR of 6.2 per cent in the past four years. With the Make in India programme, the government has set a target to increase the contribution of manufacturing output to 25 per cent of GDP by 2025. The career choices of students keep changing according to the job market scenario, the economy, and the changing society.

As more and more students are now interested in setting up their own ventures rather than joining another company, the fear remains that they might choose to drop out before completing their education in order to make their entrepreneurial dreams a reality. Students these days are not opting out of the education system to set up their enterprise as they know the importance of education. Nowadays, many institutes are offering assistance to set up campus ventures through their incubation cells. This gives the student the opportunity to try and test his venture in the campus while completing his education. Currently the job market scenario in India is booming, where the job opportunities are high. With the Make in India campaign, the organised sector will create more jobs in the future. Entrepreneurship is a critical factor in advancing human development. Creating and sustaining businesses increases job opportunities and household income.

Job creation and full employment have been part of the development agenda for decades, sometimes at the top of the list, and at other times losing priority to GDP growth or other economic priorities. In recent years we saw a global financial crisis that left few countries untouched, causing a massive economic downturn and a major loss of jobs.

Five years on, the world is still short some 67 million jobs. In addition to catching up to pre-crisis employment levels, the total number of jobs needed to maintain current rates of employment continues to grow each year. Population projections suggest that the world will need upwards of 500 million new jobs by 2020, the majority in developing countries as their relatively young populations enter the workforce.

Today, of all the effects of the economic crisis, unemployment for young people is one of the most worrying. More than half the young people aged below 25 who want to work cannot find a job opportunity, and almost 35% of unemployed young people have been in this situation for over one year. If corrective measures are not taken, there is a serious risk that a whole generation will be lost to employment and full participation in society. Firm action must therefore be taken immediately.

Although it is true that the crisis has worsened the situation, there is a certain structural imbalance in access to the labour market for young people. This is shown clearly by the fact that, in the years of greatest economic growth, the rate of unemployment among young people never dropped below 18%.

Providing jobs for a growing population has been one of the most pressing challenges facing the developing world for some time. Employment is crucial to economic development. Jobs promote social cohesion, reduce poverty and improve gender equality. The obstacles that developing countries face in creating employment opportunities have been related in part to large population growth, lack of capital accumulation and poor educational services. 3 While population growth rates in many countries have been slowing in recent years, they continue to be high in developing countries. This has led to a swell in the proportion of youth within the population.

ROLE OF ENTREPRENEURSHIP IN INCREASING EMPLOYMENT

Initiatives that focus on increasing entrepreneurship and increasing employment share a great deal in common, as entrepreneurship can be seen as a special form of employability. Entrepreneurship has often been cited as a key factor to improving economic growth in developing countries. Entrepreneurship is also seen as an important way to deal with issues relating to poverty, as entrepreneurship creates new jobs, fosters a climate of innovative thinking, and can lead to the launch of pioneering and cutting edge companies. There is also evidence to suggest that entrepreneurs create more employment than non-entrepreneurs. Entrepreneurial activities encourage the development of new enterprises. In turn, the establishment and growth of SMEs leads to the creation of jobs.

As mentioned earlier, SMEs have been found to be responsible for a large percentage of the formal jobs in the developing world. Therefore supporting the creation of SMEs and their ability to grow into larger businesses can be an effective way to create jobs. Another key factor in strengthening economic growth in developing countries is innovation. While research on the intersection of entrepreneurship and innovation, particularly in developing countries, is in the early stages, there is nonetheless a consensus that entrepreneurship encourages high levels of innovation.

Innovation is important because it can lead to more high-value productivity chains and technological change, resulting in a wider range and better quality of goods and services. Entrepreneurs stimulate innovation as they are responsive to potential new markets and seek opportunities to create new ventures, products and services.20 Entrepreneurship thus forms part of the process in shifting developing countries from factor-driven economies based on natural resources and unskilled labor, to innovation-driven economies which compete by providing new and unique products and services. In order to be successful, entrepreneurs need skills such as creativity, problem solving and communication skills. Many times these skills are learned through experience – often from entrepreneurial failures – that help an entrepreneur finally arrive at a successful venture. These skills can also be developed through entrepreneurship education and training programs specifically targeting enterprise founders and owners. Such programs focus on providing individuals with practical education and experiential learning that builds both soft skills, such as communication, social intelligence, and critical thinking, as well as hard skills like accounting and financial management. Additionally, such programs foster networks of like-minded individuals that support each other and can lead to the creation of entrepreneurial ecosystems which can promote increased entrepreneurial activity.

Increasing the number of students exposed to entrepreneurship can also be an effective way of improving the level of soft skills among all types of graduates. The kinds of practical competencies entrepreneurship training focuses on are as valuable to those seeking employment within existing organizations as they are to those seeking to start their own enterprise. Entrepreneurial training develops the right skills for the jobs being created, whether in formal employment or entrepreneurial self-employment.

BARRIERS TO ENTREPRENEURSHIP

As noted, poor education can lessen the employability of individuals, or weaken their entrepreneurial skills, but there are several other barriers to entrepreneurship.

Inefficient regulations increase the time and cost needed to start a business, making it less likely for such a business to take root.25 Poor access to finance and other start-up capital necessary to support entrepreneurial activity is another challenge facing new entrepreneurs. And third, certain social and cultural norms may limit entrepreneurship in that they create expectations of who can or cannot be entrepreneurs.

For example, women and youth who seek to become entrepreneurs may experience more roadblocks than adult men, in terms of accessing finance or training, for example, which makes it harder for them to move forward with their businesses.
The development and business communities can encourage governments to change regulations that are unnecessarily restrictive and provide additional sources of funding for entrepreneurs, highlighting the stimulating effect entrepreneurship can have on the economy. Social and cultural barriers, however, can run deep and be hard to transform. Providing opportunities for entrepreneurial education that is open and inclusive of all individuals is one way to start shifting expectations on what an entrepreneur looks like.
There are three main reasons why young people are experiencing high levels of unemployment:

- Owing to the global recession, there is less demand for labor. In economic downturns, companies also tend to retain older staff, and dismiss younger workers, as part of the "last hired, first fired" strategy.
- Many of the countries which have the fastest and largest growing populations of youth also have highly imperfect labor markets, where finding a job is dependent on personal and political connections, rather than merit.
- Skills mismatch - young people are not being taught the skills they need to be employable.

In order to provide productive and fulfilling opportunities for young people efforts must be made to improve macroeconomic conditions, increase labor market efficiencies, and raise the quality and relevance of education. Entrepreneurship can be a route to decent work and sustainable enterprise for young people. However, "the structures and delivery of mass education in most countries often thwart or throttle the natural entrepreneurial impulses in youth." 33 Therefore, as mentioned earlier, educational systems across the developing world (and beyond) need to be reformed. Providing young people with more entrepreneurial training and exposing them to entrepreneurial role models can give them the tools to create their own employment.

CONCLUSIONS AND SUGGESTIONS

Economists consider entrepreneurs a crucial 'ingredient' in determining a country's or a region's economic prosperity. Entrepreneurs are thought to be conveyors of innovation, engines for job creation and sparks for economic growth. Unsurprisingly, a large empirical and theoretical literature on the characteristics and functions of the entrepreneur, as well as on the effects of dense entrepreneurial environments, has emerged over the recent decades. Despite the self-evident interest and importance of the role of the entrepreneur in policy making and economics thinking, relatively little conclusive evidence has been gathered on the subject. This is because research in the field is hampered by the fundamental issue of defining and identifying who the entrepreneurs are. While the vast majority of the empirical investigations in this area rely on self-employment data to study entrepreneurship, the link between these two variables is far from proven. Skilling India to empower its citizens and to equip them to compete and excel on a global maidan is a multi-pronged challenge. We need our engineers and doctors and business executives and we also need many times those who bring a rainbow of heterogeneous skills to drive the engine that is India. And sometimes we discover in ourselves skills and talents for which we were not necessarily trained, but which constitute a coming together of head and heart.

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