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   INTRODUCTION

   REVIEW OF LITERATURE

   NEED/IMPORTANCE OF THE STUDY

   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

   SCOPE FOR FURTHER RESEARCH

   ACKNOWLEDGMENTS

   REFERENCES

   APPENDIX/ANNEXURE

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STATUS OF INVESTMENT IN SOUTHERN NATIONS, NATIONALITIES AND PEOPLES REGIONAL STATE (SNNPRS) FROM 1993-2011

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ABSTRACT

Investment plays an important role in socio-economic development of the country in general and of the region in particular. The Regional State after Economic Reform Program (ERP) initiated and motivated the investment activities of the region in order to bring about the growth and development for the region in terms of income generation, employment creation and poverty reduction. Even though there is a relative growth of investment in the region after the reform of liberalization, it is not up to the mark as expected to be as compared to the pervasiveness of the region and availability of abundant resources that could have attracted more investment to the region. This study is conducted on the investment of SNNPRS. It employed both primary and secondary data using various data collection methods. The main objective of this study is, therefore, to assess the status of investment in the region and its contribution to overall economic development, to find out factors affecting the growth and development of investment in the region since 1993 and finally suggest possible remedial measures to attract more investment to the region. The study concludes that investment can be increased to a great extent if investors are offered various incentives that can really attract them- like quality service, avoidance of bureaucratic red-tape and giving fast decision regarding allotment of investment land, more income tax holidays, and credit facilities from financial institutions-in a better way than any other regions which are competing at the near vicinity.

KEYWORDS

Employment creation, Income generation, Investment, Poverty Reduction, Socio-economic Development.

INTRODUCTION

The Southern Nations Nationalities and Peoples' Regional State (SNNPRS) is one of the Regional States of Ethiopia witnessing a rapid stride in agriculture, industry and service sectors in recent years. A high majority of the people in the region are engaged in agriculture earning their livelihood from this economic activity. A close perusal of the available literature shows that poverty and unemployment is so rampant and widespread in both urban and rural areas in the Region although the Region is endowed with rich agricultural resources such as mineral resources, immense water resources, large human resources and wide market potential which could form the basis for industrial and agro-industrial development. In addition, the Region has a number of rivers and lakes that contain various resources and different species of fish. Moreover, according to information from the Investment Bureau, there are ample potentials for rare types of plantations like rubber trees that could have better industrial linkages. Timber production is also another area of great potential for industrial development. However, despite the size and variety of potential resources, there are only few resources based industries and agro-industries whose contribution to the Region's income generation and employment creation is insignificant. According to the information available in SNNPR Investment Bureau, there are lots of potentials to take up investment activities related to agriculture, industry and services in the Region. In spite of all these resources, the number of investors that are actually investing in the region is insignificant as compared to that of those investing in other regions.

REVIEW OF LITERATURE

Investment management is a subject of growing importance and interest. Investment is the sacrifice for the future reward. Investment decision is a trade-off between risk and return. The entire globe is based on risk and return. Investment is an activity to many individuals regardless of occupation, religion or income level (V. Gangadhar and G. Ramesh Bubu, 2003).

The emerging economic environment of competitive markets signifying customers' sovereignty has profound implications for the savings and their investment in any country. Investment means a person's commitment of funds towards his future life. It is an economic activity. It refers to acquisition of assets which generates income. It means the diversification of money towards investment and thereby increasing productivity of a nation. Investment means parking of one's idle funds in income generating assets (V. Gangadhar and G. Ramesh Bubu, 2003). According to the American Heritage Dictionary of the English Language (2000), Investment may be defined as: the act of investing, an amount invested, property or another possession acquired for future financial return or benefit, a commitment as of time or support. Investment can be an enterprise, asset, etc., in which money is or can be invested.

Investment is the act of investing some amount of saved money, effort, resource, etc., assigning them for future use to achieve the future benefit rather than consuming them at this time. These money, efforts or resources may be invested in plants, machineries, materials, new technologies, know-how and human capital. The purpose of investing on human capital is to increase their knowledge to use all the resources (human, physical, financial and information) properly in time when the need arises for using them (Brehanu Borji, 2008).

Investment is money committed or property acquired for generating future income. It also may be defined as trade off between risk and reward while aiming for incremental gain and preservation of the invested money (principal). In contrast, speculation aims at 'high gain or heavy loss,' and gambling at 'out of proportion gain or total loss.' Two main classes of investment are (1) Fixed income investment such as bonds, fixed deposits, preference shares, and (2) Variable income investment such as business ownership (equities) and property ownership. In economics, investment means creation of capital or goods capable of producing other goods or services. Expenditure on education and health is recognized as an investment in human capital, and research and development in intellectual capital.

In finance, the purchase of a financial product or other item of value with an expectation of favorable future returns is called an investment. In general terms, investment means the use of money in the hope of making more money. In business, investment is the purchase of a physical good such as durable equipment or inventory, in the hope of improving future business. In finance, the term investment refers to funds invested in various securities, consisting of Government and Semi-government securities, loans, Debentures of local authorities, such as Port Trusts, Municipal Corporations and debentures and shares of companies. Investment means the use of money to earn more money by way of interest, dividend, or capital appreciation (V. Gangadhar and G. Ramesh Bubu).

According to F. Amling, investment may be defined as the purchase by an individual or institutional investor of finance or real assets that produce a return proportional to the risk assumed over some future investment period. Fisher and Jordan also shared this view point saying investment is a commitment of funds made in the expectation of some positive rate of return. If the investment is properly undertaken, the return will commensurate with the risk the investor assumes.

Investment will generally be used in its financial sense and as such, investment is the allocation of monetary resources to assets that are expected to yield some gain or positive return over a given period of time. Investment is a commitment of a person's funds to derive future income in the form of interest, dividend, rent, premium, pension benefits or the appreciation of value of his investment. In the process of investment the transfer of financial assets will be made from one person or institution to an investor.

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The purpose of investment is to bear return on investment (ROI). ROI is a key measure of a firm's performance. ROI may be computed using the following formula. A Measure of a corporation's profitability, equal to a fiscal year's income divided by common stock and preferred stock equity plus long-term debt. ROI measures how effectively the firm uses its capital to generate profit. The higher ROI, the better. More generally, ROI is the income that an investment provides in a year. ROI is earning power of assets measured as the ratio of the net income (profit less depreciation) to the average capital employed (or equity capital) in a firm or project. Expressed usually as a percentage, it is a measure of the profitability which (while not taking the time value of money into account) indicates whether or not a firm is using its resources in an effective manner. For example, if the ROI of a firm (in the long-run) is lower than its cost-of-capital, then the firm will be better off by liquidating its assets and depositing the proceeds in a bank. Return on investment is also called rate of return or yield. Return on investment can be improved by decreasing expenses, by increasing profits and by speeding growth of the concerned organization.

As far as types of investment are concerned, the term investment can be used differently in economics and in finance. Economists refer to a real investment such as a machine, or a house, while financial economists refer to a financial asset such as money that is put into a bank or the market, which may then be used to buy a real asset.

In economics, investment is the production per unit time of goods which are not consumed but are to be used for future production. Examples include tangibles (such as building a railroad or factory) and intangibles (such as a year of schooling or on-the-job training). In measures of national income and output, gross investment (represented by variable I) is also a component to Gross Domestic Product (GDP) given in the formula GDP= C+ I+G+NX, where C is consumption, G is government spending, and NX is net exports. Thus, investment is everything that remains of production after consumption, government spending and exports are subtracted. Both non-residential investment (such as factories) and residential investment (such as new houses) combine to make-up I. Net-investment deducts depreciation from gross investment. It is the value of the net increase in the capital stock per year.

Investment, in its broadest sense, means the sacrifice of current dollars for future dollars. Two different attributes are generally involved: time and risk. Sacrifice takes place in the present and is certain. The reward comes later, if at all, and the amount of reward is generally uncertain (Gordon J. et al, 2001).

STATEMENT OF THE PROBLEM

A close perusal of the available literature shows that poverty and unemployment is so rampant and widespread in both urban and rural areas in the Region although the Region is endowed with rich agricultural resources such as mineral resources, immense water resources, large human resources and wide market potential which could form the basis for industrial and agro-industrial development. In addition the Region has a number of rivers and lakes that contain various resources and different species of fish. Moreover, there are ample potential for rare types of plantations like rubber trees that could have better industrial linkages. Timber production is also another area of great potential for industrial development. However, despite the size and variety of potential resources, there are only few resources based industries and agro-industries whose contribution to the Region's income and employment generation is insignificant. According to the information available in SNNPR investment bureau, there are lots of potentials to take up investment activities related to agriculture, industry and services in the Region. Even though the region is endowed with immense resources, the volume of investment attracted to the region is comparatively very low. To tackle this problem, the regional government has introduced the reform of liberalization in 1992 and established regional investment bureau in 1993 for the first time. The purpose of this study is, therefore, to assess the reasons why investors are not attracted to the region and give solutions to the possible set-backs. Moreover, it is designed to assess the status of investment in the region since 1993. It also attempts to assess whether introduction of the reform of liberalization has contributed to the growth of investment in the region.

OBJECTIVE OF THE STUDY

1.   To assess the development and growth of investment in the region, and its contribution to overall economic development,
2.   To assess the tendency of investment in the region and to find out reasons for the resulting impact.
3.   To assess the gains from liberalization on investment, if any, and
4.   To suggest some policy options for future improvement of the investment in the region.

RESEARCH METHODOLOGY

The research design adopted in this study is descriptive research. The researcher has used both the primary and secondary data. The primary data were collected from the employees of investment bureau and investors in the region using questionnaire method. The collected primary data were used to substantiate the information collected from secondary data. Secondary data were collected from investment bureau, Central Statistical Agency, National Bank of Ethiopia and National Investment Agency. The sample size was 51: 11 employees from regional investment bureau and 40 investors in the region. Sampling technique adopted were simple random sampling for employees and convenient sampling technique for investors. The data were analyzed using percentage analysis, ratios, tables, figures and charts.

RESULTS AND DISCUSSIONS

Investment Bureau of the region was set up, for the first time, in 1993 after the reform of liberalization. As there was no responsible body before the establishment of Investment Bureau in the Region, this study did not find any recorded data regarding the number of projects, invested capital in them and the number of employees working in those projects before 1993. Thus, the study is limited to the data between 1993 and 2011. Accordingly, as it can be seen in Table 3.1, in 1993 only 10 projects consisting of 1,573 employees were registered at the regional level. Even though the region is very vast with a population of 16.3 million (regional abstract, 2007), the number of projects registered in the region when investment bureau was set up for the first time were significantly low. Table 3.1 may be seen for more details such as the number of projects registered in the past 19 years (5,777), total registered capital for investment (108,585,540,369**)**, actual invested capital (5,906,507,951**)**, registered employment (1,321,130**)**, actual employment (217,269**)**, given land to investors in hectares (938,716**)** and developed land by investors in hectares (152,480**)**. In other words, in the past 19 years (1993-2011), the number of projects and registered capital were 5,777 and 108,585,540,369, respectively, and they were planed to create employment opportunities for 1,321,130 skilled and unskilled laborers when the projects start operation at full capacity.

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TABLE 3.1: NUMBER OF PROJECTS, CAPITAL, EMPLOYMENT, GIVEN AND DEVELOPED LAND

Budget year	No. of projects	Registered total Capital	Actual capital	Proposed employment	Actual Employment	Given land	Developed land
1993	10	39,627,733	7,147,288	1,573	85	2,357	71
1994	22	267,002,229	177,818,512	27,909	5,900	14,880	4,117
1995	49	257,272,128	193,191,562	7,878	3,490	15,605	1,039
1996	81	405,848,629	214,066,153	4,574	6,576	14,267	2,691
1997	155	479,312,716	357,671,695	14,780	12,115	9,241	1,505
1998	181	545,397,624	460,108,380	17,288	23,751	20,646	8,170
1999	151	3,215,958,003	317,848,797	14,881	15,755	12,143	4,053
2000	68	1,501,216,574	118,135,105	6,928	5,041	4,406	91,853
2001	30	207,068,625	265,004,882	2,566	3,702	5,411	1,385
2002	27	171,294,401	125,757,676	3,742	2,066	2,185	507
2003	85	1,366,939,309	518,875,464	3,800	5,473	6,319	1,627
2004	181	1,112,403,040	644,876,711	23,189	10,777	525,021	5,185
2005	282	1,385,685,140	547,730,938	75,069	13,250	10,715	3,336
2006	910	4,164,949,539	758,280,577	68,789	25,148	13,891	6,930
2007	926	7,045,473,211	652,239,589	165,711	53,258	28,376	4,473
2008	1408	21,068,985,364	327,678,974	470,040	21,049	187,847	12,171
2009	745	6,201,729,116	165,285,286	211,589	8,496	44,087	2,177
2010	296	13,524,698,724	52,790,362	55,718	1,323	19,449	1,190
2011	169	45,624,678,264	2,000,000	145,106	14	1,870	0
Total	5777	108,585,540,369	5,906,507,951	1,321,130	217,269	938,716	152,480

Source: Investment Bureau of SNNPRS

As it can be clearly seen from Table 3.1, in 1993 the number of projects registered with Investment Bureau when it was established was very low. However, the number of projects being registered with the newly established investment bureau went on increasing year after year until 1999, the time when conflict broke up between Ethiopia and Eritrea thereby resulting in possible declining of projects. Because of conflict, the number of projects went on declining up to 2003, the time at which the War of Badime (between Ethiopia and Eritrea) came to an end. After the completion of war, the number of projects being registered, year after year, went on increasing and reached peak in 2008, after which the number of projects started declining once again owing to the world financial meltdown that had incapacitated most world countries.

Column 3 and 4 in Table 3.1 indicate the registered total capital and actual invested capital. The registered capital is one which is proposed and shown by the investor in the investment proposal when the application is placed for the allotment of investment land. The actual invested capital is one which is actually invested by the investor after receiving a plot of investment land for the development of the same. When actually invested capital is compared to registered capital, only 5.44 percent of the registered capital has been actually invested. Actual investment is said to be too low as compared against the registered investment capital. This is because the investors during registration time used to show in their bank accounts the inflated and exaggerated amount of money, which they do not actually possess, thereby overstating the bank balance in their account often taking it from somebody until they show it to investment bureau for fulfilling the formality of getting investment land after which they may return the money back to the source they brought it from.

Table 3.1 also shows registered total employment and actual employment. When actual employment is compared against registered total employment, actual employment is 16.44 percent of registered total employment. According to information given from Investment Bureau, there were various reasons why the investment projects could absorb only the small amount of employees as compared against the registered total employment. The reasons are: 1) Investors have not yet started their investment projects because of shortage of investment fund, 2) Investors sold a plot of land, which they had received for investment, to others who may use them for some other purposes, 3) some of the investors are operating below their capacity because of shortage of investment finance to assist their projects, 4) Others are not using a full capacity for not getting market for their products. Looking thoroughly into the given land to investors for investment and developed land by the investors, it shows that investors are not developing all the land they received from Investment Bureau. For example, according to Table 3.1, investors have developed only 16.2 percent of investment land they received for investment.

TABLE 3.2: OWNERSHIP (1993-2011)

ownership	N0. of Projects	Total Capital	Actual Capital	Total Employ.	Actual employ.	Given land	Developed land
FDI	315	22768038105	67046892	255261	2443	55329	937
FDI/JV	185	12269996699	997882219	240669	12067	612779	7820
Govern.	11	3523399629	381488127	28672	30874	2779	675
Local	5266	70025282561	4460090712	796528	171885	267829	143046
Total	5777	108,586,716,994	5,906,507,950	1,321,130	217,269	938,716	152,478

Source: Investment Bureau of SNNPRS

Table 3.2 shows the ownership of investment projects since 1993 to 2011. Accordingly, the ownership is categorized into four, namely, Foreign Direct Investment (FDI), Joint Venture (JV), Government and Local Investors, which may be summarized as follows: 5.45 percent (315/5777) of the total investment is owned by foreign investors where as 3.2 percent (185/5777) is jointly owned by locals and foreigners. Furthermore, 0.19 percent (11/5777) is owned by the Government and 91 percent (5266/ 5777) is owned by local investors.

As it can be seen from Table 3.2, the actual capital invested by FDI is 0.29 percent, which is very insignificant amount. As far as actual employment by FDI is concerned, only 0.96 percent (which is less than one percent) of the total employment has been achieved. When comparison is made between the given land and the developed land, only 1.69 percent of the given land has been developed by FDI.

According to Table 3.2, investment by Joint collaboration is also very low. As a result, only 8.13 percent of the total capital is invested, 5.01 percent of the total employment is achieved and 1.28 percent of the total given land has been developed. When the government investment is concerned, 10.82 percent of the total capital has been invested in different areas. As far as employment is concerned, government's actual employment is higher than its proposed employment (107.7%) as actual performance demanded more employees. Developed land by government is 24.3 percent of the total land received by it for investment. As far as local investors are concerned, actually invested capital is 6.37 percent because of shortage of fund. The actual employment is 21.6 percent of the registered total employment. As far as the development of land by local investors is concerned, the developed land is 53.4 percent of the land they received for

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investment. Generally, under different ownership only 5.44 percent of capital and 16.44 percent of total employment have been achieved. As far as the total land development by ownership is concerned, only 16.24 percent has been developed by all investors in the region, so far.

TABLE 3.3: STATUS OF INVESTMENT PROJECTS IN THE REGION (1993-2011)

Status	No. of projects	Total Capital	Actual capital	Total Emp.	Actual Emp.	Given land	Dev'd land
Cancelled	371	4820105676	186250385	110735	7299	592147.64	3994.7525
Implementation	466	5530650997	615439698.7	119247	25120	61630.818	2592.9684
Missing	333	24772461892	0	346294	0	11770.93	0
Non-functional	781	4683156363	317789009	82566	8167	17085.353	96082.325
Operational	1190	6285996636	4536021506	188115	155274	89528.876	40571.025
Pre-Implement	2413	16609681376	249007352	325515	21395	164683.27	9236.8209
Registered	223	45884664055	2000000	148658	14	1869.7	0
Total	**5,777**	**108,586,716,994**	**5,906,507,951**	**1,321,130**	**217,269**	**938,716.58**	**152,477.8918**

Source: Tamra Tsega, No. 7, June 2008, p. 39

Table 3.3 shows the status of investment projects in the region. Accordingly, it shows active and non-active projects in the region. Active projects include newly registered projects (223), projects at the pre-implementation stage (2,413), projects at the implementation stage (466) and the projects at the operational stage (1,190). All active projects amount to 74.3 percent (4292/ 5777) of all the projects for which all investors were registered for. Non-active projects include cancelled projects (371), missing projects (333) and non-functional projects (781) and they totally amount to 25.7 percent (1485/ 5777). As non-active projects are not functioning and contributing, they should be reduced from the total amount of projects in order to remain with the active projects which can add value to growth and development of the region. The following Table 3.4 shows the status of active projects in the region.

TABLE 3.4: CURRENT REFINED STATUS OF ALL ACTIVE INVESTMENT PROJECTS IN SNNPRS

Status	No. of projects	Total Registered Capital	Actually invested capital	Total Registered Emp.	Actual Emp.	Given land	Actually Dev'd land
Implementation	466	5,530,650,997	615,439,698.7	119,247	25,120	61,630.818	2,592.9684
Operation	1190	6,285,996,636	4,536,021,506	188,115	155,274	89,528.876	40,571.025
Pre-Implement.	2413	16,609,681,376	249,007,352	325,515	21,395	164,683.27	9,236.8209
Newly Registered	223	4,5884,664,055	2,000,000	148,658	14	1,869.7	0
Total	**4292**	**74,310,993,064**	**5,402,468,557**	**781,535**	**201,803**	**317,712.66**	**52,400.8143**

Source: Refined information from Investment Bureau (SNNPRS)

According to Table 3.4, actually invested capital is 7.27 percent of the total registered capital. Actual employment is 25.8 percent of the total registered employment. Actually developed land is also low as 16.49 percent as compared with the given total land to investors. Here also we can see a gap between the registered and actual investment. The gap is created by the investors thereby giving the inflated figures to the investment bureau in order to just get investment land. It was also proved that after getting the investment land, their effort to develop it was too low (16.49%). Their effort to create job opportunities for locals is also very low (25.8%).

FINDINGS

- The status of investment in the region is significantly increasing post-liberalization. Thus, liberalization has a significant impact on the investment of SNNPRS.
- Even though there has been relative growth of investment in the region post-liberalization, the achieved growth of investment is not up to the mark when compared with the pervasiveness of the region because of: 1) shortage of skilled manpower, 2) lack of infrastructure, 3) ups and downs faced by investors to get investment land, 4) society is not clearly aware of benefits of investment and investors, 5) lack of coordination among pertinent and responsible bodies of investment at different levels (Woreda, Zone and Region).
- Prejudice and nepotism have served as possible set backs.
- Investment is sensitive to internal and external factors in the environment.
- The investment of the region, as the part of the investment of the world, felt the impact of financial meltdown in the world and used to decline after 2008.
- Total employment is dependent on the number of projects and the amount of capital invested. Accordingly, the number of workers in the investment of the region increased following the number of investment projects and invested capital.
- The findings of the study have revealed that the introduction of the reform of economic liberalization in the region has contributed to poverty reduction, investment expansion, income generation and employment creation, even though not up to the mark as compared to the broad area of the region.
- The technological backwardness, remoteness and lack of infrastructure have placed a significant impact on the expansion of investment of the region. In other words, if these facilities were adequate, there could have been more investment expansion than achieved currently.
- This study also uncovered that there has been corruption by the municipality authorities in connection with the allotment of investment land to the potential investors in the cities. According to the study findings, such misbehaviors are taking place repeatedly because no stringent actions are taken on those who are involving themselves in such misconducts. As a result, it served as a set back to the attraction of investors to the region, albeit hard effort was made.
- The socio-cultural environment has a significant impact on investment expansion in the region because the region consists of many diversified cultures as it constitutes more than 56 nations and nationalities having their own golden cultures, which should be really appreciated.
- The study also revealed that at the time of this study, there was no bank loan to investors to expand their investment projects, and the lack of loan facility contributed to fast declining of investors' numbers and investment projects.

CONCLUSION

Status of investment in the region is increasing during post-liberalization period because of conducive environment for investment. The regional government is also highly promoting investment activities in order to attract more and more investors to the region even though its contribution to the attraction of FDI and JV is relatively very low (less than 10%). Internal and external factors have their own effects on the expansion of investment. Internal factors include aspects like corruption, prejudice, nepotism, infrastructure, shortage of skilled manpower, intra-conflict with different ethnic groups and others relevant to the expansion of investment. External factors, on the other hand, include the aspects like war and availability of funds from financial institutions. The world financial meltdown had its impact on the expansion of investment in the region. Because of its effect, the financial institutions arrested their loans to investors, which badly affected the growth and development of investment in the region starting from 2008 because most local investors do not have sufficient capital of their own and were highly dependent on loans from financial institutions.

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APPENDIX

APPENDIX 1: QUESTIONNAIRE

The aim of this questionnaire is to collect the needed information from primary sources for the research to be conducted under topic of "The Impact of Liberalization on Investment of Southern Nation, Nationalities and Peoples Regional State (SNNPRS). Information you provided to the researcher is believed to have a great value for the success of the research under consideration. The information is to be used for academic purpose and will be strictly kept confidential. Kindly requesting you to give genuine response to all the questions set hereunder. I am very grateful to your cooperation.

Responses to be collected from the employees of investment bureau: tick in the appropriate space.
1. Personal profile a) Male _____ b) Female _____
2. Marital status   a) single_____ b) Married _____ c) Divorced_____
3. Educational Status a) 12th complete b) Diploma c) BA Degree D) Masters and above.
4. Age profile   a) 20-30   b) 31-40   c) 41-50   d) 51-60   e) 61-70.
5. Even though there is a relative growth of investment in the region after the reform of liberalization, its growth is not sufficiently enough as compared to the pervasiveness of area of the region and availability of abundant resources.
        a)   I strongly agree b) I do not agree
6. If your answer to the above question is "I strongly agree" then, what are the possible reasons that slowed its growth?

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   a)   Shortage of skilled manpower in the region.
   b)   Ups and downs faced by investors to get investment land
   c)   Society's lack of awareness about investment and investors
   d)   Shortage of good infrastructure
   e)   There is no coordination among pertinent bodies
   f)   All of the above are reasons for slow development

7.   Has an economic liberalization brought about any significant growth on the investment of the region?
     a) Yes   b) No   c) I do not know.
8.   If liberalization contributed to bring any significant growth on investment of the region, which sector has significantly realized that growth?
     a) Service sector   b) Agricultural sector
9.   Is there any support given to investors to attract as well as retain them in the   region?
     a) Yes   b) No   c) Partly.
10. If support is said to have been given to investors by the Regional Government, what types of support are given?
     a) Helping them to get investment license soon.
     b) Assisting them to get investment plot rapidly and freely.
     c) Improving the infrastructure of the region
     d) Introducing better technology and communications to rapidly
     e) Exchange latest and relevant information regarding investment.
     f) All the above types of supports are given to investors.
11. Is the allotment of land for investment fair and without any prejudice and nepotism?
     a) Yes   b) No   c) I do not know.
12. Has the economic liberalization contributed to expansion of Investment, income, and employment in the region?
     a) Yes   b) No   c) I do not know
13. Did socialist outlook that took place during the former government have bad effect on investors thinking, attitude and interest creating worry that the country shall take up the socialist principle once again and nationalize their property as it had happened during the Derg Regime?
     a) Yes   b) No   c) I do not know.
14. Does financial crisis of the world have any impact on the investment of the SNNPRS?
     a) Yes   b) No   c) Partly.
15. Banks are restricted in giving credit facilities to investors, following the   financial crisis of the world. Does this have any impact on development of investment in the region?
     a) Yes   b) No   c) Partly.
16. Is there any impact of shortage of saving on   investment creating shortage of capital?
     a) Yes   b) No   c) I do not know.
17. Does technological backwardness have any impact on expansion of investment of the region?
     a) Yes   b) No   c) I do not know.
18. Does infrastructure play any significant role on investment potential in the remote areas of the region?
     a) Yes, good infrastructure is a motor of investment
     b) No, it has no significant impact at all
     c) I do not know
19. Does distance between the region, capital city and international airport matter the growth and development of investment in the region?
     a) Yes   b) No   c) I do not know.
20. Investors are heard complaining that there is corruption in association with the allotment of investment land to the potential investors? Do you agree?
     a) Yes, I do agree   b) No, I do not agree   c) Occasionally
21. Was there any effort to introduce and create awareness about investment potentials in the region?
     a) Yes   b) No   c) Occasionally.
22. After the allotment of investment plot, is there any controlling mechanism to see whether the investors are running and pursuing their investment projects according to the stipulated plans?
     a) Yes   b) No   c) Occasionally.
23. As the region consists of many diversified cultures, does socio-cultural environment play any significant role on the expansion of investment of the region?
     a) Yes   b) No   c) I do not know.
24. Does increasing the volume of import has any significant impact on investors that produce import-substitute products?
     a) Yes   b) No   c) I do not know.
25. Does the quality of investors product produced in the region have any significant impact on the expansion of the regional investment?
     a) Yes   b) No   c) I do not know.
26. Is there any organized communication facility to exchange the relevant information with the pertinent bodies?
     a) Yes   b) No   c) I do not know.
27. Is there any organized coordination of relevant bodies of investment at Regional, Zonal and Woreda level to bring out effect investment?
     a) Yes   b) No   c) I do not know.

Responses to be collected from investors:
28. Are you currently getting bank loan facilities (debt financing) to finance your investment?
     a) Yes   b) No
29. If your answer to Question '24' is No, then do have your own sufficient savings to finance/ fund your investment projects currently?
     a) Yes   b) No
30. If your answer to question '25' is No, it is difficult to carry on investment. Then, what measures would you take at this point?
     a) I will, somehow, continue my operation of investment.
     b) I will quit my investment operation until the loan is permitted once again.
31. Which of the applicants get the investment land facility soon for their investment operation if they apply for?
     A) Men   b) Women
32. If your answer to question number '27' is "women", which age group of the women benefited investment facilities in the region as compared to men?
     a) 20 – 40 b) 41 – 65   c) All received equal consideration

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APPENDIX 2: TABLES PREPARED FOR COLLECTION OF PRIMARY DATA FROM TARGET RESPONDENTS

TABLE 3.5: PERSONAL PROFILE OF INVESTMENT BUREAU EMPLOYEES

Respondents	Frequency	Percent
Male	10	91
Female	1	9
Total	11	100

Source: computed from the survey data

TABLE 3.6: MARITAL STATUS OF INVESTMENT BUREAU EMPLOYEES

Respondents	Frequency	Percent
Married	9	82
Unmarried	2	18
Total	11	100

Source: computed from the survey data

TABLE 3.7: EDUCATIONAL STATUS OF INVESTMENT BUREAU EMPLOYEES

Respondents	Frequency	Percent
12th complete	1	9.1
Diploma	1	9.1
BA Degree	7	63.6
Masters Degree	2	18.2
Total	**11**	**100**

Source: computed from the survey data

TABLE 3.8: AGE PROFILE OF INVESTMENT BUREAU EMPLOYEES

Respondents	Frequency	Percent
20 -30	-	-
31 - 40	6	54.5
41 - 50	4	36.4
51 -60	1	9.1
61- 70	-	-
Total	**11**	**100**

Source: computed from the survey data

TABLE 3.9: STATUS OF GROWTH OF INVESTMENT IN THE REGION

1. Even though there is a relative growth of investment in the region after the reform of liberalization, its growth is not sufficiently enough as compared to the pervasiveness of area of the region and availability of abundant resources.	Frequency	Percent
I strongly agree	9	82
I do not agree	2	18
I do not know about it.	-	-
Total	**11**	**100**

Source: computed from the survey data

TABLE 3.10: RESPONSIBLE PROBLEMS FOR SLOW GROWTH OF INVESTMENT

2. If your answer to the above question is "I strongly agree" then, what were the possible reasons that slowed down its growth?	Frequency	Percentage
Shortage of skilled manpower in the region.	-	-
Ups and downs faced by investors to get investment land	-	-
Society's lack of awareness about investment and investors	1	9
Shortage of good infrastructure	1	9
There is no coordination among pertinent bodies	2	18
All of the above are reasons for slow development	7	64
Total	**11**	**100**

Source: computed from the survey data

TABLE 3.11: ACHIEVED GROWTH BECAUSE OF LIBERALIZATION

3. Has an economic liberalization brought about any significant growth on the investment of the region?	Frequency		Percentage
Yes	10		91
No	1		9
I do not know	-	-	-
Total	**11**	**11**	**100**

Source: computed from the survey data

TABLE 3.12: THE SECTOR THAT HAS REALIZED INVESTMENT GROWTH BECAUSE OF LIBERALIZATION

4. If liberalization contributed to bring about any significant growth on investment of the region, which sector has significantly realized that growth?	Frequency	Percent
Service sector	8	73
Agricultural sector	3	27
Total	**11**	**100**

Source: computed from the survey data

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TABLE 3.13: SUPPORT GIVEN TO THE INVESTORS BY THE REGION

5. Is there any support given to investors to attract as well as retain them in the region?	Frequency		Percentage
Yes	10		91
No	-		-
Partly	-	1	9
Total	**11**	**11**	**100**

Source: computed from the survey data

TABLE 3.14: TYPES OF SUPPORT GIVEN TO INVESTORS IN ORDER TO ATTRACT OR RETAIN THEM

6. If support is said to have been given to investors by the Regional Government, what types of support were given?	Frequency	Percent
Helping them to get investment license soon.	1	9
Assisting them to get investment plot rapidly and freely.	1	9
Improving the infrastructure of the region	1	9
Introducing better technology and communications to rapidly exchange latest and relevant information regarding investment.	1	9
All the mentioned supports were given to investors.	7	64
Total	**11**	**100**

Source: computed from the survey data

TABLE 3.15: ALLOTMENT OF LAND FOR INVESTMENT

7. Is the allotment of land for investment fair and without any bias, prejudice and nepotism?	Frequency		Percentage
Yes	2		18
No	8		73
I do not know	-	1	9
Total	**11**	**11**	**100**

Source: computed from the survey data

TABLE 3.16: CONTRIBUTION OF LIBERALIZATION TO GROWTH AND DEVELOPMENT OF INVESTMENT

1. Has the economic liberalization contributed to expansion of Investment, income, and employment in the region?	Frequency		Percentage
Yes	10		91
No	1		9
I do not know	-	-	-
Total	**11**	**11**	**100**

Source: computed from the survey data

TABLE 3.17: POSSIBLE WORRY ON THE SIDE OF INVESTORS REGARDING INVESTMENT

2. Did socialist outlook that took place during the former government have bad effect on investors thinking, attitude and interest creating worry that the country shall take up the socialist principle once again and nationalize their property as it had happened during the Derg Regime?	Frequency	Percentage
Yes	3	27
No	2	18
I do not know	- 6	55
Total	**11** **11**	**100**

Source: computed from the survey data.

TABLE 3.18: THE IMPACT OF THE WORLD FINANCIAL MELTDOWN ON THE INVESTMENT OF THE REGION

3. Does financial crisis of the world have any impact on the investment of the SNNPRS?	Frequency		Percentage
Yes	10		91
No	1		9
partly	-	-	-
Total	**11**	**11**	**100**

Source: computed from the survey data

TABLE 3.19: RESTRICTION OF BANKS TO GIVE LOAN FACILITY TO INVESTORS.

12. Banks have restricted in giving credit facilities to investors, following the financial crisis of the world. Does this have any impact on development of investment in the region?	Frequency	Percentage
Yes	11	100
No	-	-
partly	- -	-
Total	**11** **11**	**100**

Source: computed from the survey data

TABLE 3.20: THE CULTURE OF SAVING

13. Is there any impact of shortage of saving on investment, creating shortage of capital?	Frequency		Percentage
Yes	10		91
No	1		9
I do not know	-	-	-
Total	**11**	**11**	**100**

Source: computed from the survey data

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TABLE 3.21: BACKWARDNESS IN TECHNOLOGY

14. Does technological backwardness have any impact on expansion of investment of the region?	Frequency		Percentage
Yes	11		100
No	-		-
I do not know	-	-	-
Total	**11**	**11**	**100**

Source: computed from the survey data

TABLE 3.22: DISTANCE BETWEEN THE REGION AND THE CAPITAL CITY AND INTERNATIONAL AIRPORT OF THE COUNTRY

16. Does distance between the region, capital city and international airport matter the growth and development of investment in the region?	Frequency		Percentage
Yes	7		64
No	3		27
I do not know	-	1	9
Total	**11** **11**		**100**

Source: computed from the survey data

TABLE 3.23: CORRUPTION AND ITS IMPACT ON GROWTH OF INVESTMENT IN THE REGION

17. Investors are heard complaining that there is corruption in association with the allotment of investment land to the potential investors? Do you agree?	Frequency	Percentage
Yes, I do agree	6	54
No, I do not agree	-	-
Occasionally	- 5	46
Total	**11** **11**	**100**

Source: computed from the survey data

TABLE 3.24: EFFORT TO CREATE INVESTMENT AWARENESS

18. Was there any effort to introduce and create awareness about investment potentials in the region?	Frequency		Percentage
Yes	11		100
No	-		-
Occasionally	-	-	-
Total	**11**	**11**	**100**

Source: computed from the survey data

TABLE 3.25: FOLLOW-UP MECHANISM AFTER THE ALLOTMENT OF INVESTMENT PLOT

19. After the allotment of investment plot, is there any controlling mechanism to see whether the investors are running and pursuing their investment projects according to the stipulated plans?	Frequency	Percentage
Yes	8	73
No	3	27
Occasionally	- -	-
Total	**11** **11**	**100**

Source: computed from survey data

TABLE 3.26: SOCIO-CULTURAL ENVIRONMENT OF INVESTMENT

20. As the region consists of many diversified cultures, does socio-cultural environment play any significant role on the expansion of investment of the region?	Frequency	Percentage
Yes	8	73
No	3	27
I do not know	- -	-
Total	**11** **11**	**100**

Source: computed from survey data

TABLE 3.27: INCREASING THE VOLUME OF IMPORT

21. Does increasing the volume of import has any significant impact on investors that produce import-substitute products?	Frequency		Percentage
Yes	8		73
No	3		27
I do not know	-	-	-
Total	**11**	**11**	**100**

Source: computed from survey data

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TABLE 3.28: QUALITY OF THE INVESTORS' PRODUCT

22. **Does the quality of investors product produced in the region have any significant impact on the expansion of the regional investment?**	Frequency	Percentage
Yes	8	73
No	1	9
I do not know	- 2	18
Total	**11 11**	**100**

Source: computed from survey data

TABLE 3.29: AVAILABILITY OF COMMUNICATION FACILITIES TO EXCHANGE INFORMATION BETWEEN THE PERTINENT BODIES REGARDING INVESTMENT

23. Is there any organized communication facility to exchange the relevant information with the pertinent bodies?	Frequency	Percentage
Yes	7	64
No	3	27
I do not know	- 1	9
Total	**11 11**	**100**

Source: computed from survey data

TABLE 3.30: COORDINATION BETWEEN PERTINENT BODIES REGARDING INVESTMENT

23. **Is there any organized coordination of relevant bodies of investment at Regional, Zonal and Woreda level to bring out an effective investment?**	Frequency	Percentage
Yes	-	-
No	11	100
I do not know	- -	-
Total	**11 11**	**100**

Source: computed from survey data

TABLE 3.31: LOAN FROM BANKS TO FINANCE INVESTMENT

24. Are you currently getting bank loan facilities (debt financing) to finance your investment?	Frequency	Percentage
Yes	-	-
No	40	100
Total	**11 40**	**100**

Source: computed from survey data

TABLE 3.32: EQUITY FINANCING

25. **If your answer to Question '24' is No, then do have your own sufficient savings to finance/ fund your investment projects currently?**	Frequency	Percentage
Yes	-	-
No	40	100
Total	**11 40**	**100**

Source: computed from survey data

TABLE 3.33: DECISION ON INVESTMENT

26. **If your answer to question '25' is No, it is difficult to carry on investment. Then, what measures would you take at this point?**	Frequency	Percentage
a) I will, somehow, continue my investment.	-	-
b) I will quit my investment operation until the loan is permitted once again.	40	100
Total	**11 40**	**100**

Source: computed from survey data

TABLE 3.34 BENEFICIARIES OF INVESTMENT OPPORTUNITIES

27. Which of the applicants get the investment land facility soon for their investment operation if they apply for?	Frequency	Percentage
a) Men	10	25
b) Women	30	75
Total	**11 40**	**100**

Source: computed from survey data

TABLE 3.35: AGE GROUP OF THE BENEFICIARIES

28. **If your answer to question number '27' is "women", which age group of the women benefited investment facilities in the region as compared to men?**	Frequency	Percentage
a) 20 - 40	30	75
b) 41 – 65	10	25
c) All received equal consideration	-	-
Total	**11 40**	**100**

Source: computed from survey data

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HUMAN RESOURCE MANAGEMENT PRACTICES AND ITS OUTCOMES IN INDIAN PUBLIC SECTOR BANKS

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ABSTRACT

The purpose of this study is to find out the Human Resource Management Practices (HRMP) and its outcomes viz. job satisfaction and organizational commitment in Indian public sector banks. HRMP have been studied extensively among manufacturing, service and small medium enterprises. However, only a few studies have addressed the banking industry. Surprisingly, the research studies of this nature have rarely been conducted to assess HRMP and its outcomes in banking environment. Through the survey method by the use of a structured questionnaire designed to test employee's perceptions, the data were collected. Three public sector banks in India extended cooperation for this study It was targeted to elicit 600 responses from the Indian Public Sector Banks' employees- 200 from each of the banks. Confirmatory factor analysis, Cronbach alpha, Stepwise Multiple Regression and Structural equation model (Path analysis) were used for various analyses of this study. HRMP are significant predictors of Job Satisfaction and Organizational Commitment; Job Satisfaction dimensions also significantly predict Organizational Commitment; HRMP lead to Job Satisfaction and Organizational Commitment.

KEYWORDS

Human Resource Management, Job Satisfaction, Organizational Commitment.

INTRODUCTION

The rising importance of people to the very success of the business is causing businesses to regard specific human resource (HR) concerns as people-related business issues. It seems unlikely that organizations will survive in an increasingly competitive environment if they ignore people related business concerns (Schuler and Walker, 1990). Progressive organizations worldwide have treated their people as their most important asset and probably have therefore become what they are today. Since people are becoming such a critical factor, in the future, the winning organizations will be those that are able to manage their human resources effectively (Dumanie, 1993).

Many researchers have pointed out that Human Resource Management Practices impact on the outcomes such as employee satisfaction, employee commitment, employee retention, employee presence, social climate between workers and management, employee involvement, employee trust, employee loyalty, organizational fairness [Edgar and Geare (2005*); Paauwe and Richardson (1997); and Storey (1989)]. Some of the authors indicate that these outcomes and HRM Practices can lead to a firms performance such as profits, market value of the company, market share, increase in sales, productivity, product service quality, customer satisfaction, development of products/services and future investments.

Organizations the worlds over are now confronted with major challenges arising out of globalization, concern for profitability, and rapid technological advancements coupled with the emergence of the new intellectual capital. Organizational survival and success will invariably depend on how they respond to these challenges. For effective management response, organizations have to evolve internal capabilities for enhancing speed, quality, learning and building employee competencies. Human Resource Management (HRM) is fundamental to generating and affecting these capabilities. This has been the experience of world-class organizations. As Ulrich (1998), a renowned human resource researcher and commentator say: Human resources have never been more necessary. The competitive forces that managers face today and will continue to confront in the future demand organizational excellence. The efforts to achieve such excellence through a focus on learning, quality, teamwork, and reengineering are driven by the way organization get things done and how they treat their people. These are fundamental issues. To state it plainly organizational excellence must be the work of HR.

Over the years, organizations the world over have become aware of the importance of Human Resources. Many countries are becoming increasingly aware of the need to involve people through participation, empowerment, better access and opportunity. The real life experiences substantiate the assumption that no matter how sophisticated and modern the business activates of the organization may become, it will find it extremely difficult to sustain its growth and effectiveness unless human resources are complimentary to its operations.

REVIEW OF LITERATURE

Human Resource is the most important assets in the service organization than manufacturing organization and improvement has to be linked more strongly to the people issues (Boselie and Wiele, 2002). In management terms human resources refers to the traits people bring to the workplace-intelligence, aptitudes, commitment, tacit knowledge and skills, and the ability to learn. But the contribution of this human resource to the organization is typically variable and unpredictable. This indeterminacy of a resource the "most vexatious of assets to manage" (Fitz-enz, 2000). Human resource differs from other resources, partly because individuals are endowed with various levels of ability (including aptitudes, skills and knowledge), with differences in personality traits, gender, role perception and experience, and partly as a result of differences in motivation and commitment (Braton and Gold, 2003). Guest (2001) studied four areas of HRM practice – good and safe working conditions, training and development, equal employment opportunities, and recruitment and selection. These areas of HRM were selected because they have previously been identified as those likely to have the greatest impact on employee behavior and attitudes.

In the research by Edgar and Geare (2005) statistically significant results were obtained between HRM practice and employee attitudes. HRM practice (for the areas of good and safe working conditions, training and development, and recruitment and selection) and three employee attitudes (organizational commitment, job satisfaction and organizational fairness).

Storey (1989) identified that HRM models, whether British or American, commonly assert that employees should be regarded as valued assets and that there should be an emphasis on commitment, adaptability and consideration of employees as a source of competitive advantage. Researchers have examined three employee work-related attitudes – organizational commitment, job satisfaction and organizational fairness. These attitudes are generally considered to be desirable outcomes that result from the use of soft HRM (Meyer and Smith, 2000; Guest, 1997).

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Authors like Reichheld (1996) and Pfeffer (1998) have recognized the role of human Resource Management (HRM) and the importance of organizational characteristics in the creation and maintenance of employee work attitudes such as organizational commitment. These authors argue that organizations that pursue a strategy of increasing employee commitment gain competitive advantage over other organizations that do not follow a similar strategy. Reichheld (1996) in his book "The loyalty Effect", states that organizations that exhibit loyalty to their customer, employees and investors realize growth and profit that support a competitive advantage. He argues that when employees are satisfied with their organization, they will in turn show loyalty to the organization and will ensure that the organization's services or products satisfy the customer. As satisfied employees tend to stay with an organization, the organization will save costs on recruiting and training new employees as loyal employees remain with the organization. He cites several examples of companies that have pursued strategies of attracting, developing and re-training competent employees as evidence that loyalty to employees can be a powerful source of competitive advantage.

As both Reichheld's (1996) and Pfeiffer's (1998) books lack empirical evidence to support their arguments, there arises a need for researchers to produce more empirical evidence to support the proposed link between management practices and positive organizational outcomes. Meyer and Allen (1997), in their book "commitment in the workplace: Theory, research and application" describe several empirical studies which have shown a positive relationship between organizational practices, organizational commitment and desirable outcomes such as performance, organizational citizenship behaviour, turnover, adaptability and job satisfaction.HRM comprises a set of policies designed to maximize organizational integration, employee commitment, flexibility and quality of work (Guest, 1987).

Banking is in the service industry and delivers its service across the counter to the ultimate customer. The activities of banking industry are all about "relationship". Hence, banking industry must strive for providing better services to the customer with a smile in order to cultivate and maintain long lasting relationship with their customers. Notwithstanding the level of technology, banking is primarily a labour intensive service sector, hence it will not be possible for the banks to sustain effectiveness unless human resource management is given prime importance because the technology is only an aid to human effort and not a substitution there of. If the technology is the equalizer, then the human capital shall be the differential in future (Sangwan, 2005).

Only one asset holds the power to differentiate banks in the competitive environment i.e. a dedicated, productive and innovative workforce. No longer can an organization afford to underestimate and demoralize their workforce to succeed at the expense of those who help and make success possible. Respect human dignity and have faith in every employee as resource and potential asset while achieving organizational objectives efficiently. In short, banks have to invest in their work force.

HRM AND JOB SATISFACTION

"Some of our people have not had much formal schooling", states Jan Rasmussen, corporate vice-president for human resources ISS, one of the world's largest facilities management companies. He adds, "So through training we can develop their intellectual ability as well as giving them job skills. It has a major impact on employee satisfaction". Employee satisfaction, according to ISS, comes from showing that you care about people at work (Marion, 1996)

Srivastava (2004) stated in Fanie Mae case analysis that Fanie Mae's HR Policies and practices were quite successful as they had positive impact on organizational performance. The company benefited in the form of low employee turnover, less inter group conflict, faith and trust in the group and teams, higher job satisfaction, positive community image.

As Santrupt (2003) Director, Birla Management Corporation pointed out, HR's contribution can be measures, and people do measure it. One of the ways is employee satisfaction.

Boselie and Wieles (2002) study, in the Ernst & Young, an international organization with accounting activities and consultancy on tax issues, had 2,300 respondents and found that positive perceptions of individual employees on the HRM practices leads to a higher level of satisfaction and less intention to leave the organization.

Eskildsen and Nussier (2000) conducted a study among the Danish companies. This was done through a questionnaire survey collecting data from 215 Human Resource managers from Denmark. The result of the study was that HRM practices effect on employee satisfaction and loyalty.

According to Sangwan (2005) better Human Resource Management lead to satisfied employees.

Jackson and Schuler (1992) described in their integration framework employee satisfaction is one of the HRM outcomes.

HRM is strategic in its compass, it involves all managerial personnel, it regards people as the most important single asset of the organization and it seeks to enhance company performance, employee needs and social well-being. It comprises a broad area of focus and carries with the ideal of increasing the sum of human satisfaction at a variety of levels (Poole, 1999).

HRM AND ORGANIZATIONAL COMMITMENT

The Harvard concept stresses that HRM should lead to employee commitment – not simply as a means to employer objectives of improved productivity and profits, but because "the fulfillment of many employee needs is taken as a goal rather than merely a means to an end" (Walton, 1985).

High levels of employee commitment have also been found to be related to the use of "appropriate" HRM practice (Guest, 2002), and results from investing in HRM practices, which benefit employees.

According to Ulrich (1998) HRM increases employee contribution; that is, employees' commitment to the organization and their ability to deliver results.

Lately researchers have begun to focus their attention on the moderating effect of human resources management practices on organizational commitment (lles, Mabey and Robertson, 1990; Graetner and Nollen, 1992; Meyer and Allen, 1997; Meyer and Smith 2000; McElroy, 2001).

The relationship between a variety of HRM practices and organizational commitment has been investigated (McElroy 2001; Meyer and Herscovich, 2001; Whitener, 2001). McElroy (2001) argues that it is natural that HRM practices would influence organizational commitment, as they are concerned with the management of people. He points out that organizations that do not select the right employees to begin with, may not be able to keep these employees in the end because of low employee morale arising from a poor job fit. He also contends that organizations that do not socialize new employees into their jobs and/or the organization may not be able to cultivate from them a sense of loyalty and commitment to the organization.

Employee commitment may be more important in certain business environment than in others. Commitment is more likely to be a goal of HRM in the service sector than in other sectors because committed employees are important for customer loyalty and satisfaction (Hall, 1993; Heskkett, Sasser, and Schlesinger, 1997; Maister, 1997).

JOB SATISFACTION AND ORGANIZATIONAL COMMITMENT

According to Lok and Crawford (1999) Satisfaction with the level of control over working environment had the highest correlation with the level of commitment. The sample consisted of 251 nurses drawn from seven large hospitals located in the Sydney metropolitan region.

The effects of satisfaction of human resource practices on organizational, professional, and union commitment were examined by Bergmann, Lester, De Meuse, and Grahn (2000). About 450 nurses who participated in a national education workshop were contacted. Satisfaction with human resource practices and employee empowerment exhibited a strong relationship with organizational commitment. More specifically, their satisfaction with advancement and growth opportunity, salary and organizational policies were positively related to organizational commitment. As the HR practices were organization specific, professional commitment had no such relation with the said human resource practices.

Lawson and Paul (1996) found that Job satisfaction does seem to impact on a pharmacist's commitment to the department and that the direction is as might have been hypothesized in that more satisfied pharmacists were more committed. They examined the level of organizational commitment of hospital-based pharmacists in Perth, Western Australia.

The results of the study by Andrew (2000) indicate that job satisfaction has a relationship with organizational commitment. Two locations of a national restaurant chain in Southern Nevada participated in this study, providing a pool of 102 responses.

Relatively, there is still very limited research that supports the argument that Human Resource Management practices can affect the level of commitment and employee satisfaction. Given this situation it is imperative that more research is done around this area. Surprisingly research studies on Human Resource

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Management practices and its effects on employee satisfaction and commitment in banks, in India are lacking. Against this background, it was felt that there is a need for the study of HRM practices and its outcome in banks. The present study therefore aims to study HRM practices and it's outcomes of Public sector Banks in India.

PROBLEM OF THE STUDY

The present study focus is on HRM practices and its outcome in Indian Public Sector Banks. The above literature express that there are very few studies on HRM Practices and outcomes and none study HRM Practices and Outcomes in Indian Public Sector Banks (IPSBs). Therefore this study attempts to fulfill the above gap. The HRM practices comprise Staffing, Training, Compensation, Performance Appraisal, and Employee Relations for this study. Job satisfaction and organizational commitment are the outcomes of HRM practices.

OBJECTIVES

The following objectives have been made in this study:
- To find out the effect of HRM Practices on job satisfaction in Indian Public Sector Banks.
- To study the effect of HRM Practices on organizational commitment in Indian Public Sector Banks
- To assess the effect of job satisfaction on organizational commitment in Indian Public Sector Banks
- To examine the relationship among HRM practices, job satisfaction and organizational commitment in Indian Public Sector Banks.

HYPOTHESES

The present study is undertaken with the following hypotheses:
H1: HRM practices will not significantly effect on job satisfaction.
H2: HRM Practices will not significantly effect on organizational commitment.
H3: Job Satisfaction will not significantly effect on organizational commitment
H4: There is no significant relationship among HRM Practices, job satisfaction and organizational commitment in Indian Public Sector Banks.

METHODOLOGY

The research under study is sought to measure the job satisfaction and organizational commitment among employees in relation to their HRM practices. For confidential purpose the researcher does not disclose the names of the banks, which are studied in India.

SAMPLES

Three public sector banks in India were selected to study the employee's perceptions of HRM practices and its outcome. The sample of the present study consists of 449 respondents. The respondents were selected by a multi-stage sampling procedure. They are working in different departments of the Branches and Regional offices of the Banks. There were totally 600 questionnaires distributed and 281 filled in valid questionnaire were received back and used in the study. The response rate of the questionnaire survey was 75 percent.

MEASURES

The data were collected by the use of structured questionnaire containing eighty- six questions. It was designed to enable us to test employees' perceptions about HRM Practices (Staffing, Training, Compensation, Performance appraisal and Employee relations), Job satisfaction (Intrinsic reward satisfaction, Extrinsic reward satisfaction and Social reward satisfaction) and organizational commitment (Affective commitment, Continuance commitment and Normative commitment). The following instruments were used in a survey to measure the variables in the study.

HRM PRACTICES

HRM practices used 50 items (Staffing-9, Training-13, Compensation-12, Performance appraisal-10 and employee relations-6). The Researcher constructed these items based on tested questionnaire and HRM theory. Tested items have been drawn from Barbara (2003), in her PhD (Athens University of Economics & Business, Greece) titled transfer of HRM practices in Multinational companies , Stenson (1998) in his PhD (University of South Australia) titled HRM practices in Singapore based firms, Wagar, (2003) in his study (Saint Mary's University, Canada) titled HRM and organizational Change, Edel (2003), Relating career stage to attitudes towards HR practices and Commitment: Evidence of Interaction Effects?, Dublin City University, Dublin. Five point likert scales was utilized ranging from 1: strongly disagree to 5: strongly agree.

ORGANIZATIONAL COMMITMENT

Meyer, Allen, and Smith (1993) organizational commitment scale consisting eighteen items was utilized with a five-point response pattern ranging from 1: Strongly disagree to 5: Strongly agree. It comprises three dimensions (Affective commitment-6, Continuance commitment-6 and Normative commitment-6).

EMPLOYEE SATISFACTION

The items for the questionnaire were constructed from existing measures, (Michigan organizational Assessment questionnaire) developed by Cammann, Fchman, Jenkins, and Klesh (1979) and other studies by Seashore, Lawler, Mirvis, and Cammann (1982). It consist 9 items (Intrinsic reward satisfaction-3, extrinsic reward satisfaction-3 and social reward satisfaction-3). It is scaled seven-point pattern ranging from 1: Very dissatisfied to 7: Very satisfied.

ANALYSIS AND DISCUSSION

The data was analyzed by using Statistical Package for Social Sciences (SPSS) and AMOS. To find out the reliability and validity of the collected data, significance of relationship between variables and significance of influence of predictors on the criterion variables, statistical tests such as Cronbach Alpha, Confirmatory Factor Analysis. Regression Analysis and Path Analysis were used.

RELIABILITY AND VALIDITY

Cronbach alpha is a measure for the internal consistency of the items that together cover the specific factor. The alpha coefficient were computed for aggregate sample (N=449). It could be observed that most of the alpha values are more than 0.65

The aggregate data collected from all the 449 respondents from public sector banks by using HRM practices scale, job satisfaction scale and organizational commitment scale were factor analyzed to know its internal structure and the grouping of items. This analysis was conducted by using Confirmatory Factor Analysis (CFA) with the help of AMOS. The goodness of fit index for the above scales are close to 0.90 therefore it indicates adequate fit.

HYPOTHESIS TESTING

HYPOTHESIS 1: HRM PRACTICES WILL NOT SIGNIFICANTLY EFFECT ON JOB SATISFACTION

A step wise multiple regression analysis was conducted with employee satisfaction as the dependent variable and dimensions of HRM Practices as the independent variable to PSB. Table 1 illustrates the results of multiple regressions with employee satisfaction as the dependent variable and dimensions of HRM Practices as the independent variable to PSB in India. The model indicates a strong prediction of the dependent variable R^2 of 0.27 and a F-value 55.35 (p<0.001) with three independent variables: Compensation, Training, and Performance appraisal.

It is concluded from this analysis that high scores of HRM construct (Compensation, training, and performance appraisal lead to high scores on employee satisfaction.

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TABLE 1: RESULTS OF MULTIPLE REGRESSION ANALYSIS WITH SATISFACTION AS DEPENDENT VARIABLE AND HRM PRACTICES AS PREDICTOR VARIABLES TO PUBLIC SECTOR BANKS

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	F- value	P-value
1	.477(a)	.228	.226	.7022			
2	.508(b)	.258	.254	.6891			
3	.521(c)	.272	.267	.6834	1.813	55.35	0.000

a Predictors: (Constant), Compensation
b Predictors: (Constant), Compensation, Training
c Predictors: (Constant), Compensation, Training, Performance appraisal
d Dependent Variable: Satisfaction

Thus, compensation emerged as the most significant variable in explaining the variance in employee satisfaction and the other noteworthy variables are training and performance appraisal in PSB of India.

It is of interest to note that only three dimensions of HRM practices emerged as the predictor of employee satisfaction in the case of PSB in India.

Hence the Hypothesis 1: "H1: HRM practices will not significantly effect on job satisfaction is rejected" and its alternative hypothesis is accepted.

HYPOTHESIS 2: HRM PRACTICES WILL NOT SIGNIFICANTLY EFFECT ON ORGANIZATIONAL COMMITMENT

A step wise multiple regression analysis was conducted with organizational commitment as the dependent variable and dimensions of HRM Practices as the independent variables to PSB. Table 2 illustrates the results of multiple regressions with organizational commitment as the dependent variable and dimensions of HRM Practices as the independent variable to PSB in India. The model indicates a good prediction of the dependent variable R^2 of 0.14 and a F-value 38.37 (p<0.001) with two independent variables: Compensation, Training.

TABLE 2: RESULTS OF MULTIPLE REGRESSION ANALYSIS WITH COMMITMENT AS DEPENDENT VARIABLE AND HRM PRACTICES AS PREDICTOR VARIABLES TO INDIAN PSBS

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	F-value	P-value
1	.356(a)	.127	.125	.3917			
2	.383(b)	.147	.143	.3876	1.930	38.37	0.000

a Predictors: (Constant), Compensation
b Predictors: (Constant), Compensation, Training
c Dependent Variable: Commitment

Here also, compensation emerged as the most significant variable in explaining the variance in organizational commitment and the other noteworthy variable is training in PSB of India.

 It is of interest to note that only two dimensions of HRM practices emerged as the predictor of organizational commitment in IPSBs.

Hence the Hypothesis 2: "H2: HRM Practices will not significantly effect on organizational commitment, is rejected" and its alternative hypothesis is accepted.

HYPOTHESIS 3: JOB SATISFACTION WILL NOT SIGNIFICANTLY EFFECT ON ORGANIZATIONAL COMMITMENT

A Stepwise multiple regression with organizational commitment as the dependent variable and job satisfaction dimensions as independent variables was undertaken. The results are furnished in Table 3

TABLE 3: RESULTS OF MULTIPLE REGRESSION ANALYSIS WITH COMMITMENT AS DEPENDENT VARIABLE AND JOB SATISFACTION AS PREDICTOR VARIABLES TO SRI LANKAN PSB

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	F-value	P-value
1	.325(a)	.106	.104	.3964			
2	.346(b)	.120	.116	.3937	1.956	30.36	0.000

a Predictors: (Constant), Extrinsic Reward Satisfaction
b Predictors: (Constant), Extrinsic Reward Satisfaction, Intrinsic Reward Satisfaction
c Dependent Variable: Commitment

In IPSBs, Etrinsic reward satisfaction and intrinsic reward satisfaction are significant predictors of the organizational commitment, which jointly explain 12% of the variance with F= 30.36, (p<0.01).

Hence the Hypothesis 3: "H3: Job Satisfaction will not significantly effect on organizational commitment, is rejected" and its alternative hypothesis is accepted.

HYPOTHESIS 4: THERE IS NO SIGNIFICANT RELATIONSHIP AMONG HRM PRACTICES, JOB SATISFACTION AND ORGANIZATIONAL COMMITMENT IN INDIAN PUBLIC SECTOR BANKS

A Structural Equation Model (SEM) was built to investigate the relationship among HRM Practices and job satisfaction with organizational commitment as final outcome variable. The model is illustrated in Figure 1.

FIGURE 1: SEM OF HRM PRACTICES, JOB SATISFACTION AND ORGANIZATIONAL COMMITMENT
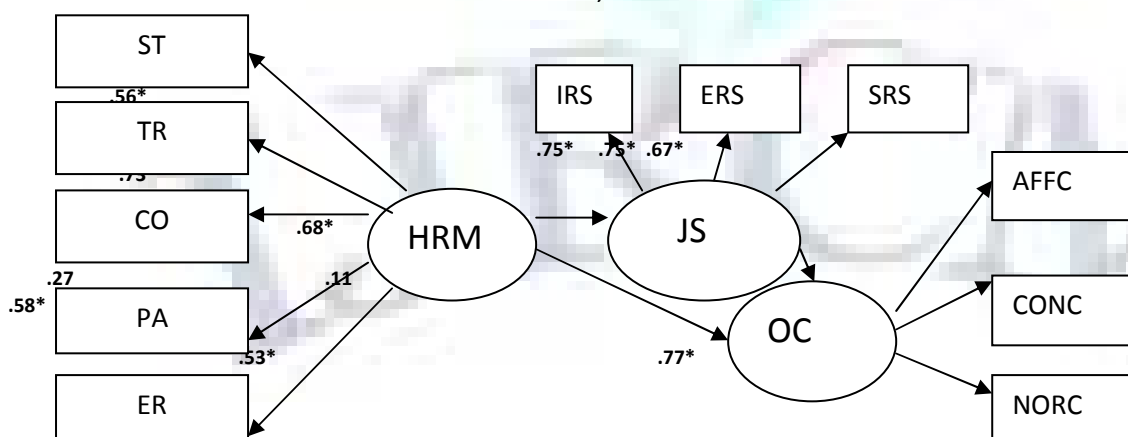
Significant at *p<0.01

In the above graphics, all path coefficients except two paths are significant. All HRM dimensions are highly coefficient with HRM composite. HRM practices with job satisfaction coefficients are high compared to HRM practices with organizational commitment. All job satisfactions dimensions are highly correlated with composite of job satisfaction. Except continuance commitment, the other two dimensions have high coefficient with organizational commitment in the Indian public sector banks.

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TABLE 4: INDICES OBTAINED FROM THE STRUCTURAL EQUATION ANALYSIS MODEL FOR INDIAN PUBLIC SECTOR BANKS (N=449)

Indices	Value
Goodness of fit index (GFI)	0.94
Adjusted Goodness of fit index (AGFI)	0.90
Root mean square residual (RMR) Mulaik, (1989) Parsimonious (PGFI)	0.03
RMSEA Estimate (90% CI)	0.58
ECVI Estimate (90% CI)	0.08
Probability of close fit (PCLOSE)	0.48
Akaike's Information Criterion (AIC)	0.00
Browne-Cudeck Criterion (BCC)	217
Bayes Information Criterion (BIC)	218
Bozdogan's (1987) CAIC	320
Bentler & Bonett's (1980) NFI	345
James Mulaik, & Brett (1982) PNFI	0.90
Hoelter's (1983) Critical N	0.65
	174

The indices obtained from structural equation analysis of the model reveal that an adequate fit is indicated between the data and the casual model. It is a good model because of GFI (0.94). GFI values of 0.90 or greater are considered as acceptable. RMR result (0.03) also support that this model is good fit because a value below 0.05 is desirable. Root Mean Squared Error of Approximation (RMSEA) for this model is 0.08 and is in the acceptable range (0.08-0.1). Therefore, this model indicates strong fit according to the indices. All of the fit indices are within acceptable ranges.

Hence the Hypothesis 4: "H4: There is no significant relationship among HRM Practices, employee satisfaction and organizational commitment is rejected" and its alternative hypothesis is accepted"

CONCLUSION

This study was conducted in three PSBs in India undertakings involving a sample of 449 participants to whom structured questionnaire was administered. Results reveal that HRM practices lead to job satisfaction. This result is consistent with Boselie and Wieles, (2002); Eskildsen and Nussier (2000); Jackson and Schuler, (1992); This means that effective HRM practices contribute to job satisfaction. However, for PSB in India three HRM dimensions determine the employee satisfaction. Further Employee satisfaction will help to reduce the attrition and satisfy customer.

This study found that HRM Practices also lead to organizational commitment. This result tends support to the following previous findings such as: Guest, (2002); Ulrich, (1998); Iles, Mabey and Robertson, (1990); Graetner and Nollen, (1992); Meyer and Allen, (1997); Meyer and Smith 2000; McElroy, (2001). This means that effective HRM practices tend to make employees express commitment to their organization. Two HRM dimensions determine the organizational commitment of Indian PSBs. Further HRM Practices make employees feel comfortable with their association with the organization they work and also derive benefits while involving in the organizational affairs.

It is learnt that Job satisfaction lead to organizational commitment. This result is consistent with Lok and Crawford (1999); Bergmann et al., (2000); Lawson and Paul (1996); Andrew (2000). This means that job satisfaction contribute to organizational commitment. However, for PSB in India two Job satisfaction dimensions determine the organizational commitment.

Structural equation model built by regressing HRM practices, employee satisfaction and organizational commitment has a strong fit with the data. The result of the study reveals that HRM practices leads to a higher level of employee satisfaction and higher level of organization commitment.

This study identifies HRM Practices impact significantly on employee satisfaction and organizational commitment. Further identifies that Job satisfaction lead to organizational commitment and there is relationship among HRM practices, employee satisfaction and organizational commitment in Public Sector Banks.

Suggestions are provided for bank managers to evaluate the role of HRM practices and its outcomes; how HRM practices can affect them; and how HRM can provide practical results for the banking industry. Further research can be conducted on these variables between two countries and other South East Asian countries and an attempt may be made to compare private sector banks as well.

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ORGANISATIONAL CULTURE AND THE ENTREPRENEURIAL SCHOOL: A CASE STUDY

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ABSTRACT

This paper considers the Mintzberg's entrepreneurial school through the application to a case study and considers the differences between theory and reality. Differences are highlighted concerning issues such as the strategy of this School tending to take the form of a niche, protected from forces of outright competition, that strategy making is dominated by the active search for new opportunities and is characterized by dramatic leaps forward in the face of uncertainty. The findings also questions whether growth is the dominant goal of the entrepreneurial organization and the inherent focus on the leader of this School actually results in employees lacking creativity and innovation. Recommendations are given of how this model could be altered to allow for these differences and yet remain loyal to the key concepts.

KEYWORDS

Organisational culture, entrepreneurial school, leadership, vision, strategy,

INTRODUCTION

In his book, 'Strategy Safari', Mintzberg (1998) not only explains the ten different schools but also indicates the advantages, criticisms and implications of each. The ten schools cover many areas of interest from leadership and culture through to the tools used for analysis of a company's standing such as the SWOT analysis, BCG matrix and such.

A CONCEPTUAL FRAMEWORK: THE ENTREPRENEURIAL SCHOOL

Mintzberg (1998) presents this School as following the positioning, planning and design school, which all fall under the category of prescriptive. It is the first descriptive school and appears to be based of the works of a number of economists including J.A. Schumpter[1] and A.H. Cole[2], both of whom developed concepts concerning entrepreneurship and its impact on organisations and the economy. Although early writings in economics are the foundations for this School, there appears to be no base discipline.

The main focus of this School is on the leader and his / her vision, which is why this School is associated with the homily "Take us to your leader". The vision is a representation of a strategy existing in the mind of the leader and perhaps can be considered as a vision of the organization's future. As such, the School considers the mental processes of the leader as well as the issues of typology, traits and talents of a leader and entrepreneur. Regardless of the differing concepts of a leader and an entrepreneur, the School also considers the intuition, wisdom and experience that the leader / entrepreneur employs as a means of strategy formation, although it seems that such strategy formation is an almost semiconscious process. The vision is thus seen as an image rather than some advanced plan. Hence this School is rather descriptive than prescriptive, although that is not to say that there are no prescriptive elements to this School.

As the leader is the key to strategy formation in this School, the vision is promoted by the leader under his close personal control so that specific aspects can be reconsidered if necessary. This implies that power is centralized with the leader and that the leader is likely to be the head of the company, founder or CEO.

The view of strategy appears to be that it is flexible and can be changed, thus strategy can be seen as both a deliberate action and as emergent. This seems to imply that the organisation also needs to be flexible and relatively simple in structure to enable suitable responses to the leader's directives.

VISIONARY LEADERSHIP

This concept of visionary leadership is often covered in the business press and in management handbooks with the likes or Richard Branson (Virgin), Sam Walton (Wal-Mart), Bill Gates (Microsoft) and so on. The concept of the entrepreneur is also highly prolific in small businesses around the world. For this School the entrepreneur is seen as more than just the creator of his own business, it can also be a great manager or internal entrepreneur ('intrapreneur') and this School is very much associated with the success stories of entrepreneurial 'heroes'.

Conley etal. (1992) call a visionary type of leadership "an internal compass"[3], seeing vision as something which provides direction for all areas of the organisation. Fritz (1996) takes this view a step further by claiming that organizations advance when a clear, widely understood vision creates tension between the real and the ideal, pushing people to work together to reduce the gap[4]. Thus the vision is seen not only as a means of developing clear direction, standards and feedback, but also creates a rationale for procedures as a means of reaching a desired state.

Visionary leadership is seen as being more than highly purposeful. The strategy is carried out through motivating employees with a shared vision, providing long term direction with employees seeing how their task fit in to the bigger picture, which is the vision in this School.

CRITIQUE OF THE ENTREPRENEURIAL SCHOOL

There are a number of critiques of this school which are very much centred on the leader / entrepreneur who forms the basis of it. Firstly, the very fact that the strategy relies on one single person seems to indicate quite a high level of risk. If the person leaves the organisation, loses direction or is not up to the job then all will be lost. Furthermore, this view does not take into account the social structures, organisational culture, experience of other employees, technology and so on. In connection with this concept of strategy relying on a single person, there also appear to be some false assumptions. Firstly, the 'entrepreneur' is able to direct the organisation with ease. Secondly, it appears to be assumed that the 'entrepreneur' possesses all the traits necessary not only to direct the

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[1] Although Schumpeter sees the entrepreneur as a major wheel in the economy rather than the capitalist in Karl Marx's work, he presents what could be seen as a rather negative view of this leader / entrepreneur referring to the strategic activity as "Creative destruction". Schumpeter also sees the entrepreneur as the person who needs to be innovative, since once he stops he becomes a capitalist.

2 Such as in his work: Cole, A.H. (1949). Entrepreneurship and entrepreneurial history. In: Livesay HC (ed) (1995) Entrepreneurship and the Growth of Firms, Vol. I. Edward Elgar, Hants, pp 100–22

[3] Conley, D. T., Dunlap D. M., Goldman P. (1992). The 'Vision Thing' and School Restructuring. OSSC Report 32, 2 (Winter 1992): 1-8. Eugene: Oregon School Study Council. ED 343 246.

[4] Fritz, Robert. "Corporate Tides: The Inescapable Laws of Organizational Structure." San Francisco: Berrett-Koehler, 1996

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organisation, but to come up with creative ideas, build a vision and image – as well as the means to find and direct the organisation into a 'protective niche'. Whilst it can be accepted that there are leaders who possess a combination of such traits, it is hard to believe that this is a common occurrence.

Not only are there doubts about the qualities of the entrepreneur in this model, it seems that there are plenty of negative traits to accompany the positive ones: one key critique is that what one person may see as 'visionary' another may see as pathological. A visionary is often associated with obsessions and single mindedness, which can be viewed in different ways. In other words, the onus is upon the leader / entrepreneur to communicate the vision and lead in such a way that it is received positively by the employees. The assumption of the school that having a vision is enough to motivate staff to follow like a herd of sheep is a false one with more complex issues at work such as personal perceptions of the leader, organisations and individual values, norms and beliefs. Much of this discussion about vision and visionary leaders brings up another issue concerning this school: What really is a vision? According to Mintzberg (1998: 124) a vision is: "*a mental representation of strategy, created or at least expressed in the head of the leader*". The fact that this vision is all down to the leader would place an enormous burden of responsibility on the leader to find a suitable and inspirational vision. In addition to this burden on the leader, it creates a dependence of the staff on the leader to be creative rather than themselves and thus may be seen to limit creativity and innovative thinking.

According to Mintzberg (1998:139) many entrepreneurial leaders, especially visionaries, 'go over the edge' (e.g. Winston Churchill). This could be due to some personal issue or perhaps because the external environment has changed whilst the organisation's vision has not. The dedication and inspirational influence of this vision also indicate a danger that manager's may be fixed in a particular direction, regardless of changes happening in and around the organisation. There can be no question that the future is unknowable with staff being seen as lemmings jumping off a cliff in the direction of the vision, overlooking other issues and failing to make changes as they focus on the one vision. This in turn will limit the thinking of staff in terms of innovative thinking, as they 'learn' not to question and develop complex thoughts beyond anything set out in the vision of the leader.

This leads to another assumption of the school concerning centralization. It is assumed that key decisions are taken by the leader. Such a high level of centralization must have certain pre-conditions which are not always realistic for many organisations. Firstly, for the leader to be able to take decisions in any area of the organisation, there would need to be full knowledge of operations and a high level of information flow, otherwise ill-informed decision-making could be detrimental to the organisation. Secondly, whilst the idea of one person making decisions is perhaps much more flexible and adaptable than, for example, consensus decision-making, it can also lead to a loss of direction, as Mintzberg (1998: 124) points out: "the chief can get so enmeshed in operating details on the ground that he or she loses sight of strategic considerations". Conversely, of course, the leader may end up out of touch with reality as he becomes so obsessed with the vision that he has lost sight of the foundations of the vision and so fails to focus on the operational aspects. Starratt (1995) points out that no matter how inspiring a vision may sound on paper, it needs to take a concrete form in policies, programs, and procedures.

When considering the CEOs as visionary leaders, the concept of the entrepreneurial school that all decision-making rests with the CEO which in turn leads to flexibility and adaptability is an unrealistic one. Porter, Lorsch and Nohria (2004) indicate that the reality of the CEO as the man at the top running the company is much different to that put forward by the entrepreneurial school in many cases. They describe seven issues or 'surprises' concerning the work of new CEOs, which are as follows[5]: -

1. "*You can't run the company: Almost every new CEO struggles to manage the time drain of attending to shareholders, analysts, board members, industry groups, politicians, and other constituencies.*" This goes very much against the assumption of the Entrepreneurial school that all key decisions are made by the CEO as it seems he would not have time for this.

2. "*Giving orders is very costly: No proposal should reach the CEO for final approval unless he can ratify it with enthusiasm. Before then, everyone involved with the matter should have raised and resolved any potential deal breakers.*" The idea that a CEO is only there for final approval and that staff lower down in the chain of command should be the ones to deal with the matters in detail again goes against the idea in the entrepreneurial school that the CEO deals with all issues and is far more than a ratifier of proposals.

3. "*CEOs are flooded with information, but reliable information is surprisingly scarce. All information coming to the top is filtered, sometimes with good intentions, sometimes with not such good intentions*". This goes against the assumption of the school that the CEO or leader possesses all the necessary information to make informed decisions.

4. "*You are always sending a message: A CEO's words and deeds, however small or off-the-cuff, are instantly spread and amplified, scrutinized, interpreted and sometimes drastically misinterpreted*". This case is in favour of the entrepreneurial school as the leader is there to spread a vision and inspire staff although, as mentioned here, the message can be misinterpreted from which the issues of communication, trust and corporate culture can be seen as relevant to this school in terms of the receiving and interpretation of messages of the leader.

5. "*You are not the boss: At the end of the day, the board—not the CEO—is in charge*". This reality may be a harsh truth for a visionary leader looking to run the company on his or her own.

6. "*Pleasing shareholders is not the goal: … ultimately, it is only long-term value creation that matters, not today's growth expectations or even the stock price*".

7. "*You are still only human: a CEO should recognize he needs connections to the world outside his organization, at home and in the community, to avoid being consumed by his corporate live*", this is difficult to accept in a visionary leader with whom an almost maniacal obsession with his or her vision is associated.

In summary, it seems that in reality, CEOs are there to manage organizational context rather than focus on daily operations. Furthermore, the position of CEO does not confer the right to lead, nor does it guarantee the loyalty of the organization. This really seems to indicate that the entrepreneurial school is out of touch with reality in the case of many organisations.

IMPLICATIONS

The entrepreneurial company is one often associated with small business individuals and as was seen in the critiques, the key concept of centralization is perhaps less realistic in the case of larger corporations where the CEO does not have access to full, reliable information upon which to make key decisions. This does not mean that it cannot exist or function in larger organisations but that it is perhaps less feasible. One key implication of this model is that the organisation appears to require a simple structure with procedures and relationships that allow for rapid changes, hence there is another reason for the association of this model with small enterprises. It should however be noted that any larger organisation may also have developed policies, procedures and structures that allow for rapid changes – in fact flexibility and rapid decision making processes often seem a key requirement nowadays of many organisations, regardless of size.

There is a definite long-term sense of direction for the future which can encourage a certain sense of trust and belonging amongst staff – providing they agree with this vision of the future. This means ensuring that the staff employees are not likely to resist changes in line with this vision with methods such as a selection procedure for new employees based upon their suitability to the vision. In other words, conformity is a key requirement of staff. The development of a counterculture would deeply affect any progress made towards the leader's vision. It also reinforces the issue of communication and trust. All messages must be communicated clearly and effectively for staff to be expected to follow and trust the demands of the leader without question. A clear sense of direction in the long-term can be an asset – provided there is some scope for flexibility according to the changing internal and external environment.

The burden rests on the shoulders of the leader and whilst this may seem a momentous responsibility, it does not necessarily mean that he or she is not up to the challenge. The leader must possess the necessary traits and experience, not to mention a certain degree of intuition – especially if decisions are to be made without receiving all the necessary information. There will be time issues as well for the leader as the vision is promoted single-mindedly and the leader has to maintain personally close control of the implementation, making changes as he or she sees fit. Although it was a critique of this school that the vision is fixed and

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[5] Porter M., Lorsch J., Nohria N. (2004). Seven Surprises for New CEOs. Harvard Business Review, October 2004.

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blinkered, there seems to be no reason why the strategy formation can not be a combination of both deliberate (with a long term vision) and emergent when considering the details and changes necessary during implementation.

It seems from the work of Mintzberg (1998) that the strategy of this school tends to focus on a niche, with one or more pockets of market position protected from the forces of outright competition; hence the view is given that the vision is somewhat limited and in turn tends to limit creativity and innovative thinking. However, organisations becoming focussed on certain niche markets or involving certain specialisations are not new phenomena and does not necessarily indicate a negative implication for this school.

Many leaders believe vision development is a straightforward task of articulating a statement of beliefs and then implementing it. However, some studies suggest that vision is more of an evolutionary process than a one-time event, a process that requires continuous reflection, action, and re-evaluation. Hong (1996) describes it as 'purposeful tinkering'. Through dozens of little experiments, "each day is an opportunity to come closer to your perceived ideal"[6]. It is easy to envisage organisations that began acting on their vision several years before articulating it in writing. Perhaps in the same way that Mintzberg (1998) refers to strategy as a combination of deliberate and emergent, vision can also be deliberate and emergent e.g. not so much through interaction with the environment but through interaction of staff, interpretation and implementation processes on an operational level.

Finally, it seems from this school that strategy formation can be proactive as opposed to more reactive schools concerned with taking the lead from indicators in the environment such as the design and planning school. There is a stress on encouraging flexibility which is crucial in the rapidly changing global environment. The personal influence of a leader is important in any organisation and this comes across in the entrepreneurial school as a key factor for organisational success. In my view, the praise outweighs criticism and although the means of developing strategy may be hotly disputed, the outcome of clear meaningful (long-term) goals established is a plus for any organisation.

CASE STUDY: HUSKY INJECTION MOLDINGS LTD.

COMPANY PROFILE

Husky Injection Molding Systems Ltd. was founded in 1953 and is the world's largest brand name supplier of injection molding equipment and services to the plastics industry. The company's headquarters are based in Bolton, Ontario. The company designs and manufactures a broad range of injection molding machines, moulds and integrated systems. With one of the broadest product lines in the industry, customers use Husky equipment to manufacture a wide range of plastic products such as bottles and caps for beverages, containers for food, automotive components, and consumer electronic parts. The Company has specific focus on making customers' operations more productive, tying directly into its mission of "keeping our customers in the lead". Husky has a sales and service network consisting of more than 40 offices worldwide, as well as manufacturing facilities in Canada, the United States, Luxembourg and China.

With around 3,000 employees and revenue in 2009 of $1 billion, it is admittedly an unlikely contender for the entrepreneurial school. However, when considering the company profile within the context of the entrepreneurial school, the leader is also a necessary consideration. The Company was incorporated in 1953 by Robert Schad, Husky's President and Chief Executive Officer. Robert Schad is the Company's largest shareholder and as at October 24, 2003 exercised voting control over 51.42% of the issued and outstanding Common Shares.

In 1997, Husky launched a strategic initiative to transform itself from a niche player into a broadly based supplier to major markets, such as automotive, technical, medical and general plastic products. The goal of this initiative was to respond decisively to competitive challenges from lower cost generic producers and to create a base for future growth. In order to achieve this transformation, from 1997 to 2003 the Company invested in excess of $575 million in capital and product development. This program has meant significant change in almost every area of Husky. It has included: developing a completely new product line for broader markets; increasing the Company's lead in the PET market through further innovation; improving manufacturing efficiency and expanding capacity; and strengthening the global service and sales organization to market a broader range of products.

THE DEVELOPMENT OF STRATEGY

With the entrepreneurial school, the leader or entrepreneur is the centre of all strategic formulation and decision-making. Therefore, this first section concerns the leader of Husky, Robert Schad, and the means by which he develops strategy.

TAKE ME TO YOUR LEADER

With the development of strategy in the entrepreneurial school, the process is very much centralized. The visionary leader in this company is Robert Schad, the original founder, president and majority shareholder. Both of these factors indicate that he has significant power over the company, however, when analysing current literature concerning the company, there is more to this visionary leader. He also has significant experience, having been in the industry for more than 5 decades and has knowledge extending way back to when the use of mouldings and plastics was first introduced and later was in demand.

CORE VALUES: DEFINING SCOPE OF OPTIONS AND CAPABILITIES

From the company's beginning in 1953, Robert Schad has been the key instigator behind the development of strategy at Husky. Robert Schad is referred to as the "type of man who asks himself, what can I personally do to help improve the state of the world?"[7]. Schad then develops this question and applies it to the company as if it is an extension of himself by asking "How can Husky, as a company, make a contribution to society?"[8]. This vision of the leader that is passed onto the company and then affects the development of strategy is typical of the entrepreneurial school. In this case study, this is demonstrated in the core values that have been developed and which deeply influence corporate strategies on a corporate, business and operational level, business practices and staff behaviour: -

- Make a contribution
- Proactive environmental responsibility
- Passion for excellence
- Uncompromising honesty
- Bold goals

These core values appear as much more than mere PR to keep the shareholders and local community happy. Strategic decisions are taken only with the limits of these core values. This is best seen in the context of a definition of strategy. Strategy can be defined as, "*the direction and scope of an organisation over the long-term, which achieve advantage through the configuration of resources and competences with the aim of fulfilling stakeholder expectations*"[9].

When considering this definition in the case of Husky, there is no question that the core values and purpose give direction and scope over the long-term. However, the issue of achieving advantage through these values can only be seen by weighing up the loss of business and the gains, although in terms of obtaining a niche, as in the entrepreneurial school, Husky can be said to have a niche with a heavy industry company having such core values and mission.

Building on resources: a values-driven culture

The resources are configured to uphold these core values and competences are developed as can be seen in the employment policy: at the interview stage staff is informed about these core values and selected on the basis of 'fit' into the corporate culture. These values are then reinforced with various social activities, bonuses and incentives so that as a resource, the human factor presents itself as a competitive advantage in that the entire culture is behind Robert Schad, the visionary leader at the top.

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[6] Hong, Laraine K. "Surviving School Reform: A Year in the Life of One School." New York: Teachers College Press, 1996.

[7] Five Winds International, 2002. CSR Case Study: Husky Injection Molding – determined to make a contribution. Interdepartmental Working Group on CSR. P.4. Available at: www.fivewinds.com/uploadedfiles_shared/CSRHusky.pdf

[8] Ibid.

[9] Johnson G., Scholes K (2006). Exploring corporate strategy. Financial Times/ Prentice Hall, 7th ed. Page 9

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The strategic options for Husky are severely limited due to this adherence to its core values. The 'fit' between the external environment and internal resources normally associated with the strategic positioning of a firm, seem in Husky's case to have been extended so that the 'fit' is between the company's core values and the internal resources / external resources. The resources are developed as a means of achieved these core values and even the competitive environment has to bend to these core values. For example, Husky even places demands on suppliers as well as customers to uphold these core values.

Although there is a high stress on values and the development of a values-driven culture within the organisation, it needs to be emphasised here that the introduction, development and reinforcement of these values are all part of Schad's vision. The key to the development of strategy begins and ends with the visionary leader, Robert Schad.

STAKEHOLDER EXPECTATIONS

When considering the fulfilment of stakeholder expectations, Schad takes a rather unorthodox approach. According to Five Winds International (2002), "from the beginning, his (Schad's) personal vision of the company included not only making money, but also making a contribution to society"[10]. The fact that Schad has a vision which is more than just making money may be seen as contrary to the values and expectations of shareholders, however the purpose of Husky is "to be a role model of lasting business success" based on these core values.

Schad's vision is to manage a triple bottom line, which means economic, social and environmental. This is central to strategic decision making as can be seen when in the 1970s, one of Husky's customers placed a major order that would have been highly profitable for the company, but Husky did not feel that this would have helped customers in the long term and would not have ultimately contributed to the customer's success. Therefore the contract was tuned down, even though the company was in need of income at the time. From a strategic point of view, it seems that Husky was holding onto its core value of making a contribution, whilst at the same time considering the long term direction of the organisation and the changes and effects on the business environment of the decision to accept the major order or not. Even at this operational level, it seems that Robert Schad is involved. Thus the vision of Schad affects all stakeholders including customers, suppliers, shareholders and the employees within the organisation.

This does not necessarily mean the stakeholders are dissatisfied. Holding to the core values at all costs has not always lead to a loss of business for Husky. When planning to expand into Vermont (USA), where there are particularly tough regulations, the company found it much easier to obtain the necessary permits as a result of their strong commitment to these values. The company enjoys financial success as well as national and international recognition.

INFORMATION: INFORMED DECISION-MAKING

The information comes from a number of sources to aid in strategic decisions. Schad as the visionary leader makes most of the key decisions and, although he has a wealth of experience and knowledge of the industry, he often seeks advice from outside the organisation for areas with which he is unfamiliar. There is an element of intuition and gut-feeling as well. This can be seen in the following example.

THE FIRST NATIONS PROJECT

Strategy appears to begin and end with Schad as a visionary leader with many of the assumptions and aspects referred to for the entrepreneurial school. As a visionary leader, Schad needs the conformity of the employees to accept his vision without question. There have been a number of steps taken, either intentionally or not to put Schad on a pedestal as a paradigm for other employees to follow. The following example shows how the strategy for a business project develops and changes according to the vision that Schad has for Husky.

The initial plan was to build a state-of-the-art injection molding facility in Ontario as a means of further growth and expansion for Husky. The plans were in line with the core values but then Schad changes the strategy and puts things in a new direction as a result of his own experience, through which a new vision is found. The following quote is well-known amongst employees and not only explains the reason for the change in direction from the original plan but also how the corporate culture's values are reinforced and conformity is achieved by the use of such myths about Schad: -

 "*Mr. Schad owns a cottage…in Ontario. In order to get to his cottage, he drives through the Moose Deer Point First Nations reserve. He noted the conditions that the Moose Deer Point people were living in were very poor and there did not appear to be many lucrative employment opportunities on the reserve. On one particular trip, his car broke down. A young man from the local community came to his assistance and did an excellent job repairing the car. Mr. Schad was touched by the young man's generosity and gave some more thought to what, if anything, he could do to reach out to this community*"[11].

Through this single event Schad as a visionary considers how something that had a monumental impact on his own life can be applied to the organisation. Through this comes his vision and stemming from that is the new strategy concerning this planned expansion. He sees the project as now more than just an expansion with the building of a new facility. He sees the project as a means of 'making a contribution', the first core value of Husky. The first step is taken by Schad to discuss the possibilities with community leaders. From this three principles were drawn up which would form a foundation for this sustainable community development project. In this case, there are some aspects referred to in the entrepreneurial school – Schad is putting the economic development of the local community before that of Husky's and in the typical style of an entrepreneur appears to be taking a certain degree of risk. He has indeed found a niche that no other company in the plastics industry has yet ventured into and there is an assumption that his employees will conform without question. As with the entrepreneurial school, the innovation appears to come directly from the visionary leader, Schad, which would seem to indicate that creativity and innovative-thinking may be stifled in Husky. However, Schad seems to have avoided this pitfall of the entrepreneurial school as he has instigated a number of employee programs as a means for his own staff to develop ideas which would enhance the core values. An example of the employee programs in use during the time of the First Nations Project is the 'GreenShares' program. Staff is encouraged to come up with their own ideas and be proactive in four key areas, in return for which they earn shares in Husky. The four areas are as follows: responsible commuting to work; conserving energy and resources; volunteering for environmental, community or educational causes; and "Greening" the environment through personal purchases. Although these may be small steps, they appear to be aimed at encouraging pro-active and innovative thinking.

There are other pitfalls in the entrepreneurial school that were avoided in this project. Through consulting the local community leaders, government and his own advisors at Husky, Schad is not merely making key decisions on intuition. In fact, Schad goes very much against this norm in the entrepreneurial school of the visionary leader only relying on himself, limited information and a certain degree of intuition. Throughout his career he has gone to key figures for advice. It seems that this visionary leader only develops his vision once he feels he has sufficient facts. This example may well be an exception but it does go to prove that the stereotypical figure of a reckless, risk-taking, entrepreneur put forward by Mintzberg (1998: 129), might not always be the case. There is minimal direct planning concerning the environment and no in-depth design of strategy but there is some consultation before the vision is developed and concrete strategies are put forward. In fact, Schad has a history of using advisors to help formulate his strategy or in some cases develop or reinforce his vision. For example, in 1997, although the company had a clear, dedicated vision for some time, it was reinforced after Schad read the book 'Built to last' by Jim Collins (1994). This book refers to the success stories of companies that – like Husky – have a vision of business that includes all three pillars of sustainability (economic, environmental and social). Schad asked Collins to come and meet to discuss the relevance of the book for his organisation. Schad freely admits that through this meeting, Husky learned to "better articulate and communicate its Purpose and Values". Collins is nowadays considered a key external influence on shaping the organisational commitment to core values.

The facility was finally completed in 2001 and all employees are residents of the First Nation Community. This means that not only is Husky helping the community, but reaps the benefits of the employees having a strong local knowledge and are easily moulded into the corporate culture, going along with Schad's corporate vision. As all dividends are reinvested into the community, the outcome is likely to be a fairly well-committed workforce providing significant

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[10] Ibid. P.8

[11] Five Winds International, 2002. CSR Case Study: Husky Injection Molding – determined to make a contribution. Interdepartmental Working Group on CSR. Available at: www.fivewinds.com/uploadedfiles_shared/CSRHusky.pdf

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competitive advantage – even though this was not an objective of Schad's. Schad reinforces these core values and maintains his focus on the three bottom lines with a number of projects and initiatives, as seen in the following table: -

TABLE 1: SUSTAINABLE COMMUNITY INITIATIVES AT MOOSE DEER POINT FIRST NATIONS

Social	Community meetings, committees, dinners, recreation/cultural events; Early Years Learning Program; Educational Awards/Incentives; Adult Education Upgrading; Health and Wellness Clinic; Smoking Ban in Public Buildings
Economic	Niigon Technologies Ltd.; Moose Deer Point Marina; Naadmaadying Community Association; Entrepreneurial Training Programs
Environment	Nature Trails; Outdoor Learning Centre; Energy Efficiency Program; Sustainable Housing Technology; Recycling; Community and Roadside Clean Up

Source: Niigon Technologies website, www.niigon.com/moose.htm

This project was acknowledged as the first innovative private, public and First Nations project of its kind in Canada and as such it can be seen that as a visionary leader, entrepreneur, Schad firmly belongs to the entrepreneurial school with his personal vision and focus on a certain niche. This may not be the market niche often associated with entrepreneurs but it is this niche which has also brought economic rewards. Such environmental projects are often associated with high cost and little financial return. In Husky's case, the money spent on community projects, environmental concerns, the workplace environment and wellness are seen as investments rather than costs. Husky estimates that as much as $8 million was saved in reduced absenteeism, higher productivity and better use of resources, from a $4 million investment[12]. For example, in 1999 absenteeism rates were 2.25 days per employee per year, compared to the Canadian average of 5.7 days and annual employee drug costs were $153 in 1997, compared to a sectoral average of $495.

Another example of this focus on the three bottom lines can be seen in their Waste Management Scheme set up by their visionary leader, Robert Schad. The Scheme was developed in 2000 and Husky began to divert 95% of its waste. This resulted in $348,000 savings in disposal costs and creating $804,000 in revenue through innovate reuse of materials.

From Husky's point of view, this project met all five of the company's values – it makes a contribution, is environmentally proactive, exercises the company's passion for excellence and honesty, and sets bold goals.

When considering this example from the view of strategic management, it can be seen as a process that Schad as visionary leader undertakes. Strategic management refers to understanding the position of an organisation, the strategic choices for the future and turning strategy into action. In this case, as a part of the entrepreneurial school, Schad leads the entire process. He starts the initial planning phase by consulting advisors and community leaders as a means towards understanding the strategic position of the organisation and the expansion project. He then considers the strategic choices which are based firmly on Husky's core values and mission rather than on any competitive considerations. The when the choice has been made by Schad he starts to implement the strategy and turn it into reality. Schad finally measures the effectiveness of this strategy by considering the three bottom lines.

When considering the differences and similarities of this case within the context of the theory of the entrepreneurial school, the following table gives a summary of the key similarities and differences between this project and theory: -

TABLE 2: THE SIMILARITIES AND DIFFERENCES BETWEEN THEORY AND REALITY (CASE STUDY)

The entrepreneurial school	*Similar / Different*	*Husky Ltd. - The First Nations Project*
Strategy is based around the visionary leader or entrepreneur	Similar	The entire project is based on an experience of the visionary leader, president and majority shareholder, Robert Schad, who builds a vision based on this experience
Strategy formulation is only partly a conscious process.	Similar	Schad has a vision formed in his mind of the 'way it should be' and so is not a fully conscious process
The leader promotes the vision single-mindedly and keeps close control over implementation.	Similar	The vision and the steps in the planning are all taken by Schad alone for the project.
Thus the strategy is deliberate in overall vision and emergent in how its detailed implementation unfolds.	Similar	External advisors / stakeholders are consulted for the final implementation, if not the planning too. The strategy is not fixed, as Husky's Schad puts it "We are willing to learn".
The organization is similarly malleable.	Similar	The organisation has a values-driven culture based on the vision. This significantly increases malleability.
Entrepreneurial strategy tends to take the form of a niche, protected from forces of outright competition.	Different	There is a niche to some extent here in that this project is seen as "demonstrating a new way in which the public and private sectors can work together"[13]
Strategy making is dominated by the active search for new opportunities	Different	The search for new opportunities seems to relate to new markets / growth solutions. For Husky, this refers to new opportunities to lead the industry in sustainable community projects.
Power is centralized in the hands of the CEO	Similar	Power is very much centralized – the entire project from planning, to choosing the best option and final implementation.
The strategy formulation process is focused on the individual leader and involves intuition, judgment, wisdom, experience and insight.	Similar	Robert Schad is so much the focus in this project and organisation that there was great concern over what would happen when he retired. Strategy formulation based upon wisdom, experience, insight <u>and</u> own personal values.
Vision should enable the employees to think beyond their personal limit.	Similar	Employees are encouraged to embrace core values and push themselves into taking steps in their professional and personal lives to 'make a difference'
Strategy making in the entrepreneurial mode is characterized by dramatic leaps forward in the face of uncertainty	Different	The steps may pioneering in this project, but not necessarily dramatic. Uncertainty is less evident with the huge amount of experience of the visionary leader (40+ years in the industry)
Growth is the dominant goal of the entrepreneurial organization	Different	Growth is the primary goal in the First Nations Project by building another facility, but only within the limitations of the vision. If it goes against the core values then opportunities for growth are rejected.
Employees conform to leader without question - conformity and dependence	Similar	There is no mention of conflict in any of the literature reviewed and staff turnover / absentee rates are low, indicating a certain degree of satisfaction by staff
Employees lack creativity and innovation.	Different	Innovation and being proactive are engrained in the organisational culture
Decision making is largely intuitive	Different	Key stakeholders / external advisors give input upon which Schad makes the final decision
Strategy is long-term	Similar	Schad firmly believes that the basis of the core values is anchored in the future. Given the current environmental conditions, Schad insists that it is only a matter of time before strict regulations are passed and all companies have to fall in line and catch up with what Husky is already doing. This aspect of being 'ahead of its time' (and therefore ahead of its competitors) could be seen as a form of competitive advantage. Robert Schad has been quoted as having a 5-10 years plan, with a 15-20 year plan behind it.[14]

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[12] http://www.hrsdc.gc.ca/eng/lp/spila/wlb/ell/08husky_injection_molding_systems.shtml

[13] Five Winds International, 2002. CSR Case Study: Husky Injection Molding – determined to make a contribution. Interdepartmental Working Group on CSR. Page 7. Available at: www.fivewinds.com/uploadedfiles_shared/CSRHusky.pdf

[14] One to one article p4

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As a final note on the case of Husky and its visionary leader, Robert Schad, it is worth noting a key point made by Mintzberg (1998:141): if the company's strategy is purely based on the vision of one leader, then what happens when he or she leaves the organisation? In Husky's case, at the age of 73 Schad started to make plans to retire and consulted Jim Collins once again for advice. They came up with the following criteria for the successor to Robert Schad: -
1.   Have the ability to achieve results without direction from above
2.   Have the ambition to make the company successful (rather than personal success)
3.   Share a passion for the company's purpose and values

On September 22, 2005, Robert Schad retired as President and Chief Executive Officer of the Company and John Galt was appointed by Husky's Board of Directors as President and Chief Executive Officer with over 20 years working at Husky. Robert Schad continues to serve as Director of the Company.

CONCEPTUAL RECOMMENDATIONS

The entrepreneurial school as presented by Mintzberg (1998) is very clear and to the point with clear advantages and criticisms to the school. When considering potential recommendations the issue is whether the change should be made to the approach taken by Husky or that the model put forward by Mintzberg requires change. The company is very successful and change might come at a cost, however as a result of this case study, some key considerations have arisen which could be seen as potential recommendations for a model of this school.

Firstly, the key section of this school concerns the visionary leader as the sole person involved in strategy formation and management. The entrepreneur or visionary leader is often seen negatively or stereotypically and Mintzberg and other writers only list a handful of criteria a leader may have at his disposal to make decisions. In addition to this, the leader is often described as relying a lot on intuition to make decisions as if an entrepreneur is so comfortable with risk and uncertainty that he is able to primarily rely on a feeling to make strategic decisions. Although Mintzberg (1998) refers to the importance and reliance upon knowledge of the entrepreneur, he mentions little about other important leadership values such as competency, ambition, individuality, responsibility, credibility, honesty, innovativeness, teamwork, accountability, quality, courage, security, wisdom, challenge, learning, friendliness, optimism, empathy, flexibility etc. The key point that came across from the Husky case study was that Robert Schad's values were the basis for the vision, the company's core values, and through this, decisions for the best strategic option. Values such as honesty, accountability and responsibility for the environment were not only surprising for a company in the plastics industry but they also seemed to indicate that the most powerful tool is for a leader to choose the values and living up to them. This could be included in the concept of the entrepreneurial school.

Furthermore, although there is always an image in the back of a person's mind with this school of a leader relentlessly pursuing the vision at all costs, Mintzberg (1998) doesn't mention that if, as he says, a visionary leader is not only involved in strategy but also in overseeing day-to-day operations, then he also must have a certain degree of rational thinking and knowledge in order to perform this function. The entrepreneur / visionary leader seems to be somewhat misrepresented as lacking this rational side.

Mintzberg (1998: 139) refers to visionary leadership as "style and strategy coupled together". If one of the assumptions of the entrepreneurial school is that only the entrepreneur / leader makes all the key decisions, oversees matters at all levels and requires conformity and dependence from his or her staff, then this would seem to indicate a dictatorial style of leadership. However, in the case of Husky the style is a curious mixture of dictatorial and paternalistic. For example, employees are not given the options to opt out of benefits such as getting proper dental health care (contrary to popular 'flexible benefits plans") as the company wants a healthy workforce. On-site fitness centres, hairdressers, before and after-school care and only healthy food in the cafeteria are just a few examples where the paternalistic concern for employee wellness can be seen, not to mention the paternalistic style of employing and looking after the economic needs of the local community in the First Nations project. Therefore, while it is accepted that the vision is at the centre, the leaders traits, skills, knowledge and style need to be put together in some kind of 'entrepreneurial school web' indicating the interactions between each. This might give further insight into whether or not there is a suitable style and suitable leader traits, knowledge and skills for the entrepreneurial school. Another recommendation would be that different leadership styles should be research in terms of their effect on an organisation with the entrepreneurial school's approach to strategy as can be seen in the following table:

TABLE 3: THE IMPLICATIONS OF LEADERSHIP STYLE FOR THE ENTREPRENEURIAL SCHOOL

Style	Leadership	Implications for entrepreneurial school (vision, impact on conformity / creativity of staff / culture etc.)
Coercive Leadership	o Leader's modus operandi: Demands immediate compliance. o The style in a phrase: 'Do what I tell you.'	o Overall impact on culture: Negative o Helps with transformation towards a new vision o Works best in a crisis; to kick-start a turnaround; or with problem staff
Authoritative Leadership	o Leader's modus operandi: Mobilizes people toward a vision. o The style in a phrase: 'Come with me.'	o Overall impact on culture: Most strongly positive. o Works best when changes require a new vision; or when a clear direction is needed.
Affiliative Leadership	o Leader's modus operandi: Creates harmony and builds emotional bonds. o The style in a phrase: 'People come first.'	o Overall impact on culture: Positive o Works best to motivate people during stressful circumstances.
Democratic Leadership	o Leader's modus operandi: Forges consensus through participation. o The style in a phrase: 'What do you think?'	o Overall impact on culture: Positive. o Style works best to build buy-in or consensus
Pacesetting Leadership	o Leader's modus operandi: Sets high standards for performance. o The style in a phrase: 'Do as I do, now.'	o Overall impact on culture: Negative. o Style works best to get quick results from a highly motivated and competent team.
Coaching Leadership	o Leader's modus operandi: Develops people for the future. o The style in a phrase: 'Try this.'	o Overall impact on culture: Positive o Style works best to help improve performance or develop long-term strengths.

Adapted from: Goleman D. (2000), Leadership That Gets Results, Harvard Business Review, March 2000

Another issue which emerged during the case study was the significance of culture for the entrepreneurial school Mintzberg doesn't really make much of a mention of employees more than that they should conform, be dependant and follow the visionary leader without question, leading to a lack of creativity and innovation. However, from the case study it is clear that to have conformist, dependant employees, some attention has to be given to the organisational culture. This creation of a culture and reinforcement of the vision and core values seemed key to the success of the entrepreneurial school approach to strategic management by Husky. It was achieved in various ways such as by myths concerning the cultural hero Robert Schad such as moving to Canada in the late 1950s with nothing but a letter of reference from Albert Einstein and how he started the company in his garage in 1953. Communication and reinforcement of the core values also serve to preserve this culture. The issue of culture as a means of developing a compliant and malleable workforce would require more detail for this school as I believe it has a greater significance than is given.

In connection with importance of the topic of culture, is that of the task of reinforcing and developing the culture. Clearly, Robert Schad has a vision which is compelling, but he is involving with decision making rather than creating and maintaining a certain organisational culture. Therefore, I think that another key

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part of the entrepreneurial school is that of the task of developing and maintaining culture. Mintzberg makes no mention of this, perhaps because the entrepreneurial school is seen to apply more to small businesses where communicating, developing and maintaining the values of a vision are more straightforward than in a larger multinational organisation. Mintzberg does not negate the possibility of a larger organisation adopting this approach, but as it seems less likely, less attention is paid to developing and maintaining culture. Therefore, I would recommend that the following should be considered for the entrepreneurial school:

- the role of line managers in reinforcing vision and core values with staff;
- the role of the Human Resources Department in selecting staff according to the vision and core values (as in the case of Husky);
- the communication methods used to ensure that the vision is communicated clearly to staff and upheld by staff

For each of the above points there would need to be some form of strategy and an evaluation as to whether or not staff is in line with the vision and core values of the organisation. The importance of the Human Resources Department in the entrepreneurial school can be seen in the comments made by Dirk Schlimm, Vice President: "HR is not a feel good department…Its very much involved in the business, very much involved in discussing and formulating business strategy…"[15]. Within this school, the demands on staff are great and with leaders demanding their visions are shared by all staff right down to a change of professional and personal lifestyles and thinking and this needs careful consideration within each organisation.

One astounding outcome of this study was something also referred to by Mintzberg: the lack of a formalization of the vision, missions and goals. I could understand that a small business might not go through such a formalization process but for larger companies, I always assumed that a formal vision, mission and goals were a basic requirement. Although Husky claims that business is done the same now as 20 years ago, the formalization of the vision, mission and so on only happened 20 years ago[16]. This seems a peculiar anomaly for a large organisation and seems to indicate a need for further research in this area in the context of the entrepreneurial school.

Mintzberg very much considers the vision as the sole focus and (fixed) direction of the company. However, as seen in the case of Husky, not all leaders subscribing to the entrepreneurial school are comfortable jumping into something without checking first. This seems to indicate a lack of awareness of competition, resources and capabilities, which is rarely the case in more mature an experienced leaders such as Schad. Robert Schad used many external advisors to check the feasibility and confirm or even redirect his sense of vision. This aspect, perhaps it can be called business savoir-faire or some form of wisdom or maturity, may not be seen in younger entrepreneurs with little experience and a compelling vision. However for those leaders or entrepreneurs with more experience, the vision may still be compelling and the centrepiece of the organisation, and yet, the leader first considers all strategic options within the scope of core values / vision and ensures that all possible information is received before taking any further steps. The concept of the entrepreneur is presented both positively and negatively by Mintzberg, but somewhat lacking this aspect of wisdom, experience, caution and the demand for strategically-relevant information which are, in my view, important to the success for a visionary leader as much as finding a particular niche. Further research into the development of the entrepreneur / visionary leader would be useful for this model. For example, perhaps during the business life cycle of an entrepreneur he or she moves from risk-taking and relying on intuition for strategic decision-making towards caution and relying on information.

With the model of the entrepreneurial school there is a sense of dramatic transformation to follow a vision with the organisation often being led in new directions. This came across in the case study as a key factor. Husky underwent great transformation 20 years ago when Jim Collins refined and confirmed Schad's vision. There seems no question that within any vision comes dramatic change or a significant new direction.

Mintzberg also refers to leaders of the entrepreneurial school as having growth as a key focus. I would argue that growth is a focus of most organisations but it seems that with visionary leaders this is not always the case. Husky stresses that they do not accept that the key goal should be 'growth at all costs'. Everything must be in line with the vision regardless of other factors. Without the vision and the leader, the model of the entrepreneurial school is rendered useless. Therefore, perhaps in addition to the associated homily for the school of 'take me to your leader', there should perhaps be another one: 'Vision at all costs'. This to me encapsulates the perimeters of strategic decision making and the key view behind the organisation. This is also seen in the fact that although many companies are cutting the costs of community projects and environmental projects during the global recession[17], Husky has not done so – with the view that the economic bottom line is only one of the three bottom lines they are concerned with. The concept of the triple bottom line is a relatively new one, but perhaps needs considering in Mintzberg's work on strategic schools (depending on whether this concept is seen as merely a temporary fad or a constant for the future).

There also seems to be an element of luck in the visionary leaders of the entrepreneurial school. This is not mentioned by Mintzberg, but it does seem that with such a strong attachment to vision, regardless of the competitive environment, and acting in uncertainty, luck is also a factor. For example, in Husky's case the company seemed to experience unintended benefits such as easier entry into markets in other countries because of their environmental policy. Likewise, employing local community members from poor backgrounds – through gratitude and dependence - become a conforming workforce.

Mintzberg also refers to the issue of the organisation being very centralized in the organisation of the entrepreneurial school as the leader / entrepreneur makes all the key decisions and oversees at the operational level. From the case of Husky and the small businesses referred to by Mintzberg, I would say that this centralization may be more than maintaining centralized power. If the visionary leader / entrepreneur started a small business on his or her own and from nothing and then with a compelling vision built it up then to my mind it is very hard to let go and pass the decision-making on to someone else. This was also seen in the case of Husky when the time came for Schad to retire. Although this reinforces Mintzberg's idea that without the visionary leader, the vision itself may struggle to endure.

Finally, the changes to the model here are really additional factors or clarification that would add to Mintzberg's work rather than change the key points. When considering the entrepreneurial school and the other Schools referred to by Mintzberg, it seems to me that in many organisations strategic decisions are not fixed to one school. For example, in Husky's case, there is planning and formalization (although after 20 years in operation), there is some element of learning, design and culture. Perhaps it should be stressed that these schools represent the dominant school rather than the only school that an organisation may adopt.

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IMPACT OF TRAINING AND DEVELOPMENT IN CONTEXT OF IHRM

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ABSTRACT

This study aims to study and analyze the training and developmental practices in MNC's (Multi National Corporations) and understand to what extent these trainings are effective in bringing out effective employee adjustment and performance in lieu of return on investment (ROI). Objectives are to study (i) importance of IHRM towards training and development in MNC's (ii) importance and relationship between qualities of international training with that of expats performance, (iii) effectiveness of pre-departure training in expats, (iv) effect of expatriate's personality and social network on culture adjustment and (v) how to measure benefits of training (ROI). Research study is completely based on review and analysis of past literature. Analysis of the review indicates that emphasis is put on the importance of training both in general and training imparted by MNC's to their employees before they are recruited from third countries to join overseas establishment. Importance of pre-departure training is to avoid any failures at host country level. In regards to issues like cost, time and difficulty, research studies are limited. It is viewed that cross-cultural training provided by most multinationals is insufficient, incomplete or simply non-existent. Further ROI evaluation specifies mostly on the descriptive evaluation but does not specify techniques for quantitative evaluation of training and developmental programs even at business impact level. This can be considered as one of the major drawback of the model. In contrast there are many models, techniques, tools etc. to evaluate ROI but to what extent all these models are accurate is not transparent.

KEYWORDS

Culture, expatriate, IHRM, MNC, ROI, training and development.

INTERNATIONAL HUMAN RESOURCE MANAGEMENT (IHRM)

IHRM is the process of procuring, allocating, effectively utilizing human resources in a MNC's (Multi National Corporations), while balancing the combination and differentiation of HR activities in foreign locations. It is worldwide management of people. There is difference in managing people in different countries and in home country (Chris, Paul & Hilary, 2005). The rationale behind IHRM is to enable the multinational enterprise (MNE) to implement the better policies be successful globally. Policy is needed to enable the MNE to be competitive, efficient, locally responsive, flexible and adaptable within the shortest of time periods and capable of transferring knowledge and learning across their globally dispersed units. IHRM can prove to be critical to the success of the MNF's (Multi National Firms) and effective implementation enables companies to survive. There is lack of information regarding the dynamics of the HRM in developing countries. Global managers have now realized that HR strategies vary from country to country. The concern, however, is that for the issues like cost, time and difficulty, the research studies are limited. There are suggestions that there need to be further understanding of the developing models and for understanding the important areas to develop models for analysing the environmental factors impacting the human resources (Pawan & Yaw, 2003).

With the Globalization and increasing market competition, global environment is becoming more and more intense especially for international organizations. Under these circumstances, IHRM plays an important role. The HR policies being drafted and implemented show a new trend and identify the linkage of HRM with strategy on national and international level. The framework of the IHRM strategy in MNC's is to link with internal operations, strategic aspects of IHRM by using different theoretical bases etc. Strategic IHRM is regarded as a general approach to the strategic management of human resources in accordance with the intentions of the organization on the future direction it wants to take. It is concerned with long-term people issues and macro-concerns about structure, quality, culture, values, commitment and matching resources to future need. It also integrates human resource considerations with other physical, financial, and technological resources in the setting of goals and solving complex organizational problems. It also emphasizes the implementation of a set of policies and practices that will build employee pool of skills, knowledge, and abilities that are relevant to organizational goals. Thus a larger variety and more complete set of solutions for solving organizational problems are provided and the likelihood that business goals of organization will be attained is increased (Legnick-Hall & Legnick-Hall, 1988).

It is on record that there is a growing interest in IHRM since last 15 years but there is much to be done for better understanding of HRM practices in international concern. The IHRM issues which have been researched are of practical importance. For the majority of corporate clients increasing internalization is equal to major role played by the IHRM. It is suggested by Adlan and Ghadar (1990), organizations need to follow different HRM policies and practices according to relevant stage of international corporate evolution (Chris & Hilary, 1999). IHRM policies and practices constitute the development of general guidelines on how individuals will be managed and specific HR initiatives are undertaken. IHRM policies and practices relevant to the needs of MNEs include those related to planning, staffing, appraising, compensating, training and developing, and labour relations. Generally, MNE have the HR policies that indicate that performance will be rewarded (Huselid, Jackson and Schuler, 1997).

Based on review regarding human resources categorise expatriates in mainly three categories, PCNs (Parent Country Nationals); HCNs (Host Country Nationals); and TCNs (Third Country Nationals). Focusing on different roles of these expatriates by point of departure they are been classified into four general approaches to international staffing. The major role played by expatriates is to transfer the knowledge and technology to their foreign offices. A situation raises when either the qualified people are unavailable or the parent company wish to have hold on key positions in the initial years. In such cases the companies do send the PCNs to fill out the positions. This is mostly used by multinational and international firms. By positioning such people it leads to securing the headquarter control, where the companies can exercise this control by using the PCNs in their foreign establishments. This also enables the MNC's to pass on the culture in to foreign operations. Though it does create some culture problem initially but this is mitigated by various other methods and parent company culture is maintained subject to local laws. Especially MNCs tend to demand administrative and financial control in their foreign operations. There is opportunity for international experience/management development as working in different environments for similar type of portfolio give better exposure. International experience promotes employees with better knowledge and tackles the difficulties in different ways. The same philosophy is used by the corporate clients by transfers of employees to overseas to enable them to learn foreign cultures and environments. In such situations qualified HCNs are available but managers are still transferred to foreign subsidiaries to acquire knowledge and skills (Harzing & Ruysseveld, 2004).

It is a critical factor to have the quality of expatriates which depends directly on their success. The process of repatriation has four phases which are preparation, physical relocation, transition, and readjustment. In one of the study Stroh (1995) suggested that repatriates look at the overseas assignment if it is for career development. In absence of the career development there is great possibility of higher turnover amongst the expatriates. Lifestyle counselling will also be beneficial to employees. Hammer *et al.* (1998) examined the adjustment of American corporate managers and spouses to their professional and social environments upon their return to the US. They investigated the relationship of background variables (e.g. age, prior national experience), host country variables and re-entry variables of expectations to re-entry satisfaction and re-entry difficulties of 44 returning managers and 33 spouses from two MNCs. Further Hammer *et al.* (1998) found support for the relationship between re-entry expectations and overall re-entry satisfaction for managers and re-entry expectations

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and re-entry satisfaction and re-entry difficulties for spouses. Such ongoing research, along with earlier discussed frameworks in the field such as by both Welch *et al.* (1992) and Black *et al.* (1999) reflect the trends in IHRM to be more systematic, strategic, inclusive, and contextual.

INTERNATIONAL TRAINING AND DEVELOPMENT

In their article Vance and Paik (2002), it is been concluded that since there is standardised procedures for rules and regulations, planning, auditing and performance evaluation amongst the various subsidiaries, expatriate managers are expected to be better aware as compared to local staff of the corporate priorities. The transfer of managers from headquarters will help in creation of information network in line with corporate culture. **The cross cultural training is must as studies have indicated that failures in the overseas subsidiaries are not because of the technical incompetence but because of cross cultural adjustments.** The success of expatriate's assignment depends primarily on ability to adjust as compared to the competency in the management overseas. For a given HCN, expatriates pre departure programme will include proper knowledge of proper behaviour to be emphasized for specific country. HCN learning at the upper management level included advanced technical system operations, subsidiary business level strategy, parent company strategy and parent company corporate culture. The contents of the training will be the experience input from the experienced expatriates of specific foreign operations. This experience input will add more traditional input for training and can make expatriates become prepared for unique demand of assignment (Napier & Peterson, 1991).

Employee training and development activities improve performance. Instead of discussing about the training aspects, the emphasis here is given for the cross culture training as it is directly linked to expatriates. There are two major issues concerning international training i.e imparting training to employees and measurement of the benefit of training (referred to as return on investments). Secondly the **type of international training given is very important in cross-cultural aspects (environments) as it is required to choose between culture specific and culture general training**. There is always need to understand which areas of the culture to be focussed upon and what are the individual requirements of the employees who might have to deal with a situation like this or who is shifting to a different culture for work. The examples quoted in such cases are different aspects of time i.e the time factor as in cultures like USA starting and ending on time are very important but in others like South American countries that may be considered exceptional. Characteristics of the cultures take time for relationship building which may not be case in others. In view of the above, cross-cultural barriers related to time need to be taken care of. Other major point is the language, the English language is being used for most transactions but then usage of English is different in different countries. The pronunciation in India is significantly different from the American way as Indians are brought up in UK English style. It is also important as some of the terms have different meaning in different languages though appears to be simple but are more legal in nature. In case of countries with different language the expatriates must be trained in opening dialogues and discussions with the help of translators (Hun and Jenkins, 1998).

First the question raises **who will be imparted training**. Cross cultural training is important but who should be imparted this training is equally important. Most of the corporate have the policies and procedures for selection of employees for the overseas appointments. Here the discussion is limited to employees with long term posting not short visit. The study conducted by Nick (2006), states that corporations with overseas presence need to have rigorous and pre remove policies for selection procedure for expatriates who should also include the personality and psychometric testing. This avoids corporate to avoid high failure rate in case of expatriates. **Culture has highly persistent influence on behaviour of individuals. Culture provides body of knowledge and techniques. The perception, attitude, motivation, value and learning experiences are shared by culture**. This is the reason that all expatriate employees should be imparted training to adapt to the culture of the place they will be. After getting the process started with selection of qualified and well experienced persons, training they provide to employees and their families thus becomes crucially important. It can be construed that on the basis of the past history and record, all employees short listed for overseas transfers are asked to undertake the pre-move training and cross-cultural briefings can help expatriate staff adapt to living and working in new environments. The study conducted by Waxin (2004), indicate that there is the optimal conditions of effectiveness of cross-cultural training. According to the study, the country of origin had a moderator effect on adjustment and its antecedents. It is also established that employees having varied international experience need less cross-cultural adjustment or training. They are less dependent on cross-cultural training in order to adjust, and that cross-cultural training would be more effective for those with little or no prior international experience.

There is alternate opinion by Salmer (2000), i.e., as cross-cultural training intends to train individuals from one culture to interact effectively with members of another culture and to predispose them to a quick adjustment to their foreign assignments. Expatriates may lack same behavioural pattern which they use in their home country without adjusting to local norms and practices. There are chances of negative consequences may not be disastrous which is not a positive indication. It is also felt that the cross-cultural training provided by most multinationals is insufficient, incomplete or simply non-existent. It is suggested that when the expatriates and their families are send overseas adjustment and integration are very important aspects of the process of managing expatriates.

It is another important question to ask **who should impart the training**. Differences in cultures lead to significant differences in the way people react during the business operations. Motivational needs of managers and executives vary across cultures which necessitates that expatriates will need to understand the basic differences in the employee behaviour. Production facilities of firms may be similar across all the subsidiaries but the employee behaviour in these facilities may not remain the same. There may be large degree of uncertainty which an employee might face while moving to a foreign land and culture can be reduced through organizational support in terms of training. For the employees, a well delivered training can help in managing with the new situations, while for the organization this helps in getting the best of the employee in terms of work output through maintaining the employee morale and motivation. The international trainings should be imparted either by the existing expatriates in that country or the host country professionals as culture and regulations are well known to them. Any detailed trainer will lead you through host country overview, culture and communication and managing the transition. He will, be able to provide the background readings. Consultants and trainers must be able to address the special needs and requirements of the company's problems (Ferraro, 2007).

PRE DEPARTURE CROSS CULTURAL TRAINING

Even though it carries expense, it was intended by majority of the corporate to have pre-departure training for expatriate assignments as it was felt as essential. The expense was also intended to avoid any future estimated loss if the expatriates fail in their assignment. The high costs associated with expatriation reduced the capacity of some of the corporate to provide formal training for expatriation. It was concluded in various studies (Jain, 2010; Nike, 2006; Charles & Paik, 2002) that international training is important, but the cost benefit must be considered. In their studies the participants indicated that the level of pre-departure training provided depended very much on the cost and the benefit obtained from running such programs. In contrast, Tung (1988a) indicated it depends on other factors like the length of stay, capability and capacity of the expatriate and degree of engagement.

Bean (2007) emphasized the importance of training not only in general but training imparted by the MNC's to their employees before they are transferred or recruited from third countries to join the overseas establishment. The importance of pre departure training is to avoid any failures at the host country level. The studies indicate (Bean, 2007) that many companies face a high failure rate of expatriates. These failures may be due to poor job performance or non adjustment due to cultural reasons. It is also fact that the economic globalisations have positive impact and MNCs need expatriates to manage the subsidiaries, as expatriates are more familiar with management techniques and methods used in the MNCs than locals. The expatriate failure may also be due to wrong selection process and the pre-departure training. The referred case study pertains to the pre departure training only. In their study Okpara and Kabongo (2010) have stressed upon that there are chances of difficulty of retaining expatriates for their global operations. **One of the reasons for expatriates' failure has been recorded as the inability of these managers to adapt to the host-country's culture**. The importance of cross-culture training programs provided to employees and their families by MNCs are becoming important for successful international operations.

The views shared by Chew (2004) give adequate evidence that every firm should try to prevent a crisis from occurring. The crisis confronting MNCs include failed assignments due to premature return of expatriates and the loss of their returned expatriates due to poor repatriation. Crisis in expatriate management threatened the firm's capabilities and performance in the host country. There is high attrition rate of repatriates in some corporate specifically for some countries adds to the cost and creates a net negative return on a firm's investment in human resource. In view of the above the company's suitable HR policies and procedures are implemented to encourage more employees to accept foreign transfers. This emphasis is a visible sign that the organization supports

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expatriates and attempts to contribute to employee success in the overseas assignment. **The studies show evidence that the expatriates who are unfamiliar with the customs, cultures and work habits of the local people, pre-departure training may be critical to their effectiveness and success in their overseas assignments**.

The survey conducted by Windham International and the National Foreign Trade Council (1999) is alarming as large numbers of international assignments are turned down because of spouse and family issues. Most of these people gave reasons of family adjustment, spousal resistance and spouse's career as the main reasons for declining the international assignments. This is the reason that international training is urgently required and in-depth methods covering a broad range of topics and methods are used to improve the effectiveness of the expatriates in overseas assignments. These international training programs are designed to improve relational skills which are crucial to effective performance in expatriate job assignments. This intensive international training can provide the encouragement and motivation to seek the social network and activities that will make the new stressors more bearable. For the expatriate, international and pre departure training can reduce many of the uncertainties associated with the new role (Chew, 2004).

EXPATRIATE'S PERSONALITY, SOCIAL NETWORK AND CULTURE ADJUSTMENT

There are two types of views regarding the international assignments. Globalization is part of the business strategy of each company. With the increase in globalization, the frequency of international assignments has increased. The records reveal that 80% of the mid and large size companies used to offer the international assignments during 1999 out of which 45% were planning to further increase the number (Black and Gregersen, 1999). However, there was different view by accounting firm i.e KPMG in one of their accounting web journal in 2008 wherein the accounting firms are of the opinion that due to increase in cost by increasing international assignments the companies need to re-examine the issues (KPMG, 2008). However, the accounting firm is of the view that short term assignments are on the increase for undertaking international business. Here the focus is on the issues of personality characteristics of the expatriates persuade the formation of the social ties with host country nationals and other expatriates. **It is fact that by developing friendship with host country nationals the expatriates are able to adjust easily in the foreign environment** (Pieper, 1990).

One significant issue that is important to discuss here is the ratio of females sent for international assignments by the corporate which is less when compared to male expats. The figures may change with country culture but there is definitely a concern that the number of female global assignees is proportionally low in relation to the overall size of the qualified female labour pool. This has been concluded from one of the research from Australia, Canada and United States reports that the number of female expatriates range between 7% and 14%, compared to the 25% to 45% of women in management (Florkowski & Fogel, 1999). The key issue is in what way the personality affects the job performance of expatriates. Studies have been in place but no conclusive evidence has been found till date as job performance may not be a conclusive factor of the personality of the expatriate (Outtz, 2011). There are number of personality traits in each person but for the purpose of grouping psychologists have come up with a list of the five major personality traits as these make up the essence of a person's personality. These traits are Openness, Conscientiousness, Extraversion, Agreeableness and Neuroticism. These five traits are labelled as the Big Five Personality (Smith & Bar-Eli, 2007).

Job performance has a direct link with knowledge, skills, abilities, and motivation directed at role prescribed behaviour, such as formal job responsibilities. The ability to perform effectively evidence that individual is aware of the job description and job requirements. Studies related to big five personality traits and job performance did not yield any conclusive evidence. However, there is one study by Ones and Viswesvaran (1999) suggested that conscientiousness was perceived to be the most important personality trait for expatriate job performance. Sinangil and Ones (1998) are of the opinion that dependability (conscientiousness) is a poor predictor of expatriate job performance. The views of Mol et. al. (2005) are of the opinion that there is no support for the relationship between openness to experience and expatriate job performance. According to Buss (1991), the possession of the Big Five personality characteristics lead to universal adaptive mechanisms that allow individuals to adapt with and meet the demands of physical, social and cultural environments. The difference in these traits has been studied with no conclusion as the females expatriates have been found to be quite successful though the percentage of expatriate females is much less (Farlin & Paul, 2008). Further Farlin & Paul (2008) also made comparison of male and female expatriates on the traits like retention, adjustment and supervisor-rated performance wherein no difference was noticed. They observed that males and females are of the same view on their desire to terminate their global assignments and supervisor-rated performance. The same study did suggest that women were less cross-culturally adjusted than men in countries with low female workforce participation and a lower percentage of women managers (Hardill, 2002).

Globally there is difference in work culture for females as regards to the non work and additional work challenges they will have to face while working on international assignments. Additional and non work challenges include family issues like child care that puts more pressure on female expatriates. Female expatriates are also affected by the host country cultural norms towards working with men/women. They have difficulty making friends on global assignments consequently having lower cross-cultural adjustment. In view of these aspects, social interaction and social support are considered as key issue for female expatriates in both work and non-work contexts (Elron & Kark, 2000). In one of the study Albrecht and Adelman (1984) found that social ties help people cope with changes by providing information about unfamiliar situations. Expatriates must simultaneously gather information about living and working in the foreign country. Although these two types of information are distinct, both are important for expatriates. Social interaction with host, home and third-country nationals is an invaluable source of information about culturally acceptable norms and behaviours and reduces uncertainties associated with work and non-work situations (Anderson, 2001). Social support (eg. from family, host national colleagues, compatriots, expatriates from other countries) helps in mobilizing psychological resources and serves to provide feelings of reinforcement, recognition and affirmation that can greatly enhance female expatriates' cross-cultural adjustment. Social support can also buffer against stress that may result while expatriates are adjusting to the new environment and re-establishing their lives throughout the assignment. Extroversion is measured by quantity of social interaction and to character traits such as being gregarious, assertive, active and talkative. Such persons are considered sociable and outgoing with others. Caligiuri (2000) in his study recommended that extrovert counterparts were evaluated higher in terms of work performance.

The comparative personality with females is affected by whether a woman is able to form relationships on the expatriate assignment especially considering the host nationals' cultural norms towards women, her language skills and the availability of possible opportunities for interaction. The factor of family members and host-national colleagues also impact the social relations. Westwood and Leung in 1994 pointed out that there is different opinion regarding women which tend to be more relationship centred and the affiliating personality characteristics are higher in women than in men. Jelinek and Adler (1988) concluded that women tend to have good interpersonal skills and an ability to discuss a large range of topics with business partners, while developing relationships in certain cultures. There is no conclusive evidence how it is related to expatriate adjustment. The general view is that expatriates who are capable of controlling their emotions perform better at interacting with local organizational members or with other host nationals. The human emotional connections can mitigate the negative psychological effects of isolation and loneliness to maintain and enhance self-identity and self-esteem (Viswesvaran 2002). Big five factor of agreeableness also impacts the performance of expatriates. Individuals having agreeableness personality generally have the tendency to get along well with others in interpersonal settings, hence, facilitate effective communication and relationship with host country nationals and other expatriates. Lippa (1995) in his study indicated that sociability, openness, and low levels of adjustment are the factors most linked to "masculinity," while agreeableness and conscientiousness are linked to "femininity". Marusic and Bratko (1998) concluded that sociability was highly associated with "masculinity" and agreeableness with "femininity." Goldberg et al. (1998) reported that men tended to be less agreeable than women, but found no significant differences in the other four factors.

RETURN ON INVESTMENT (ROI) MODEL

ROI on HRD (human resource department) has been a hot issue of discussion by many researchers and practitioners. It is been identified from the literature that in the past there was not much emphasis put on identifying ROI especially when considering training and developmental programs in international organizations. As stated by Wang, Dou & Li (2002, p.208) *It was not until the early 1980s that the term return on investment was used explicitly in training evaluations Meanwhile, a wave of interest in ROI was developing in the HRD field. The move may have reflected widespread downsizing in the business world at the time, as*

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well as the need for training and HRD justification accordingly. Since then, ROI for HRD programs has evolved from Kirkpatrick's descriptive model to a more quantitative measurement, represented by a simplified accounting equation. This clearly shows that in the past there was not much emphasis on ROI.

Still to date ROI is in infancy stage (as considered by most of the literature review of researchers) and is more of descriptive rather than quantitative. ROI evaluation is considered to be done at four levels such as reaction, learning, application and business impact. But of all these only business impact is relevant to ROI. The four level evaluation models specifies mostly on the descriptive evaluation but does not specify the techniques for quantitative evaluation of training and developmental programs even at the business impact level. This can be considered as one of the major drawback of the model. In contrast there are many such models, techniques, tools etc. to evaluate ROI but to what extent all these models are accurate is not transparent. From the review of past literature it is understood that effective tools and techniques help in identifying ROI and there are many such tools available. Here it is very important to identify the HR benefits and then separate them from other impacts of ROI so as to see that organizations identify exact ROI. Next intangible assets also need to be identified and presented when calculating ROI. Even though measuring ROI is difficult, it is vital for organizational performers (in the sense leaders) to identify the operational and financial foals of the organization and share it with the outcomes. It is the responsibility of the management to identify this aspect as a major as ROI on training and development is crucial as it need to bring effective employee and organizational outputs in terms of performance as well as income and profits.

It is always difficult to measure the effectiveness and efficiency of training to overcome hurdle for human resource and training professionals in the overseas countries in different industries. The aspect of financial performance is a basic expectation of leaders responsible for their share of operational goals of the business unit. The methodology of tracking Return on Investments (ROI) for human capital management was an important aspect of all the corporate. Tools and techniques to measure return on investment (ROI) are available, and the process is considered as reliable and acceptable (Harris, 2007). Organizations making investments especially in international training always try to find out the return on investments. Companies do consider the rewards of such an evaluation. The measurement also needed parameter as international training and development budgets are continuing to grow, training and development are linked to competitive strategies, many programmes have failed to deliver what was expected and interest in the ROI process. ROI is calculated as: **ROI (%) = Benefits – Costs x 100 / Costs** (Phillips, 1996).

This model also recognizes that there should be intangible benefits that will be presented along with the ROI calculation (Phillips, 1996). Human capital is somewhat of a moving target when it comes to applying financial investment and return numbers to training given, learning achieved and performance realized. Tracking modified behaviour and the value of an individual's modification may be the desire of every human resource director responsible for the development of their human resources; however, the reality of this endeavour is quite another matter. According to Brown (2001), **calculating the ROI figure has no constant value, is difficult to summarize, and is an invalid percentage or ratio due to the time value of information** (Harris, 2007). Both Kirkpatrick and Phillips (1996) explained ROI by stating that complete accuracy in ROI calculations is not possible. **The variability of the human factor, timeliness of information, and accuracy of all information always includes error, and thus the confidence level of any calculation related to yield, revenue, asset, or quality management is a guesstimate**; however, it is important to calculate. The framework of Kirkpatrick and Phillips model is based on a series of questions to reach the ultimate ROI calculation.

Further it is understood that different members have different aspects of calculating ROI especially considering international T&D. Some of the members expressed that factors such as resource allocations (for training), determination of wages (for existing and new employees as training involves both categories), post program feedbacks etc. should be considered while investing in on board and off board employees and these aspects should be taken into account while calculating ROI. It is assumed that including such factors will help the organization to more clearly identify ROI on international training and developmental programs. Next another method of calculating ROI is identified to have three major factors such as yield and revenue management, asset management and total quality management. This model is said to calculate quality and productivity for ROI. First monitoring productivity process in done in yield and revenue management (there is no competitive advantage produced here), second managing capacity is done as a part of asset management (here measuring outcomes is difficult as capacity can be controlled) and finally impact on employee outcomes is measured as quality output through total quality management (here the quality is intangible).

CONCLUSIONS

Drawing conclusion on the study is s difficult task as still a large scale study is in process to identify the importance of IHRM practices and policies especially towards pre departure training and development of expatriates and measuring benefits on employee training (ROI). But to some extent it can be concluded from the review study that most emphasis is put on such issues and there are suggestions that there is a need for further understanding of the IHRM developing models. It is also understood from the study that the cross-cultural training provided by most multinationals is insufficient, incomplete or simply non-existent and is suggested that when the expatriates and their families are send overseas adjustment and integration are very important aspects of the process of managing expatriates. Further ROI evaluation specifies mostly on the descriptive evaluation but not on techniques for quantitative evaluation of training and developmental programs. This can be considered as one of the major drawback of the model. In contrast it is also understood that there are many models, techniques, tools etc. to evaluate ROI but to what extent all these models are accurate is not transparent. From the review of past literature it is understood that effective tools and techniques help in identifying ROI and there are many such tools available. Thus there is more emphasis on future studies on evaluating the importance of cross cultural training and effective measures of ROI especially in international assignments.

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ABSTRACT

Fast changing business environment is a major factor in new emphasis on leadership. However, it is found that there is no consensus on definition of leadership among scholars. Definitions vary in terms of emphasis on leader abilities, personality traits, influence relationships, cognitive versus emotional orientation, individual versus group orientation and appeal to self versus collective interests (Bass, 1990a, Yukl, 1994). Similarly, there are many types of leadership styles identified by leadership models, leadership theories and various scholars. Important leadership styles identified by the researches are Autocratic leadership style, Bureaucratic leadership style, charismatic leadership style, democratic leadership or participative leadership style, laissez-faire leadership style, people-oriented leadership/relations-oriented leadership/ human relation leadership style, servant leadership style, visionary leadership style, task-oriented leadership style, transactional leadership style, transformational leadership style, abusive leadership style, ethical leadership style, primal leadership style, entrepreneurial leadership style, holistic leadership style, Transcendental leadership style. In this study attempts are made through literature survey to find out interrelationship among various leadership styles and limitations of some of the leadership styles. It is found that transaction leadership, transformational leadership, servant leadership, abusive leadership and ethical leadership are distinct in nature and need focus for study and understand them to develop the right leadership style for developing right environment for the success of the organization in present cut throat competition in local and global market.

KEYWORDS

Abusive leadership, Ethical leadership, Transactional leadership, Transformational leadership, Servant leadership.

INTRODUCTION

Fast changing business environment is a major factor in new emphasis on leadership. Whereas in the past, managers were expected to maintain the status quo in order to move ahead, new forces in the marketplace have made it necessary to expand this narrow focus. The new leaders of tomorrow are visionary. They are both learners and teachers. Not only do they foresee paradigm changes in society, but they also have a strong sense of ethics and work to build integrity in their organizations. [1]

For the last twenty years, the topic of leadership has become popular among scholars. Considerable research on this topic has appeared in the literature (Dansereau & Yammarino, 1998; Avolio & Yammarino, 2002). However, there is neither comprehensive understanding of what leadership is, nor is there an agreement among different scholars on what good or effective leadership should be. Also, there is no consensus on definition of leadership among scholars. Definitions vary in terms of emphasis on leader abilities, personality traits, influence relationships, cognitive versus emotional orientation, individual versus group orientation and appeal to self versus collective interests (Bass, 1990a, Yukl, 1994).

Literature review highlights that the term" Leadership" is defined in various ways by different scholars. Some define Leadership as reciprocal process (Barrow, 1977; Cartwright & Zander, 1998 and Hollander, 1985) and some other define it as a transactional process (Burns, 1978; Hollander & Julian, 1969; and Pigors, 1935) while Bass (1985) and Bass et al. (1987) define leadership as a transformational process and Grimes (1978) calls it as a cooperative process.

Important leadership styles identified by the researches are Autocratic leadership style, Bureaucratic leadership style, charismatic leadership style, democratic leadership or participative leadership style, laissez-faire leadership style, people-oriented leadership/relations-oriented leadership/ human relation leadership style, servant leadership style, visionary leadership style, task-oriented leadership style, transactional leadership style, transformational leadership style, abusive leadership style, ethical leadership style, primal leadership style, entrepreneurial leadership style, holistic leadership style, Transcendental leadership style.

During research survey, it is found that there are many interrelatedness among various leadership styles e.g. Burns (1978) covers bureaucratic style under transactional charismatic and ethical leadership under Transformational leadership styles. In view of this, an attempt is made in this study to identify the interrelationship of various leadership styles, limitations of some of the leadership styles and identify exclusive leadership styles which are important for study in present business scenario.

LEADERSHIP

A leader is an agent of change, and progress is about change. In the words of Robert F Kennedy, 'Progress is a nice word; but change is its motivator.' Leadership is about raising the aspirations of followers and enthusing people with a desire to reach for the stars. For instance, Mahatma Gandhi created a vision for independence in India and raised the aspirations of Indians. A leader has to raise the confidence of followers. He should make them understand that tough times are part of life and that they will come out better at the end of it. He has to sustain their hope, and their energy levels to handle the difficult days the leader has to create hope. He has to create a plausible story about a better future for the organization: everyone should be able to see the rainbow and catch a part of it. (Narayan Murthy, 2005). [2]

There is no consensus on definition of leadership among scholars. Definitions vary in terms of emphasis on leader abilities, personality traits, influence relationships, cognitive versus emotional orientation, individual versus group orientation and appeal to self versus collective interests (Bass, 1990a, Yukl, 1994).

Barrow (1977), Cartwright & Zander (1998), Hollander (1985) define Leadership is a reciprocal process. Any aspect of the leader, group member or setting can influence and be influenced by every other variable in the system. An interactional view assumes that leadership is a fluid, dynamic process involving continual adjustments among the three elements Leadership is a transactional process (Burns 1978, Hollander & Julian 1969) and Pigors 1935). The leader/member relationship is a form of social exchange; leaders and group members trade their time and energy in exchange for valued monetary and social rewards. Bass (1985), Bass et al. (1987) elaborate that leadership is often a transformational process. The transformational leader increases group members' motivation, confidence and satisfaction by uniting members and changing their beliefs, values and needs. Grimes (1978) explain that the leadership is a cooperative process of legitimate influence than sheer power.

A few leaders understand the significance of influence of their leadership style on the performance and satisfaction of their employees. Leaders control both interpersonal and material rewards and punishments that shape employee behavior and influence the employee's performance, motivation, and attitude. They can affect an employee's self-image and resulting potential in either a positive or negative way by being supportive, fair, and encouraging, or unsupportive, inconsistent, and critical. In addition, they can even affect an employee's health and energy level by creating a stimulating work climate or one filled with tension and fear. The influence of a leader's style reaches greater proportions as the effects on individuals begin to have a cumulative effect on group performance. There are some variables other than a leader's style that affect employee performance and satisfaction. But, the potential consequences of a leader's style should be understood and not be underestimated (Warrick, 1981).

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LEADERSHIP STYLES

Leadership styles are crucial to success. We find ourselves taking leadership roles at one point or the other in our lives. We can easily find leadership in the world of business, sports, religion, and politics and even at home. Some are leaders are successful and others are not. Some get respect and others are not. Surprisingly some of the successful leaders do not get respect rather people hate them. This depends on kind of leadership style adopted by a person. From Mahatma Gandhi to Jack Welch and Martin Luther King to Rudolph Giuliani, there are as many leadership styles as many leaders. Fortunately, business people and psychologists have developed useful, shorthand ways of describing the main leadership styles that can help aspiring leaders to understand and adapt their own styles and leadership impact (Murari and Gupta, 2009).

LEADERSHIP STYLES IDENTIFIED IN LEADERSHIP MODEL, LEADERSHIP THEORIES, BY VARIOUS SCHOLARS AND LITERATURE REVIEW

A leadership model refers to a theoretical construct which may have been derived from one philosophy or resemble the approach espoused by a selected philosopher, or which may have been derived from various philosophies. There are six important models of leadership are: Burns Model; Greenleaf Model; Bennis and Burt Model; Kotter Model Kouzes and Posner model and Rost Model.

There are various leadership theories. These are Man Theory; Trait Theory; Behavioral Theories (Role Theory and The Managerial Grid); Participative Leadership (Lewin's leadership styles and Likert's leadership styles); Situational Leadership (Hersey and Blanchard's Situational Leadership, Vroom and Yetton's Normative Model and House's Path-Goal Theory of Leadership) ; Contingency Theories (Fiedler's Least Preferred Co-worker (LPC) Theory, Cognitive Resource Theory and Strategic Contingencies Theory) ; Transactional Leadership (Leader-Member Exchange (LMX) Theory); Transformational Leadership (Bass' Transformational Leadership Theory, Burns' Transformational Leadership Theory and Kouzes and Posner's Leadership Participation Inventory). [3]

Rao and Rao (2000) attempted to identify the impact of three different leadership styles namely benevolent or paternalistic style, critical style and developmental style on the learning climate generated in the organization as perceived by 48 top level managers in a company. He identified Autocratic leadership, Bureaucratic leadership, Charismatic leadership, Democratic leadership or Participative leadership, Servant leadership, Transactional leadership and Transformational leadership styles.

Warrick (1981) identified four types of leaders viz. Human Relations Leader, Democratic Leader, Laissez Faire Leader and Autocratic Leader.

NiCarthy et al. (1993) identified a number of abusive leadership styles in workplace research. Unfortunately these counterproductive styles are still present in far too many organizations today.

Grace (1990) [4] based on his formal leadership research and personal passions around faith and identified Ethical leadership style.

Goleman (2002) identified primal leadership style which refers to the emotional dimension of leadership. Orlov (2003) identified Holistic Leadership and defined it as being able to lead from the mind, the heart, and the soul. Kotelnikov (2005) brought the concept of Entrepreneurial leadership which is based on the attitude that the leader is self-employed.

Concept of transcendental leadership was discussed by many scholars. Transcendental leadership can be portrayed as a spiritual relational process in the postmodern spiritual workplace (Biberman &Whitty, 1997; Fry, 2003; Fry et al., 2005; Cardona, 2000; Sanders et al., 2003). Liu (2007) explains that transcendental leadership with high internal locus of control extrinsically, intrinsically, and transcendentally motivate employee and thus is more effective than transactional leadership and transformational leadership in motivating employee in the uncertain age.

Servant leadership views a leader as a servant of his/her followers. It places the interest of followers before the self-interest of a leader, emphasizes personal development and empowerment of followers. The servant leader is a facilitator for followers to achieve a shared vision (Greenleaf, 1977; Spears, 1998; Laub, 1999; Spears and Lawrence, 2002).

Various leadership styles identified through literature review are as follows:

a)   Autocratic leadership
b)   Bureaucratic leadership
c)   Charismatic leadership
d)   Democratic leadership or Participative leadership
e)   Laissez-faire leadership
f)   People-oriented leadership/ Relations-Oriented leadership/ human relation leadership
g)   Situational leadership
h)   Servant leadership
i)   Task-oriented leadership
j)   Transactional leadership
k)   Transformational leadership
l)   Abusive leadership
m)   Ethical leadership
n)   Primal Leadership
o)   Entrepreneurial leadership
p)   Transcendental leadership

INTERRELATIONSHIP OF LEADERSHIP STYLES

Literature survey reveals that there is Interrelationship among various leadership styles. Most of the leadership styles have interrelationship with Transactional and transformational leadership styles. Or in other words, they are subset of these leadership styles.

Burns (1978) proposed the theory of Transactional and Transformational leadership. Transactional leadership occurs when one person takes the initiative in making contact with others for the purpose of exchange of valued things. Contrast with this is transformational leadership where leaders and followers raise one another to higher levels of motivation and morality. He explains that various names are used for transformational leadership like exalting, uplifting, preaching, exhorting, evangelizing. Transformational leadership ultimately becomes moral in that it raises the level of human conduct and ethical aspiration of both leader and led

Transactional leadership is a process of social exchange between followers and leaders that involves a number of reward-based transactions. The transactional leader clarifies performance expectations, goals, and a path that will link achievement of the goals to rewards. The leader also monitors followers' performance and takes corrective actions when necessary (Graen & Cashman, 1975; Burns, 1978; Graen & Scandura, 1987; Hollander, 1993; Yukl, 1994; Bass, 1996).

Transformational leadership occurs when a leader inspires followers to share a vision, empowering them to achieve the vision, and provides the resource necessary for developing their personal potential Transformational leaders serve as role models, support optimism and mobilize commitment, as well as focus on the followers' needs for growth (Bass & Avolio, 1988, 1994a, 1994b; Bass, 1996).

LEADERSHIP STYLES RELATED WITH TRANSACTIONAL LEADERSHIP STYLE

Many leadership styles are found to be related with transactional style such as bureaucratic leadership and autocratic leadership. Burn's describes five different types of leaders among the Transactional leadership styles, (Burns 1978):

a)   **Opinion Leaders** - those leaders with the ability to sway public opinion.

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b) **Bureaucratic Leaders** - those that hold position power over their followers.
c) **Party Leaders** - leaders that hold political positions or titles in a particular country.
d) **Legislative Leaders** - political leaders that are at work behind the scenes.
e) **Executive Leaders** - often described as the president of a country, not necessarily bound to a political party or legislators.

TRANSACTIONAL LEADERSHIP AND BUREAUCRATIC LEADERSHIP

The bureaucratic organization seems to be the product of conscious decision by leadership to organize human and material resources for carefully defined goals. They have actual and formal authority to do so. It focuses on consistency, predictability, stability and efficiency more than creativity. (Burn, 1978). Bureaucratic Leaders hold position power over their followers and it is a form of transactional leadership.

TRANSACTIONAL LEADERSHIP AND AUTOCRATIC LEADERSHIP

Autocratic leadership is an extreme form of transactional leadership, where leader has absolute power over his or her employees or team. Employees and team members have little opportunity for making suggestions, even if these would be in the team or organization's interest. Most people tend to resent being treated like this. Because of this, autocratic leadership usually leads to high levels of absenteeism and staff turnover. For some routine and unskilled jobs, the Style can remain effective where the advantages of control outweigh the disadvantages. [1]

LEADERSHIP STYLES RELATED WITH TRANSFORMATIONAL LEADERSHIP STYLE

Transformational style is found related with many leadership styles such as charismatic leadership, ethical leadership, democratic, participative, task oriented or relation oriented leaderships and Transcendental leadership. These styles along with their inter-relations have been discussed in following Para.

TRANSFORMATIONAL AND CHARISMATIC LEADERSHIP

Burns' theory describes five types of transformational leaders including:

a) **Intellectual Leaders** - transforms society through clarity of vision.
b) **Reform/ moral Leaders** - changes society by addressing a single moral issue.
c) **Revolutionary Leaders** - brings about changes in society through sweeping and widespread transformation.
d) **Charismatic Leaders** - use personal charm to bring about change.
e) **Ideological Leadership-** dedicate themselves to explicit goals that require substantial social change

The concept of charisma has fertilized the study of leadership. The term itself means the endowment of divine grace. It has taken different but overlapping meanings: leaders' magical qualities; an emotional bond between leadership and led; dependence on father figures by the masses; popular assumption that a leader is powerful, omniscient, and virtuous; imputation of enormous supernatural power to leaders; and popular support for leaders verging on love. Heroic leaders- in contrast with the leaders who merely enjoying popular favour – usually arise in societies undergoing profound crisis. Gandhi is an example of this kind of leadership (Burns, 1978).

TRANSFORMATIONAL LEADERSHIP AND DEMOCRATIC, PARTICIPATIVE, TASK ORIENTED OR RELATION ORIENTED LEADERSHIPS

Transformational leadership can be directive, participative, task oriented or relation oriented depending on situation or based on their characteristics (Bass, Avalio and Goodheim, 1987)

A study carried out by Fernando et al. (2007) to find out the relationship among transformational leadership style with traditional leadership styles revealed that there is very high correlation between transformational leadership style and relation oriented (r=0.85), transformational and democratic leadership (r=0.81), transformational and task oriented leadership (r=0.77).

TRANSCENDENTAL LEADERSHIP- AN EXTENSION OF TRANSFORMATIONAL LEADERSHIP

Transcendental leadership can be viewed as a field of inquiry within the broader context of workplace spirituality (Fry, 2003). Transcendental leadership uses values, attitudes, and behaviors (altruistic love, hope/faith, vision) to intrinsically motivate followers, thus increase followers' senses of spiritual survival, i.e., calling (life has meaning, make a difference) and membership (interconnection , be understood, be appreciated), and the resulting positive organizational outcomes (Fry,2003; Fry et al.,2005). Transcendental leadership taps into the fundamental needs of both leader and follower for spiritual survival and aims to improve the spiritual development of both the leader and followers (Cardona, 2000; Fry, 2003; Sanders et al., 2003).

Without desire to manipulate others, transcendental leaders addresses the weakness of transformational/charismatic leadership by providing the motives behind a leader's practices, that is, altruistic love, a sense of wholeness, harmony and well-being produced through care, concern, appreciation of both self and others, and authentic selfless concern for people, and thus help followers feel powerful and enabled to make decisions, accomplish work, and lead on their own (Fairholm, 1996; Fry, 2003; Kakabadse et al., 2002).

In addition, transcendental leadership is a "visioning process", an "ethical process that reflects requirements for legitimacy for both leader influence and follower empowerment to facilitate value congruence"(Fry, 2003, 2005). Therefore, transcendental leadership is both follower centered and leader-centered process. Transactional, transformational, and transcendental leadership are located in nested hierarchy, with the transcendental leadership incorporates and extends the former two (Cardona, 2000; Sanders et al., 2003).

Fairholm (1996) suggested that transactional, transformational, and transcendental leadership can be ranked along a continuum from managerial control to spiritual holism. Here seems to be an emerging orthodoxy in the literature favoring a blend of transactional and transformational leadership (Bryant, 2003; Gellis, 2001; Hoyt and Blascovich, 2003).

ENTREPRENEURIAL LEADERSHIP – AN EXTENSION OF TRANSFORMATIONAL LEADERSHIP

Transformational leaders create adaptive, entrepreneurial, innovative and flexible organizations. Their personal and professional image makes it possible for them to successfully lead people in such an environment, i.e. to stimulate changes and to realize them successfully (Tichy and Devanna, 1986).

Tarabishy et al. (2003) explain that entrepreneurial leadership is one of an enterprising, transformational leader who operates in a dynamic market that offers lucrative opportunities**.** The entrepreneurial leader has the following transformational leader dimensions, using Sashkin (1995) definition of transformational leadership. They have clarity, communication, consistency, caring, creating opportunities, self-confidence, power need and its use, and vision. The entrepreneur part of entrepreneurial leadership is the ability to recognize opportunities in a dynamic market. Although the concepts of entrepreneurship and leadership are found universally, much still needs to be learned about how they are affected by the context in which entrepreneurial leadership occurs.

Transformational leadership provides long-term vision to entrepreneurial endeavors by bringing meaning to disconnected activities. Transformational leadership also supplies a healthy motivational counterbalance to the instrumental focus of transactional leadership by engaging members of the new venture on a basis that extends beyond parochial self-interest. Supplying inspiration, vision, and deeper meaning through transformational leadership promote incremental contributions through effort beyond the call of duty (Burns, 1978).

LIMITATION OF SOME LEADERSHIP STYLES

Primal leadership style has some controversial issues and laissez faire leadership style is a non active leadership styles. The limitations of these leadership styles are discussed in following Para.

PRIMAL LEADERSHIP STYLE AND CRITICS

Goleman et al. (2002) identify four behavioral domains important for leadership:

*   **Self Awareness**. This includes the ability to read oneself to know his/her emotions and recognize their impact on others, know his/her limitations and strengths, and have a good sense of his/her capabilities.
*   **Self Management**. This domain encompasses having emotional self control, being honest, adaptable, and driven to improve performance and meet standards of excellence, and possessing initiative and optimism.

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- **Social Awareness**. Leadership requires empathy and sensitivity to others' emotions, taking interest in others, organizational and political awareness, and a willingness to serve the needs of both customers and employees.
- **Relationship Management**. Success in this domain rests on his/ her ability to guide and motivate others, to influence people and help them develop, and to serve as a catalyst for change, manage conflict, and forge the bonds required for effective teamwork and collaboration.

Goleman et al. (2002) feel that very few people are excellent in all four domains but successful leaders are very competent in at least two or three. Different situations require different types of leadership. Sydney (2002) argues that this seems like common sense, but the dynamic range of most managers is rather limited.

Sidney (2002) disagrees with Goleman et al. (2002) to put people before strategy. He believes that one should consider them in parallel with strategy as the leaders need a balance between emotional intelligence (the personal, behavioral side of leadership) and functional intelligence (the vision, knowing the market, decision making, judgment, etc.) in order to do their job effectively. If someone spends all his time building teams and rallying the troops but ignoring business strategy, then how would he know in which direction is the organization going? And what type of people he needs to get the goals?

Sidney (2002) argues that the perspective of primal leadership is getting progressively more academic and psychological and less pragmatic and there are very less data to support several claims made by Goleman at el. (2002). He further elaborate that, to succeed, leaders need more than the traits discussed by Goleman at el.(2002); they must also know and be able to apply the business fundamentals and practical mechanics required to thrive in a real work environment.

Johnson (2002) suggests that leadership community should reject the claim that emotional intelligence is a key to a leader's effectiveness. Such assertions strike a discordant note because they lack a solid conceptual and logical foundation. Controversy surrounding EI begins with debate over the concept's legitimacy as they are not independent of cognitive ability and personality.

LAISSEZ-FAIRE LEADERSHIP STYLE – NON- ACTIVE LEADERSHIP STYLE

Bass et al. (1997) conceptualized a third type of leadership, laissez-faire leadership other than transactional and transformational leadership, which was hypothesized to occur when there is an absence or avoidance of leadership. In this case decisions are delayed, and reward for involvement absent. No attempt is made to motivate followers, or to recognize and satisfy their needs (Bass & Avolio, 1997). Laissez-faire leadership is classified as the absence of leadership. This sedentary approach to leadership includes behaviors such as ignoring problems and needs, an inability to recognize followers' achievements and an overall lack of responsibility for management duties (Bass, 1996; Yukl, 2006). This category of leadership is described as the most ineffective and passive form of leadership (Avolio, 1999).

A laissez-faire leader is the non-exiting entity as a leader. In this leadership style, the leader avoids making decisions, relinquishes responsibility, and does not use his or her full authority (Antonkis, et al., 2003). With this style of leadership, the leader willfully decides not to take action. Therefore, the laissez-faire element of leadership is a passive and ineffective style of leadership (Block, 2003).

SITUATIONAL LEADERSHIP STYLE - A MIX OF LEADERSHIP STYLES

Hersey and Blanchard (1969) explain that the situational leadership model rests on two concepts:

i. Leader effectiveness results from using a behavioral style that is appropriate to the demands of the environment;

ii. Leader effectiveness depends on learning to diagnose that environment.

The fundamental keystone of the Situational Leadership Theory is there is no single "best" style of leadership. Effective leadership is task-relevant and that the most successful leaders are those that adapt their leadership style to the Maturity of the individual or group whom they are attempting to lead or influence. Maturity of follower means the capacity of the follower to set high but attainable goals, willingness and ability to take responsibility for the task, and relevant education and/or experience of an individual or a group for the task. It means that the effective leadership varies, not only with the person or group that is being influenced, but it will also depend on the task, job or function that needs to be accomplished (Heresy and Balnchard 1977).

Successful leaders adapt recognizing that there is no one best leadership style to use for all situation. Various situations call for the leader to adapt their leadership style (Blanchard, Zigarmi, & Nelson, 1993). Hence, it is necessary that leader should adopt a suitable style based on the situation. The key factor to being successful at adaptation is that leaders know when to use a particular style of leadership. Situational leaders have an instinctive ability to distinguish when it is best to lead by consent and when it is necessary to make decisions independently based on the situation, time, and people involved. The amount of guidance a leader gives, the depth of relationship support the leader provides, and the degree of preparedness of the follower must be acknowledged by the leader (Lowell, 2003). Degree of difficulty of the task and the employee's developmental level are the two other factors that the situational leader should consider when deciding on a leadership style. The developmental level judges the employee's competence and commitment to perform a particular task with little to no supervision (Blanchard, 1991).

Situational leadership focuses on the task and relationship behavior of the leader and follower. Task behavior involves the specifics of the task such person to whom the task is assigned, what, how and when needs to be done. Relationship behavior creates more of a dialogue about the task between the leader and the follower (Nahavandi, 2000). Situational leaders fine-tune their style based on the competence and commitment of their followers.

DISTINCT LEADERSHIP STYLE

From above discussion, following five leadership styles can be considered as distinct leadership styles

a) Transactional leadership style
b) Transformational leadership style
c) Abusive leadership style
d) Servant leadership style
e) Ethical leadership style

TRANSACTIONAL LEADERSHIP STYLE

Transactional leadership concept is developed based on two primary factors: contingent reward approach (rewards are provided in exchange for meeting agreed upon objectives or the ability of followers to perform tasks based on their leaders' wish) and management-by-exception (the leaders intervene when employees make mistakes by establishing visible mechanisms to implement proper rules) (Bass and Avolio, 1991, 1993, Howell and Avolio, 1993, Lowe et al., 1996, MacKenzie et al., 2001). In practice, transactional leadership is equally important as transformational leadership in order to help leaders increase organizational competitiveness in an era of global competition (Bass and Avolio, 1993, Howell and Avolio, 1993, Pillai et al., 1999).

Based the characteristics identified by Burns (1978), Mackenzie et al. (2001), Cherry (2007), Sisti and Latimer (2007) and Ismail, et al. (2010), the characteristics of transactional leadership style are

a) Reciprocative,
b) Flexible,
c) Substitute,
d) Adaptive,
e) Volatile,
f) Low emphasis for training,
g) Low trust,
h) Task oriented (less elation oriented).

TRANSFORMATIONAL LEADERSHIP STYLE

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Transformational leadership is defined as having four conceptually distinct elements: charismatic leadership/idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration (Bass, 1996). Transformational leadership brings higher levels of personal commitment amongst 'followers' to organizational objectives and fosters capacity development. According to Bass (1990b) transformational leadership "occurs when leaders broaden and elevate the interests of their employees, when they generate awareness and acceptance of the purposes and mission of the group, and when they stir employees to look beyond their own self-interest for the good of the group." Along with this, heightened capacity and commitment lead to additional effort and greater productivity (Leithwood & Jantzi, 2000).

Based on characteristics identified by many scholars, common characteristics identified by the scholars and researchers can be taken as characteristics of transformational leadership (Bass, 1985).Bennis and Nanus, 1985; Schein, 1985; Podsakoff et al., 1996; Avalio, et al., 1999; Leithwood and Jantzi, 1999 and Hay, 2007) are

a) Idealized influence (leader becomes a role model),
b) Inspiration motivation (motivation, team spirit),
c) Intellectual stimulation (creativity and innovation)
d) Individualized consideration (mentoring)

SERVANT LEADERSHIP STYLE

Recently, the concept of servant leadership has been introduced to the leadership literature. Robert Greenleaf, the founder of the Greenleaf Center for Servant Leadership, conceptualized the idea of the servant leader. In his vision, the leader is first seen as a servant to others. The servant assumes a non-focal position within a group, providing resources and support without an expectation of acknowledgement. Through repeated servant behaviors, these individuals eventually emerge as pivotal for group survival and are thrust into a leadership position. (Greenleaf, 1977; Spears and Lawrence, 2002). Servant leadership views a leader as a servant of his/her followers. It places the interest of followers before the self-interest of a leader, emphasizes personal development and empowerment of followers. The servant leader is a facilitator for followers to achieve a shared vision (Greenleaf, 1977; Spears, 1998; Laub, 1999; Spears and Lawrence, 2002).

The following ten characteristics defined by Spears (1998) are considered the most acceptable characteristics of the servant leadership

a) *Listening* to what is said (and not being said).
b) *Empathy* towards others and assuming their good intentions.
c) *Healing* oneself and others.
d) *Awareness* of self and seeing issues from a systems perspective.
e) *Persuading* others, not coercing through compliance.
f) *Conceptualizing* and balancing this with operational issues.
g) *Foresight* to understand the past, the present, and the future.
h) *Stewardship* by holding in trust our institutions for society.
i) *Developing People* personally, professionally, & spiritually.
j) *Building Community* within institutions and among

ABUSIVE LEADERSHIP STYLE

Alison Starratt et al. (2010) found that there are three emotional responses on abusive leadership viz. Feeling hopeless, Feeling humiliated and Feeling anxious. Jacques (1995) feels that a mismatch between organizational roles and the capabilities the leaders can lead to a manipulative abuse of personal power, resulting in a highly toxic and unpleasant environment. Wyatt and Hare (1997) emphasis that leaders or managers who lack personal power misuse their legitimate role power by becoming abusive. These are driven by their insecurity and fear.

Characteristics of abusive leadership identified by Sheehan (1996), Hughes, et al. (1999), Ashforth (1994), Whittell (2005) and Starratt et al. (2010) are as follows:

a) Insincerity
b) Low self esteem
c) Verbally Abusive or harassing
d) Arrogance
e) Interpersonal Insensitivity
f) Remorselessness
g) Impatience
h) perfectionism
i) Unreliability
j) Parasitism
k) Unethical

ETHICAL LEADERSHIP STYLE

Trevino et al. (2003) explain that ethical leadership is leadership that is involved in leading in a manner that respects the rights and dignity of others. The character and integrity of the leader provide the basis for personal characteristics that direct a leader's ethical beliefs, values, and decisions. "As leaders are by nature in a position of social power, ethical leadership focuses on how leaders use their social power in the decisions they make, actions they engage in and ways they influence others". Leaders who are ethical demonstrate a level of integrity that is important for stimulating a sense of leader trustworthiness (Reilly, 2006). Ethical leadership is not the same as transformational leadership. Transformational leaders could be ethical or unethical depending on their motivation. While ethical leadership is similar to the 'idealised influence' dimension of transformational leadership, the moral aspect of ethical leadership is equally interpretable in terms of transactional leadership (Brown and Trevino, 2006).

Based on the discussion, the characteristics of ethical leadership identified Brown and Trevino (2006), Mowbray (2009) and Rooprai (2010) can be summarizes as follows:

a) Non- Prejudicial
b) Non -discriminatory
c) Respectful of others
d) Honest (Probity)
e) Transparent
f) Sound (Integrity)
g) Reliable
h) Selfless (without self interest)
i) Humble

DISCUSSION AND CONCLUSION

Leadership styles are crucial to success. We find ourselves taking leadership roles at one point or the other in our lives. Leaders who are successful but abusive do not get respect and subordinates hate them. Also such leaders are harmful for the growth of the organization as an individual they may be successful but they damage the organization as many knowledgeable persons leave the organization as they can not bear such behaviour (Murari and Gupta, 2009).

Bureaucratic Leadership and autocratic leadership styles are different forms of transactional leadership style. Charismatic, Democratic, Participative, Task oriented or Relation oriented leadership styles can be considered different aspects of transformational leadership style.

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Transcendental leadership style and Entrepreneurial leadership styles are found to be an extension of transformational leadership styles. Controversy is attached to the primal leadership style and Laissez-faire leadership style is a non- active leadership style. Situational leadership style is combinational of various leadership styles used by leadership based on the situation.

Transactional leadership style, Transformational leadership style, Abusive leadership style, Servant leadership style and Ethical leadership style are distinct in nature. These need to be studied from their influence on various aspects of organizational behavior, culture, effectiveness and suitability for present business scenario.

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A TEST ON MARKET EFFICIENCY OF BSE BANKEX: AN EMPIRICAL RESEARCH

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ABSTRACT

Indian economy has changed radically over last twenty years. This drastic change has brought significant impact on almost all sectors especially financial sector. Added to this Indian banks faced several advancements and declines for the past decade owing to several macro economic reasons. The liberalization of the economy, rapid growth rate, growth of Indian middle class, industrial advancements etc. contributed progress to the banking sector. Several reforms were proposed for this sector by different committees appointed by the central government from time to time. Especially between the period of 1991 to 2010 several measures were undertook by the government to regulate the financial sector and all these measures will have significant impact on the market capitalization of banking stocks. This empirical work is based on the monthly stock price movements of stock constituting BSE Bankex. The period of study will be ranging from January 2006 to June 2011. The closing price movements of last sixty six months were taken for the study because of the volatility reflected on stock prices due to financial crisis and its reform measures. Wald- Wolfowitz test was conducted to study the randomness of price movements. The test has proved that almost all scrip's were moves in accordance with the information available from the market.

KEYWORDS
BSE Bankex, Random walk Theory, Wald- Wolfowitz test.

INTRODUCTION
Banking industry in India has improved a lot after the introduction of Liberalization, Privatization and Globalization. A part from this a lot of reforms were undertook in this sector with a view to improve its efficiency in its service and to make the investment this sector more attractive. Indian economy is one of the fastest growing economies in the world has the potential to retain its growth owing to the strength and stability of its financial sector. Earlier the Indian stock markets had remained stagnant due to the rigid economic controls. It was only in 1991, after the liberalization process that the India securities market witnessed a flurry of IPOs serially. The market saw many new companies spanning across different industry segments and business began to flourish. India financial Market helps in promoting the savings of the economy - helping to adopt an effective channel to transmit various financial policies. The Indian financial sector is well-developed, competitive, efficient and integrated to face all shocks. For all the above face of advancement the banking industry had made a significant contribution. The Indian stock market is well integrated with the global markets and the price movements of it will reflect all information's available from the global economy. The stock price movements will reflect the performance of corporate sector of a country. A stock market is said to be well functioned means the stock price movements are random. The randomness of the stock market indicates that the market participants act quickly and to new information and the stock value and stock prices adjust rather quickly to these information motivated trades The up and down movement of the price levels are purely depending upon how the market perceiving new piece information.

This study was conducted with the objective of examining the role of banking sector in the economic development of the country. This study will observe extensively the up and down price movements of stocks form part of BSE bankex and will test whether these price movements are independent or not. This research work is empirical in nature and the samples were selected on judgmental basis. The data was analyzed by conducting run test on stock price movements. The run test is a statistical test proposed by Abraham Wald and Jacob Wolfowitz. It will help to check out whether the price movements are mutually independent. This test is conducted on the assumption that the price movements of stock market are random. This study is limited to a period from January 2006 to June 2011. And the testing is considered to be a non-parametric test so the test results are subject to the limitation of non- parametric test. This method can be only used to test the hypothesis that the elements of the sequence are mutually independent.

This study was conducted based on stocks listed in BSE Bankex as on July 2011. But the period of the study will cover extensively from January 2006 to June 2011. In between this period several replacements were undertook on BSE bankex. In July 2006 Indus Indian Bank excluded and in that place Federal bank included. On July 2007 Karnataka bank and YES Bank were added to BSE Bankex. On June 2008 BSE bankex witnessed several historic replacements and Adhra Bank and Centurion bank were eliminated from the index. And this elimination was replaced with IDBI Bank and Indus Indian bank Ltd. During May 2010 four banks namely Allahabad Bank, Indian overseas Bank, Karnataka bank and Oriental bank of Commerce were thrown out from the list. The inclusion and exclusion of scrip's are purely based on free float market capitalization method.

REVIEW OF LITERATURE
In the words of D.K. Malhotra, Raymond Poteau and Rahul singh, (2011) given the significance of banking in economic growth, banks are considered private companies with a public purpose. They seek to create value for all the stakeholders and maximize shareholder wealth subject to the constraints of risk, market competition, social, and the legal/regulatory framework. The private nature of banks requires them to be viable through profitability and the public nature of banks emphasizes safety and soundness of the bank's operations. Profitability is important forthe viability of a bank, but safety and security is also critical for the survival of thefinancial system. Banks make a trade-off between the profitability level they strive to achieve and the risks they are willing to take. Therefore, when evaluating the performance of banks, we should consider both their profitability and financial condition to avoid misleading conclusions .A study conducted by Abhijith. V. Banarjee, Shawn Cole and Esther Duflo (2004) on banking reforms in India says that the comparison of nationalized and private banks is never easy: banks that fail are often merged with healthy nationalized banks, which makes the comparison of nationalized banks and non-nationalized banks close to meaningless. The Indian nationalization experience of 1980 represents a unique chance to learn about the relationship between bank ownership and bank lending behavior. A study on banking sector performance on the quarter ended June 2010 observed that the overall credit off take registered a y-o-y growth of almost 22%. The incremental credit growth for the quarter (in relation to Mar 2010) stood at 8% YTD. Public Sector banks recorded an average credit growth of 22.4%y-o-y while Private Sector banks also recorded a comparable 20.0% growth in advances. Among Private Sector banks, ICICI Bank continued to

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shrink its total asset base, resulting in a 6.9% fall in its advances base during the quarter. Excluding ICICI Bank, Private Sector banks registered an average advances growth of 37.6% y-o-y for Q1FY11.

Based on a study conducted by R.K Uppal (2011) on banking sector reforms policy and its implication analyses the efficiency of reforms in five different ownership groups during the post banking reform period, ie 2000 to 2005. He used the following parameters to assess the efficiency of Indian banking groups viz profitability per employee, profitability per branch, expense per employee, expenses per branch, business per employee and business per branch. He concludes that public sector banks should provide quality services with the access of information technology especially in rural areas. A report on Indian Banking Sector McKinsey and company (2010) states that The banking index has grown at a compounded annual rate of over 51 per cent since April 2001 as compared to a 27 per cent growth in the market index for the same period. Policy makers have made some notable changes in policy and regulation to help strengthen the sector. These changes include strengthening prudential norms, enhancing the payments system and integrating regulations between commercial and co-operative banks. However, the cost of intermediation remains high and bank penetration is limited to only a few customer segments and geographies. While bank lending has been a significant driver of GDP growth and employment, periodic instances of the "failure" of some weak banks have often threatened the stability of the system.

Sayuri Shirai (2000) has conducted an assessment on Indian banking sector reforms based on the perspective of governance of banking system to measure the performance of state owned, domestic, foreign banks trend pattern from 1993- 2000 in terms of profitability, liquidity, capital asst quality, management and system. The study concludes that the foreign banks and private sector domestic banks performs better than public banks. Based on a Report of Reserve bank of India (2009-2010) on trend and progress of banking sector in the near future, banking sector needs to support the growth momentum in the economy while giving due attention to the asset quality and prudent provisioning to balance emerging returns and risks. Further, banks need to step up efforts towards financial inclusion using the instrument of scale-neutral technology as this would help in bringing the vast population into the ambit of formal finance and also boost future economic growth coupled with equity. A comparison of Indian and Chinese banking performance has made by Christian Ronald (2006) came out with the following findings In terms of performance, the Indian banking sector is on most indicators ahead of the Chinese banking sector.

Several implications for policy makers arise from the reform experiences in India and China. First, banking sector reforms are closely intertwined with the real sector of an economy. Therefore, hard budget constraints in the enterprise sector are an important pre-condition for further reforms in the banking sector in India and China. Second, interest groups can have a profound influence on the reform process especially in "visible" areas such as privatization and directed credit. Thus going forward it is necessary to either incorporate the concerns of diverse stakeholder groups in the reform strategies, or to design compensation mechanisms for potential reform losers to ensure their buy in. The dual-track approach for price liberalization in China for example is a mechanism that could also be applied in the banking sector. Third, the political system of a country is likely less important for successful reforms than the management of interest groups.

DATA ANALYSIS

The random walk theory postulates that the price changes are random and the stock price would reflect all available information's from the economy, industry and the company. When ever a market is said to random, then the each share price is independent of previous price and the prices are influenced by the equilibrium of demand and supply. The randomness of price movements of 14 selected companies constituting BSE Bankex is examined in this study by using run test (Wald- Wolfowitz test).

TABLE NO: 1			
List of Constituents with Revenue and Net Profit for FY 2010-11			
Sl No	Name of the Company	Revenue (Cr)	Net Profit (Cr)	EPS
1	AXIS Bank	15154.00	3388.49	82.95
2	Bank of Baroda	21885.92	4241.68	116.37
3	Bank of India	6306.93	493.64	9.37
4	Canara Bank	23064.02	4025.90	97.83
5	Federal Bank	4052.03	587.08	34.32
6	HDFC Bank	19928.21	3926.39	85.00
7	ICICI Bank	25974.05	5151.38	45.27
8	IDBI Bank	18600.82	1650.32	18.37
9	Indus Ind Bank Ltd	3589.36	577.32	13.16
10	Kotak Mahindra Bank Ltd	4303.56	818.18	11.35
11	Punjab National Bank Ltd	26986.48	4433.50	140.60
12	State Bank of India	81394.36	8264.52	130.16
13	Union Bank	16452.62	2081.95	39.71
14	Yes Bank Ltd	4041.74	727.13	21.12
Source: Secondary Data			

FORMATION OF HYPOTHESIS

Two hypotheses were formed to test the randomness of price movements of BSE Bankex. The share price movements of last 66 months were collected for the study.

$H0$: Null hypothesis: - 'Price movements of stock constituting 'BSE Bankex' are random'.

$H1$: Alternative hypothesis: - 'Price movements of stock constituting 'BSE Bankex' are not random'.

Observation of successive price movements

Under run test the absolute values of price changes are ignored and only the directions of the changes are considered. The direction of increase or decrease in the price movement is considered to be a 'run', ie a series of upward movements are considered to be 'a run' likewise a series of downward movements are also considered to be a run. The total number of 'runs' are identified from the collected data. The list of price movements for the test period and the method of observing runs are exposed on Table no 2.

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TABLE NO.2 STATEMENT OF PRICE LEVEL MOVEMENTS AND COMPUTATION OF 'RUNS'								
Period	AXIS Bank		Bank of Baroda		Bank of India		Canara Bank	
	Price	Runs	Price	Runs	Price	Runs	Price	Runs
Jan-06	337.15	0	249.75	0	129.75	0	249.15	0
Feb-06	328.35	1	223.20	1	133.65	1	286.15	1
Mar-06	356.35	2	230.30	2	132.00	2	266.90	2
Apr-06	347.05	3	231.50	2	124.10	2	254.10	2
May-06	285.80	3	227.05	3	114.05	2	229.25	2
Jun-06	266.75	3	198.80	3	101.90	2	200.80	2
Jul-06	297.85	4	222.00	4	110.90	3	196.65	2
Aug-06	342.90	4	250.60	4	142.65	3	221.20	3
Sep-06	379.20	4	288.25	4	162.15	3	284.15	3
Oct-06	433.75	4	279.05	5	173.60	3	294.00	3
Nov-06	474.05	4	262.15	5	200.95	3	297.75	3
Dec-06	469.05	5	239.90	5	207.90	3	276.20	4
Jan-07	534.00	6	249.85	6	190.90	4	241.10	4
Feb-07	460.00	7	219.75	7	161.80	4	210.50	4
Mar-07	490.15	8	215.40	7	167.80	5	194.70	4
Apr-07	467.85	9	235.95	8	192.35	5	217.65	5
May-07	579.55	10	275.20	8	210.00	5	244.20	5
Jun-07	605.00	10	270.25	9	232.75	5	269.65	5
Jul-07	626.70	10	299.95	10	258.55	5	261.75	6
Aug-07	634.10	10	267.60	11	244.60	6	244.00	6
Sep-07	764.40	10	326.60	12	276.90	7	278.20	7
Oct-07	918.80	10	342.35	12	357.30	7	292.95	7
Nov-07	931.25	10	381.90	12	350.70	8	271.45	8
Dec-07	967.10	10	459.60	12	365.45	9	332.05	9
Jan-08	1110.80	10	388.90	13	354.85	10	289.45	10
Feb-08	1018.75	11	365.75	13	359.55	11	278.10	10
Mar-08	781.15	11	283.90	13	252.90	12	225.20	10
Apr-08	924.30	12	315.15	14	342.65	13	237.10	11
May-08	794.05	13	270.05	15	295.00	14	216.00	12
Jun-08	603.65	13	203.25	15	216.65	14	178.00	12
Jul-08	653.85	14	255.50	16	271.50	15	183.75	13
Aug-08	723.30	14	284.30	16	267.35	16	215.50	13
Sep-08	720.50	15	297.55	16	282.60	17	188.75	14
Oct-08	562.60	15	241.70	17	240.70	18	165.25	14
Nov-08	406.85	15	257.85	18	250.35	19	169.05	15
Dec-08	504.65	16	280.45	18	287.70	19	187.80	15
Jan-09	433.00	17	252.55	19	249.15	20	180.25	16
Feb-09	347.95	17	220.40	19	225.25	20	165.35	16
Mar-09	414.50	18	234.55	20	219.90	20	165.90	17
Apr-09	555.65	18	327.00	20	235.15	21	197.55	17
May-09	783.40	18	438.30	20	337.85	21	283.95	17
Jun-09	833.65	18	445.30	20	352.25	21	262.45	18
Jul-09	917.70	18	436.00	21	329.65	22	285.50	19
Aug-09	906.70	19	433.35	21	337.40	23	266.35	20
Sep-09	981.55	20	482.40	22	412.05	23	321.75	21
Oct-09	907.90	21	509.15	22	333.60	24	341.20	21
Nov-09	997.45	22	523.35	22	383.55	25	396.25	21
Dec-09	988.70	23	511.30	23	385.00	25	390.75	22
Jan-10	1025.50	24	575.90	24	364.65	26	390.45	22
Feb-10	1124.85	24	583.90	24	333.60	26	391.95	23
Mar-10	1169.10	24	639.25	24	340.75	27	410.35	23
Apr-10	1268.20	24	691.55	24	381.30	27	429.55	23
May-10	1228.40	25	710.40	24	329.70	28	408.20	24
Jun-10	1242.95	26	701.95	25	348.60	29	448.85	25
Jul-10	1345.40	26	753.05	26	410.40	29	478.45	25
Aug-10	1324.85	27	804.90	26	442.15	29	514.00	25
Sep-10	1531.20	28	872.80	26	516.75	29	582.65	25
Oct-10	1466.65	29	1011.00	26	486.10	30	719.75	25
Nov-10	1367.90	29	937.75	27	465.35	30	738.55	25
Dec-10	1349.50	29	896.50	27	449.65	30	660.40	26
Jan-11	1246.75	29	869.15	27	439.20	30	602.10	26
Feb-11	1223.90	29	870.85	28	439.05	30	610.00	27
Mar-11	1403.65	30	963.15	28	478.10	31	626.15	27
Apr-11	1286.00	31	912.15	29	456.95	32	631.10	27
May-11	1278.60	31	863.40	29	445.05	32	544.60	27
Jun-11	1289.00	32	871.90	30	414.30	32	524.30	28

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Period	Federal Bank		HDFC Bank		ICICI Bank		IDBI Bank	
	Price	Runs	Price	Runs	Price	Runs	Price	Runs
Jan-06	180.65	0	762.55	0	609.15	0	90.20	0
Feb-06	172.60	1	736.05	1	615.10	1	83.75	1
Mar-06	201.65	2	773.50	2	589.25	2	78.30	1
Apr-06	208.65	2	826.60	2	590.25	3	84.85	2
May-06	189.70	3	740.20	3	536.05	4	70.30	3
Jun-06	166.25	3	791.15	4	487.40	4	57.75	3
Jul-06	175.05	4	795.05	4	554.05	5	57.30	3
Aug-06	195.75	4	853.15	4	596.50	5	65.15	4
Sep-06	211.75	4	926.00	4	699.05	5	82.65	4
Oct-06	217.75	4	1004.05	4	776.85	5	82.15	5
Nov-06	217.05	5	1118.40	4	871.45	5	73.85	5
Dec-06	218.25	6	1069.75	5	890.40	5	76.30	6
Jan-07	248.00	6	1078.15	6	940.50	5	101.40	6
Feb-07	220.45	7	932.60	7	831.90	6	80.55	7
Mar-07	215.55	7	949.40	8	853.10	7	77.55	7
Apr-07	243.60	8	1026.15	8	865.90	7	84.50	8
May-07	267.00	8	1139.75	8	918.90	7	95.00	8
Jun-07	302.05	8	1144.10	8	955.30	7	118.65	8
Jul-07	356.00	8	1198.65	8	927.05	8	112.20	9
Aug-07	347.75	9	1171.30	9	884.65	8	124.35	10
Sep-07	372.05	10	1439.05	10	1063.15	9	156.20	10
Oct-07	390.25	11	1653.10	10	1257.00	9	160.40	10
Nov-07	315.15	12	1719.00	10	1184.65	10	162.85	10
Dec-07	335.95	13	1727.80	10	1232.40	11	165.30	10
Jan-08	310.90	14	1568.00	11	1145.65	12	113.50	11
Feb-08	296.95	14	1453.45	11	1090.95	12	118.45	12
Mar-08	216.30	14	1319.95	11	770.10	12	89.05	13
Apr-08	240.25	15	1514.85	12	879.40	13	104.65	14
May-08	219.35	16	1357.85	13	788.30	14	87.30	15
Jun-08	182.00	16	1002.30	13	630.20	14	64.50	15
Jul-08	191.45	17	1095.25	14	634.85	15	74.95	16
Aug-08	214.75	17	1277.25	14	671.50	15	83.75	16
Sep-08	204.50	18	1229.00	15	534.85	16	74.40	17
Oct-08	128.05	18	1023.65	15	399.35	16	58.35	17
Nov-08	134.30	19	920.40	15	351.40	16	57.95	17
Dec-08	162.00	19	997.60	16	448.35	17	67.65	18
Jan-09	140.05	20	924.60	17	416.30	18	57.10	19
Feb-09	124.05	20	884.85	17	328.10	18	48.35	19
Mar-09	138.10	21	967.85	18	332.60	19	45.40	19
Apr-09	187.00	21	1100.70	18	477.75	19	63.60	20
May-09	246.60	21	1442.35	18	740.70	19	93.20	20
Jun-09	250.35	21	1491.75	18	722.00	20	109.90	20
Jul-09	240.20	22	1499.60	18	759.05	21	105.70	21
Aug-09	219.75	22	1469.35	19	749.50	22	103.85	21
Sep-09	251.75	23	1642.25	20	904.80	23	127.20	22
Oct-09	240.15	23	1621.30	21	789.60	24	113.65	23
Nov-09	235.20	23	1772.55	22	864.30	25	121.80	24
Dec-09	235.75	24	1700.40	23	875.70	25	127.45	24
Jan-10	255.35	24	1630.85	23	830.40	26	121.10	25
Feb-10	257.25	24	1704.65	24	871.85	27	118.95	25
Mar-10	266.95	24	1932.50	24	952.70	27	115.00	25
Apr-10	291.95	24	1991.60	24	950.50	28	125.95	26
May-10	346.40	24	1885.40	25	867.05	28	113.70	27
Jun-10	318.05	25	1914.65	26	862.00	28	119.15	28
Jul-10	346.80	26	2127.45	26	904.45	29	119.05	29
Aug-10	339.50	27	2132.45	26	977.30	29	121.45	30
Sep-10	391.60	28	2480.80	26	1110.35	29	152.40	30
Oct-10	471.20	28	2278.10	27	1161.65	29	180.65	30
Nov-10	443.45	29	2289.20	28	1143.65	30	163.35	31
Dec-10	397.60	29	2346.50	28	1144.65	31	164.75	32
Jan-11	364.55	29	2042.85	29	1020.00	32	141.40	33
Feb-11	348.50	29	2049.70	30	971.00	32	131.35	33
Mar-11	418.90	30	2342.95	30	1112.75	33	142.45	34
Apr-11	421.15	30	2292.50	31	1114.25	33	143.55	34
May-11	443.80	30	2388.30	32	1086.00	34	134.25	35
Jun-11	451.80	30	2502.60	32	1093.10	35	136.05	36

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Period	Indus Ind Bank Ltd		Kotak Mahindra Bank Ltd		PNB		SBI	
	Price	*Runs*	*Price*	*Runs*	*Price*	*Runs*	*Price*	*Runs*
Jan-06	52.40	0	233.65	0	465.55	0	886.80	0
Feb-06	50.45	1	228.80	1	441.30	1	877.20	1
Mar-06	46.85	1	278.00	2	471.20	2	968.05	2
Apr-06	56.15	2	311.45	2	433.05	3	913.65	3
May-06	46.05	3	295.95	3	405.40	3	831.00	3
Jun-06	33.95	3	242.70	3	325.55	3	727.40	3
Jul-06	32.75	3	285.50	4	380.20	4	810.05	4
Aug-06	43.10	4	314.15	4	469.75	4	930.00	4
Sep-06	50.50	4	331.80	4	526.20	4	1028.30	4
Oct-06	44.25	5	346.65	4	518.45	5	1095.50	4
Nov-06	44.35	6	380.75	4	544.75	6	1314.00	4
Dec-06	47.25	6	399.40	4	506.95	7	1245.90	5
Jan-07	53.10	6	465.90	4	508.15	8	1138.05	5
Feb-07	44.15	7	423.75	5	424.25	9	1039.15	5
Mar-07	41.95	7	479.65	6	471.65	10	992.90	5
Apr-07	43.00	8	544.05	6	503.40	10	1105.25	6
May-07	45.70	8	572.65	6	536.35	10	1352.40	6
Jun-07	54.45	8	672.50	6	539.80	10	1525.30	6
Jul-07	51.15	9	740.90	6	514.75	11	1624.50	6
Aug-07	53.15	10	706.90	7	484.30	11	1599.50	7
Sep-07	74.75	10	921.65	8	542.70	12	1950.70	8
Oct-07	97.40	10	1000.00	8	525.70	13	2068.15	8
Nov-07	119.20	10	1234.30	8	601.85	14	2300.30	8
Dec-07	127.80	10	1296.20	8	664.35	14	2371.00	8
Jan-08	98.05	11	1032.80	9	648.60	15	2162.25	9
Feb-08	100.05	12	801.35	9	604.15	15	2109.70	9
Mar-08	78.70	13	628.55	9	508.15	15	1598.85	9
Apr-08	90.60	14	789.35	10	550.90	16	1776.35	10
May-08	77.15	15	693.65	11	485.85	17	1443.35	11
Jun-08	54.20	15	461.20	11	377.25	17	1111.45	11
Jul-08	56.60	16	533.10	12	451.25	18	1414.75	12
Aug-08	60.35	16	605.75	12	480.90	18	1403.60	13
Sep-08	55.45	17	554.80	13	475.35	19	1465.65	14
Oct-08	40.60	17	336.90	13	420.05	19	1109.50	15
Nov-08	32.05	17	334.90	13	448.70	20	1086.85	16
Dec-08	37.65	18	357.30	14	526.20	20	1288.25	16
Jan-09	33.30	19	283.50	15	400.35	21	1152.20	17
Feb-09	30.15	19	259.25	15	337.50	21	1027.10	17
Mar-09	32.30	20	282.95	16	410.90	22	1066.55	18
Apr-09	40.55	20	385.55	16	478.10	22	1277.70	18
May-09	71.05	20	680.15	16	670.70	22	1869.10	18
Jun-09	86.05	20	632.10	17	677.70	22	1742.05	19
Jul-09	86.70	20	653.90	18	690.80	22	1814.00	20
Aug-09	101.95	20	715.45	18	682.85	23	1743.05	21
Sep-09	115.25	20	776.10	18	795.60	24	2195.70	22
Oct-09	116.80	21	713.90	19	853.95	24	2191.00	23
Nov-09	121.90	22	783.80	20	906.25	24	2238.15	24
Dec-09	142.05	22	802.10	20	906.85	24	2269.45	24
Jan-10	147.90	22	779.90	21	899.50	25	2058.00	25
Feb-10	149.30	22	742.10	21	901.45	26	1975.85	25
Mar-10	170.65	22	749.05	22	1013.45	26	2079.00	26
Apr-10	193.70	22	737.80	23	1037.70	26	2297.95	26
May-10	196.55	22	756.70	24	999.90	27	2268.35	27
Jun-10	205.00	22	770.80	24	1046.75	28	2302.10	28
Jul-10	203.85	23	769.25	25	1069.00	28	2503.80	28
Aug-10	221.15	24	828.55	26	1182.15	28	2764.85	28
Sep-10	265.10	24	475.90	27	1291.85	28	3233.20	28
Oct-10	264.20	25	464.85	27	1290.50	29	3151.20	29
Nov-10	291.25	26	475.45	28	1216.70	29	2994.10	29
Dec-10	265.45	27	452.45	29	1221.85	30	2811.05	29
Jan-11	223.60	27	384.50	29	1102.40	31	2641.05	29
Feb-11	219.55	27	405.35	30	1054.75	31	2632.00	29
Mar-11	263.70	28	456.85	30	1220.15	32	2767.90	30
Apr-11	260.05	29	430.20	31	1185.85	33	2805.60	30
May-11	264.00	30	440.55	32	1099.70	33	2297.80	31
Jun-11	272.15	30	480.20	32	1089.60	33	2405.95	32

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Period	Union Bank		YES Bank Ltd	
	Price	*Runs*	*Price*	*Runs*
Jan-06	123.90	0	76.65	0
Feb-06	122.20	1	80.60	1
Mar-06	121.85	1	100.40	1
Apr-06	116.85	1	97.45	2
May-06	107.00	1	90.15	2
Jun-06	90.40	1	78.10	2
Jul-06	102.05	2	80.80	3
Aug-06	116.90	2	89.20	3
Sep-06	136.35	2	92.30	3
Oct-06	129.50	3	113.90	3
Nov-06	128.65	3	126.60	3
Dec-06	122.65	3	134.85	3
Jan-07	111.25	3	150.80	3
Feb-07	97.90	3	143.15	4
Mar-07	103.90	4	140.70	4
Apr-07	106.85	4	151.55	5
May-07	120.55	4	167.55	5
Jun-07	132.30	4	179.90	5
Jul-07	155.65	4	189.65	5
Aug-07	136.40	5	184.95	6
Sep-07	163.30	6	206.80	7
Oct-07	173.95	6	217.40	7
Nov-07	177.20	6	230.90	7
Dec-07	206.35	6	249.05	7
Jan-08	191.45	7	252.70	7
Feb-08	185.65	7	247.10	8
Mar-08	141.00	7	168.75	8
Apr-08	160.40	8	170.30	9
May-08	137.50	9	155.65	10
Jun-08	109.40	9	114.25	10
Jul-08	131.95	10	127.25	11
Aug-08	143.35	10	134.15	11
Sep-08	143.50	10	120.65	12
Oct-08	125.20	11	67.90	12
Nov-08	148.80	12	61.30	12
Dec-08	163.00	12	75.15	13
Jan-09	147.70	13	61.20	14
Feb-09	129.60	13	51.30	14
Mar-09	147.25	14	49.90	14
Apr-09	164.15	14	77.25	15
May-09	204.10	14	125.60	15
Jun-09	241.25	14	148.40	15
Jul-09	233.70	15	159.65	15
Aug-09	214.30	15	167.25	15
Sep-09	239.90	16	204.95	15
Oct-09	262.15	16	236.55	15
Nov-09	276.95	16	252.85	15
Dec-09	264.00	17	267.05	15
Jan-10	254.75	17	249.20	16
Feb-10	256.05	18	236.60	16
Mar-10	292.95	18	254.85	17
Apr-10	311.30	18	285.50	17
May-10	293.35	19	287.85	17
Jun-10	311.00	20	269.15	18
Jul-10	316.55	20	294.95	19
Aug-10	328.80	20	311.10	19
Sep-10	388.30	20	351.50	19
Oct-10	378.15	21	359.30	19
Nov-10	352.20	21	306.05	20
Dec-10	347.50	21	312.70	21
Jan-11	330.70	21	262.95	22
Feb-11	312.75	21	256.45	22
Mar-11	347.45	22	309.90	23
Apr-11	319.55	23	305.10	24
May-11	317.95	23	300.35	24
Jun-11	292.80	23	311.90	25
Source: Result of analysis/ BSE Website				

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TESTING THE HYPOTHESIS

The hypothesis was formed for testing the randomness of price movements of BSE Bankex. Before testing the hypothesis the price movements are observed (Refer Table 2). The advance movements are denoted with N1 and the decline movements are symbolized with N2. The number of advances and declines are counted for computing the 'mean run' and standard deviation of 'runs'.

Where as;

Mean $(\mu) = [(2*N1*N2)/(N1+N2)] + 1$ (1)

Standard deviation $(\sigma) = [(2*N1*N2)*(2*N1*N2-N1-N2)/(N1+N2)^2*(N1+N2-1)]^{\frac{1}{2}}$ (2)

The sample size taken here is significantly large (66months) hence values of Z test will be used for setting the control limits. (Z test value is 1.96 at 5% level of significance and at degrees of freedom ∞). Here two control limits are situated for the testing purpose viz upper control limit and lower control limit.

Upper limit= $\mu + \sigma*1.96$ (3)

Lower limit= $\mu - \sigma*1.96$ (4)

This control limits are setting to test whether the observed runs are falling beyond the upper and lower limits. If the observed runs are with in the control limits the price movements are considered to be random otherwise the price movements are measured to be not independent.

TEST RESULTS

The below table will shows the result of analysis.

SI No	Name of the Company	Observed Runs	Mean	Standard Deviation	Upper Limit	Lower Limit
		TABLE NO: 3 STATEMENT SHOWING THE RESULTS OF RUN TEST				
1	AXIS Bank	32.00	32.88	3.92	40.56	25.20
2	Bank of Baroda	30.00	32.57	3.88	40.17	24.97
3	Bank of India	32.00	33.31	3.97	41.09	25.53
4	Canara Bank	28.00	33.12	3.95	40.86	25.38
5	Federal Bank	30.00	32.57	3.88	40.17	24.97
6	HDFC Bank	32.00	30.72	3.66	37.89	23.55
7	ICICI Bank	35.00	32.88	3.92	40.56	25.20
8	IDBI Bank	36.00	33.49	3.99	41.31	25.67
9	Indus Ind Bank Ltd	30.00	31.77	3.78	39.18	24.36
10	Kotak Mahindra Bank Ltd	32.00	32.20	3.84	39.73	24.67
11	Punjab National Bank Ltd	33.00	33.12	3.95	40.86	25.38
12	State Bank of India	32.00	33.31	3.97	41.09	25.53
13	Union Bank	23.00	33.49	3.99	41.31	25.67
14	Yes Bank Ltd	25.00	31.28	3.72	38.57	23.99
	Source: Results of Analysis					

If the observed runs are falling with in the control limit indicates that the price movements are random, hence null hypothesis (H0) will be accepted. Otherwise alternative hypothesis (H1) will be accepted. The price movements of 14 scrip's were considered for the purpose of study and out which thirteen of them proves that the price movements are random. And the price of Union bank is not moving on a random basis because the observed runs not falls in between two control limits. The observed price runs of majority of scrip's under study falls in between the two control limits. Hence we can comprehend that the price movements of 'BSE Bankex' is independent and the share price of its constituents will reflect all available information.

CONCLUSION

The above study it is proves that the price movements of shares constituting 'BSE Bankex' is independent and the share price will reflect all available information from the economy, industry and company. If the price movements are independent it will reflect the efficiency and transparency stock price movements. And apart from the above there is an apprehension on selection of certain scrip's to constitute BSE Bankex purely based on market capitalization method. Because the long term price movements one some constituents are not found to be random. Considering market capitalization and efficiency of constituents while forming index will enable it to become the most significant benchmarking factor for the particular sector.

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DETERMINING THE GAP BETWEEN CUSTOMER EXPECTATION AND PERCEPTION IN RETAIL BANKING

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ABSTRACT

Today banks have to look much beyond just providing a multi-channel service platform for its customers. With the Phase in which the banking sector is growing, Banks concentrate more on Product designing, Technology advancement, Expanding, Recruitment, etc, forgetting one main factor - Customer Satisfaction/ Expectation. The banking industry is highly competitive, with banks not only competing among each other; but also with non-banks and other financial institutions. Most bank product developments are easy to duplicate and when banks provide nearly identical services, they can only distinguish themselves on the basis of price and quality. Analyzing markets based on customer perceptions, designing a service delivery system that meets customer needs, and enhancing the level of service performance are all pertinent objectives for banks seeking to gain and retain a competitive advantage. Service quality has received much attention because of its obvious relationship with costs, financial performance, customer satisfaction and customer retention. Study was conducted to measure the service gap between the perceived and expected services provided by the retail banks in the top five cities of Tamilnadu. The study confirms that there is significant gap between the customers expected service and perceived service level in retail banking across all service quality dimensions, which leads to dissatisfaction and non-committal approach towards the service provider. A customer is not just money in the cash register. He is a human being with feelings and deserves to be treated with respect. Any business without a focus on customer satisfaction is at the mercy of the market. Without loyal customers eventually a competitor will satisfy those desires and your customer retention rate will decrease.

KEYWORDS
Customer expectations, Retail Banking.

INTRODUCTION

The banking industry is highly competitive, with banks not only competing among each other; but also with non-banks and other financial institutions (Kayak and Kucukemiroghu, 1992; Hull, 2002). Most bank product developments are easy to duplicate and when banks provide nearly identical services, they can only distinguish themselves on the basis of price and quality. Therefore, customer retention is potentially an effective tool that banks can use to gain a strategic advantage and survive in today's ever-increasing banking competitive environment.

Analysing markets based on customer perceptions, designing a service delivery system that meets customer needs, and enhancing the level of service performance are all pertinent objectives for banks seeking to gain and retain a competitive advantage (Brown and Swartz, 1989; Yavas, Benkenstein and Stuhldreier, 2004). Service quality has received much attention because of its obvious relationship with costs, financial performance, customer satisfaction and customer retention (Ranaweera and Neely, 2003; Zeithaml, Berry and Parasuraman, 1996; Alexandris, Dimitriadis and Markata, 2002; Reichheld, 1993).

The literature has provided a rigorous investigation of traditional service quality outcomes in which face-to-face interaction between customers and employees was the primary focus. Recently, however, technology has had a remarkable influence on the growth of service delivery options (Dabholkar and Bagozzi, 2002) and a profound effect on services marketing (Bitner, Brown and Meueter, 2000). Customer acceptance of the new automated channels of service delivery in banks brings a dramatic change in the way retail banks build and maintain a close relationship with their customers (Mols, 2000).

Retained customers are profitable customers (Reichheld, 1996) and that customer retention rates can be connected to profitability (Payne and Frow, 1997). The driver of a higher rate of customer retention was found to be customer satisfaction (Berry and Parasuraman, 1991; Rust and Zahorik, 1993). In other studies, (Storbacka et al, 1994), found customer satisfaction drove longevity. Other authors (Oliver, 1980; Zeithaml et al, 1990; Storbacka et al, 1994; Rust et al, 1995; Hallowell, 1996; Heskett et al, 1997) found that satisfaction drove customer loyalty and also exerted influence on purchase intention (Cronin and Taylor, 1992).

The antecedent of customer satisfaction (Parasuraman et al, 1985 and Cronin and Taylor, 1992) is service quality. Perceived service quality caused bank customers to feel satisfied or dissatisfied (Storbacka at al, 1994) and service quality was also found to have a positive relationship with customer retention (Keaveney, 1995 and Hocutt, 1998).

IMPORTANCE OF CUSTOMER SATISFACTION
A customer saved is a customer earned - a saved customer can be worth up to five new customers!

Customer satisfaction enables the firm to reap rewards such as:
1. Continued purchase of services
2. Customers become less sensitive to price
3. Customer becomes less costlier to serve – Decreased service cost
4. Positive word of mouth recommendation which provides free advertising.
5. Cross sell of various products
6. Take less of company's time.

THE GAP MODEL: SERVQUAL
GAP model framed by Zeithaml V A , Parasuraman A and Berry L L in 1985 came up with 5 GAPs:
GAP 1: denotes GAP between Expected & Mgts perception of customer Expectation.
GAP 2: denotes the GAP between Mgts Perception & Service Quality Specifications.
GAP 3: denotes the GAP between Quality Specifications & Service Delivery.
GAP 4: denotes the GAP between Service delivery & External communication.
GAP 5: detotes the GAP between Perception and Customer Expectation.
Gap 5 denotes the gap between Expected service & Perceived service of a Customer.
As stated by Parasuraman A, Zeithaml V A and Berry L L, GAP 5 denotes the service gap between the expected services and perceived, where, Expected Service (also mentioned as desired service) is the level of service that customer hopes to receive – the "wished for" level of performance.

Desired service is a blend of what the customer believes "can be" and " should be". We call the threshold level of acceptable service as adequate service – the level of service the customer will accept. Adequate service represents the "minimum tolerable expectation" the bottom level of performance acceptable to the customer.

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SERVICE QUALITY DIMENSIONS

Customers do not perceive quality in a uni-dimensional way but rather judge quality based on multiple factors relevant to the context. The dimensions of service quality have been identified through the pioneering research of Parasuraman A, Zeithaml V A and Berry L L,. Their research identified five specific dimensions of service quality that apply across a various of service contexts:

- Reliability: ability to perform the promised service dependably and accurately.
- Responsiveness: willingness to help customers and provide prompt service
- Assurance: employees' knowledge and courtesy and their ability to inspire trust and confidence.
- Empathy: caring, individualized attention to customers.
- Tangibles: appearance of physical facilities, equipment, personal and written materials.

NEED FOR THE STUDY

Today banks have to look much beyond just providing a multi-channel service platform for its customers. With the Phase in which the banking sector is growing, Banks concentrate more on Product designing, Technology advancement, Expanding, Recruitment, etc, forgetting one main factor - Customer Satisfaction/ Expectation.

There are other pressing issues that banks need to address in order to chalk-out a roadmap for the future:

1. Number of Retail bank branches have increased from 57262 (March 2006) to 71998 (March 2011), hence reach is no more an issue in choosing a bank for the customer.
2. Banking channels like ATM, Mobile Banking, Online Banking, Phone Banking and TV banking have made banking easier and convenient.
3. Dissatisfaction with banking services have gone up, as the expectations of the customers has reached a new level due to advances in technology. Complaints filed against banks have increased from 10560 (March 2004) to 75927 (March 2011)
4. Average middle class Indians have more than two bank accounts.
5. Approximately 6 percentages of a retail bank's customers are lost every year because of dissatisfaction with some aspect of its value proposition.
6. Inclusive Banking, an RBIs' strategy, to ensure all individuals have an bank account, so that any schemes launched by the government, the benefits can be rooted through bank account.

OBJECTICES

PRIMARY OBJECTIVE

To measure the service gap between the perceived and expected services provided by the retail banks in the top five cities of Tamilnadu.

SECONDARY OBJECTIVES

- To find which bank provides better services in the following attributes: Tangibility, Reliability, Responsiveness, Empathy, Assurance and Communication.
- To identify the factors influencing customer retention.
- To determine the differences in service level provided by the retail banks among the top five cities in Tamilnadu.

Framework for the study
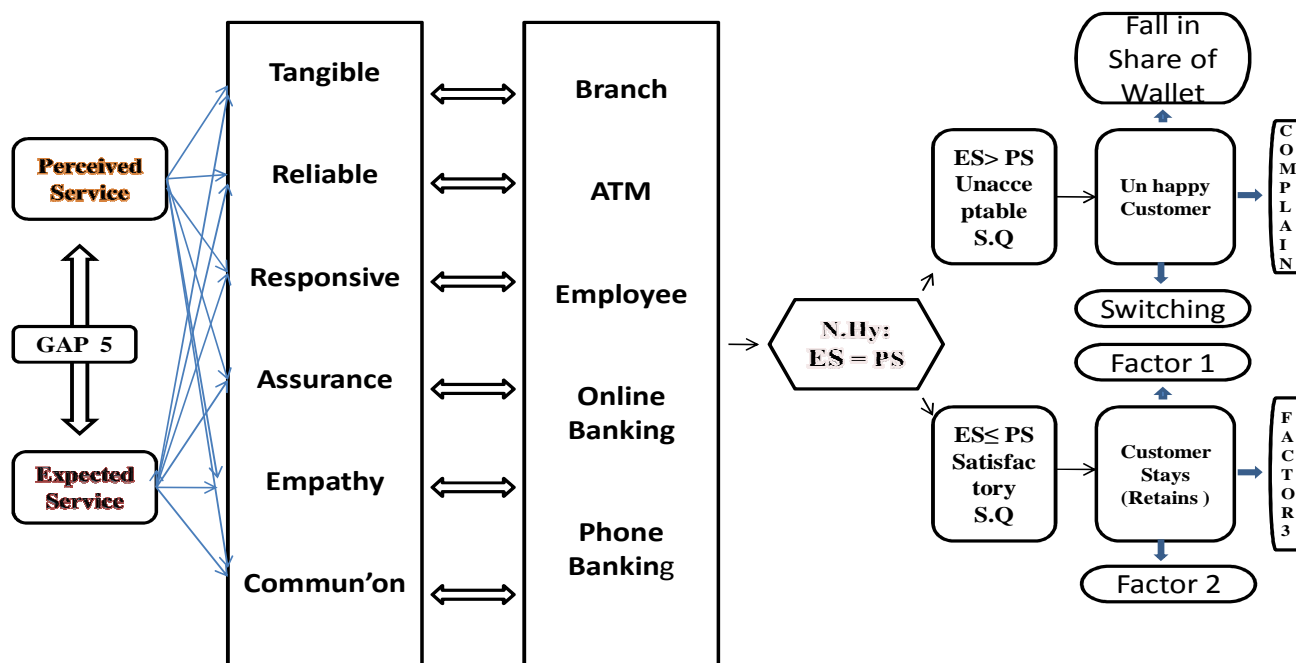
METHODOLOGY

Research Design: Descriptive. The research design is descriptive since an attempt is made to explain/ describe the gap between the perceived and expected services provided by the retail banks.

Sampling method: Non-probability purposive sampling method. This method is followed because the population is very large and not clearly defined.

Sampling Technique: The study was conducted in top five cities in Tamilnadu in terms of retail deposit among the Top four banks in Tamilnadu (two public sector and two private sector), in terms of number of branches present in Tamilnadu, using a structured questionnaire following convenience sampling technique.

Sample Distribution:

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LOCATION/ BANK	SBI	INDIAN BANK	ICICI BANK	HDFC	TOTAL
COIMBATORE	45	50	47	45	187
MADURAI	42	42	40	45	169
TRICHY	40	38	35	37	150
SALEM	43	40	43	42	168
CHENNAI	40	50	50	47	187
TOTAL	210	220	215	216	861

Primary data were collected by direct oral investigation method.

TOOLS USED: To analyse the data, the following tools were used:

1. 'Z' Test
2. One Way ANOVA
3. Two Way ANOVA
4. Garrett's Ranking

Techniques were appropriately applied.

FINDINGS

TABLE OF MEAN – Z TEST

Null Hypothesis: Xce = Xex (On an average the current service level is equal to customer expectations

Touch Point	Attribute	Mean		|Zo|	Significance	Reamrks
		Current	Expected			
Branch	Tangible	9.85	13.06	18.37	0.00	N.Hy Rejected
	Responsible	3.74	4.27	5.71	0.00	N Hy Rejected
	Reliable	6.90	9.21	11.26	0.00	N Hy Rejected
	Assurance	3.31	4.08	9.27	0.00	N Hy Rejected
	Communication	5.67	8.34	39.97	0.00	N Hy Rejected
Employee	Responsible	3.74	4.27	5.71	0.00	N Hy Rejected
	Reliable	3.49	4.38	22.07	0.00	N Hy Rejected
	Assurance	6.27	8.39	26.19	0.00	N Hy Rejected
	Empathy	13.38	17.12	26.72	0.00	N Hy Rejected
	Communication	6.98	8.69	26.08	0.00	N Hy Rejected
ATM	Tangible	13.01	16.62	29.12	0.00	N Hy Rejected
	Responsible	6.87	8.22	19.50	0.00	N Hy Rejected
	Reliable	3.50	4.25	19.17	0.00	N Hy Rejected
	Communication	3.62	4.22	16.31	0.00	N Hy Rejected
Online Banking	Tangible	3.25	3.54	9.29	0.00	N Hy Rejected
	Responsible	3.19	3.51	10.93	0.00	N hy Rejected
	Assurance	3.17	3.53	11.83	0.00	N Hy Recjected
	Commuinicsastion	6.56	7.14	8.99	0.00	N Hy Recjected
Phone Banking	Responsible	6.36	6.91	8.89	0.00	N Hy Rejected
	Assurance	6.27	6.84	9.90	0.00	N Hy Rejested
	Empathy	12.68	13,75	8.94	0.00	N Hy Rejected

In all the above cases the Null Hypothesis is rejected and it is concluded that, on all factors customer's expectations are significantly more than Current experienced service level.

ANOVA TEST: BETWEEN CITIES

Null Hypothesis: Xch = Xcb = Xtr = Xsl = Xmd (On an average there is no significance difference between the attributes among the cities taken for analysis)

Touch Point	Attribute	F- Ratio	Significance	Remarks
Branch	Tangible	0.686	0.602	Sig (p) > 0.05
	Responsible	0.207	0.935	Sig (p) > 0.05
	Reliable	0.904	0.461	Sig (p) > 0.05
	Assurance	1.031	0.390	Sig (p) > 0.05
	Communication	0.311	0.871	Sig (p) > 0.05
Employee	Responsible	0.207	0.935	Sig (p) > 0.05
	Reliable	0.523	0.719	Sig (p) > 0.05
	Assurance	0.487	0.745	Sig (p) > 0.05
	Empathy	0.978	0.419	Sig (p) > 0.05
	Communication	0.602	0.661	Sig (p) > 0.05
ATM	Tangible	0.429	0.788	Sig (p) > 0.05
	Responsible	0.642	0.633	Sig (p) > 0.05
	Reliable	1.066	0.372	Sig (p) > 0.05
	Communication	0.936	0.442	Sig (p) > 0.05
Online Banking	Tangible	2.490	0.042	Sig (p) < 0.05
	Responsible	1.379	0.239	Sig (p) > 0.05
	Assurance	1.442	0.218	Sig (p) > 0.05
	Communication	3.916	0.004	Sig (p) < 0.05
Phone Banking	Responsible	0.949	0.435	Sig (p) > 0.05
	Assurance	0.478	0.752	Sig (p) > 0.05
	Empathy	1.034	0.389	Sig (p) > 0.05

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Except for communication in online banking, for all other factors the Null Hypothesis is accepted which shows that there is no significant difference between the cities.

ANOVA TEST – ATTRIBUTES AGAINST PERSONAL PROFILE

Null Hypothesis: Xag = Xed = Xin: On an average there is no significance difference between the attributes among the personal profiles taken for analysis.

| Profile	Attribute	F – Ratio	Significance	Remarks
Age Group	Tangible	4.642	0.010	Sig (p) < 0.05
	Responsive	5.535	0.004	Sig (p) < 0.05
	Reliable	8.952	0.000	Sig (p) < 0.05
	Assurance	8.263	0.000	Sig (p) < 0.05
	Communication	11.969	0.000	Sig (p) < 0.05
Education	Tangible	5.029	0.007	Sig (p) < 0.05
	Responsive	10.898	0.000	Sig (p) < 0.05
	Reliable	8.151	0.000	Sig (p) < 0.05
	Assurance	1.420	0.242	Sig (p) > 0.05
	Communication	9.787	0.000	Sig (p) < 0.05
Income Group	Tangible	2.064	0.103	Sig (p) > 0.05
	Responsive	5.633	0.001	Sig (p) < 0.05
	Reliable	4.493	0.004	Sig (p) < 0.05
	Assurance	4.207	0.006	Sig (p) < 0.05
	Communication	14.417	0.000	Sig (p) < 0.05

Age Group: In all factors the Null Hypothesis is accepted which shows that there is no significant difference between the age groups.

Education Group: In all factors, except in assurance, the Null Hypothesis is accepted which shows that there is no significant difference between the education groups.

Income Group: In all factors, except in tangibility, the Null Hypothesis is accepted which shows that there is no significant difference between the income groups.

CONCLUSION

Results of testing the Framework
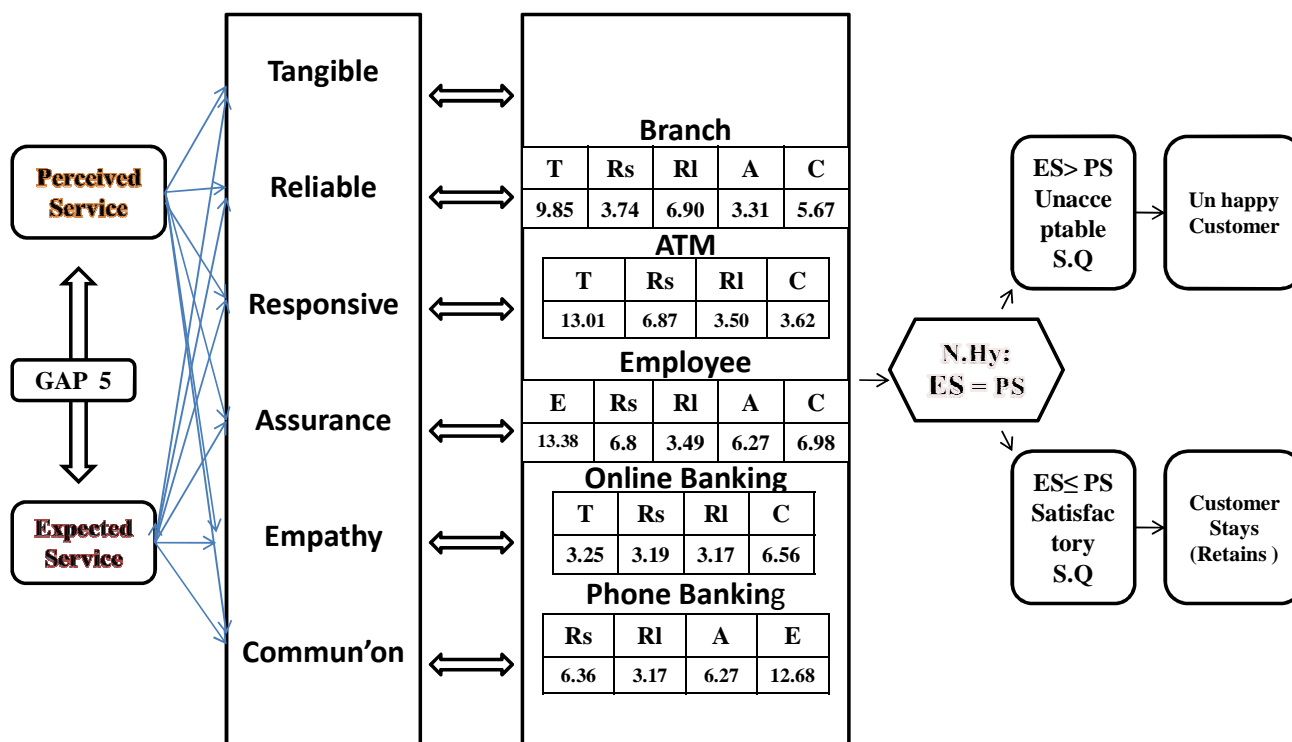
The study confirms that there is significant gap between the customers expected service and perceived service level in retail banking across all service quality dimensions, which leads to dissatisfaction and non-committal approach towards the service provider.

A customer is not just money in the cash register. He is a human being with feelings and deserves to be treated with respect.

Any business without a focus on customer satisfaction is at the mercy of the market. Without loyal customers eventually a competitor will satisfy those desires and your customer retention rate will decrease.

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AN ANALYSIS OF 'ORGANIZATIONAL COMMITMENT' AMONG COLLEGE TEACHERS

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ABSTRACT

Education plays a dominant role in molding the profession and life of each person. (Keisham Shitaljit Singh and Salam Robiya Meetel, 2010). In the process of successful service delivery in education sector, teachers were and are the critical input. In India, more than 80% of the total budget for higher education is spent on establishment and salaries and upkeep of the physical plant and hardly 20% of the total allocation is channelized for the actual academic programmes. Having spent such a high proportion of the budget for salaries and buildings, how well do we make use of the infrastructure, both human and material, in a normal year? (Swamiraj D, 1995). Premises and equipments are needed in the education enterprise but persons are vital to them and a teacher is the supreme factor. NCTE (1998) states, "A teacher in the technological age must have commitment to the learner, commitment to the society, commitment to the profession, commitment to achieve excellence and commitment to basic human values. Thus a teacher should be equipped with modern competence to work effectively to cater to the needs of information-seeking society, to prove himself or herself as a knowledge worker' (Ramesh Varma, 2005). This paper aims at analysing the present level of Organisational Commitment among College Teachers. The results show that there is a moderate level of all the three types of commitment among college teachers. Normative Commitment is the highest. The teachers differ significantly in their continuance commitment. The study concludes that beginning teachers and those about to retire must be taken care so as to foster their continuance commitment.

KEYWORDS
Affective Commitment, Continuance Commitment, Normative Commitment and Organisational Commitment.

INTRODUCTION

The success of Education is in the hands of a personality called 'teacher' who actually execute the planned schemes and programmes of education. Teachers, particularly higher education teachers have high responsibility towards the stakeholders. They are in the venture of creating responsible citizens of the country. They are the corner stone for the production of quality human resource for the country. And of course, a nation's economic development depends on its human resource. Nobel laureate Hans Krebs in his inaugural address at the Department of Biochemistry at the University of Newcastle-upon- Tyne in 1967 emphasized that 'it is only a great teacher who can produce a great student.'(Maharaj k. Pandit, 2010) Though, the teacher is highly qualified, experienced, satisfied with the career and talented in teaching and other academic work, unless he/she is actually involved and committed to his/her job, all the said qualification, experience and talents is a mere useless. This commitment is voluntary and automatic one. It means one cannot compel a teacher to be committed to his/her job. Today private industry and multinational corporations are in a position and are willing to offer attractive and mind boggling pay packages. So, retaining & creating committed teaching faculty is becoming the need of the hour. Without such commitment among the staff, even the most enlightened schemes can fail to reach their full effectiveness.
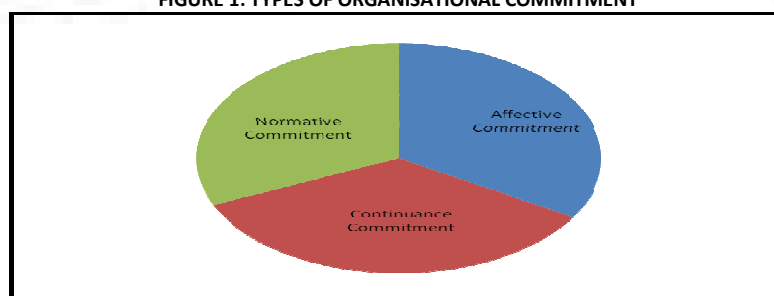
ORGANISATIONAL COMMITMENT

Organisational commitment is an individual's identification and involvement with a particular organization. It can be defined as "(a) a strong belief in and acceptance of the organisation's goals and values; (b) a willingness to exert considerable effort on behalf of the organisation; and (c) a strong desire to maintain membership in the organisation" (Hart & Willower, 2001). According to Morrow (1993) "organisational commitment is a multidimensional construct that has the potential to predict outcomes such as performance, turnover, absenteeism, tenure and organisational goals." People who are committed are more likely to stay in an organisation and work towards the organisation's goals. (Mowday, Porter and Steers 1982). Steers (1975) indicates that organisational commitment is a useful tool to measure organisational effectiveness.

TYPES OF ORGANISATIONAL COMMITMENT

In their research, Meyer & Allen (1991) have classified organizational commitment into three different types: (a) Affective commitment (b) Continuance commitment and (c) Normative commitment. Affective commitment is the employee's "positive feelings of identification with, attachment, and involvement in the work organisation. (Meyer & Allen 1991). Continuance commitment can be conceptualised as the propensity for employees to feel committed to their organisation based on their perceptions of the associated costs of leaving the organisation. (Buitendach, J., & de Witte, H., 2005) Normative commitment encompasses an employee's felt obligation and responsibility towards an organisation and is based on feelings of loyalty and obligation. (Sparrow, P. & Cooper, C. 2003). The three types of commitment are shown in figure 1.

FIGURE 1: TYPES OF ORGANISATIONAL COMMITMENT

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REVIEW OF LITERATURE

Dunham, Grube, & Castaneda (1994) in their studies examined how participatory management and supervisory feedback influenced employee levels of affective, continuance, and normative commitment. The researchers found that when supervisors provided feedback about performance and allowed employees to participate in decision-making, employee levels of affective commitment was stronger than both continuance and normative. That is, employees indicated staying with the organization was more related to wanting to, rather than needing to or feeling they ought to.

Cohen (1996) has conducted a study of relationship between affective, continuance, and normative commitment among nurses and found out other types of commitment work involvement, job involvement, and career commitment. Findings revealed that affective commitment was more highly correlated with all the other types of commitment. That is, employees who remained with the organization because they wanted to were more likely to exhibit higher levels of commitment to their work, their job, and their career.

Irving, Coleman, & Cooper (1997) investigated the relationship between affective, continuance, and normative commitment and the outcome measures of job satisfaction and turnover intentions. Total participants for the study included 232 employees. Results revealed that job satisfaction was positively related to both affective and normative commitment. However, job satisfaction was negatively related to continuance commitment. All three types of commitment were negatively related to turnover intentions, with continuance commitment having the strongest negative relationship.

Punia (2000) studied commitment among University teachers on two dimensions organizational commitment and job commitment. He found that University teachers were more committed towards their job as compared to their organization.

Maheswari (2003) explored the ways and means of enhancing commitment. Study was conducted on 400 secondary school teachers. Study revealed that healthy school environment enhances commitment among teachers.

THE STUDY

The study is undertaken to measure the Organisational Commitment and compare the three types of commitment which are affective, normative and continuance commitment among college teachers in Madurai city which is a part of the state called Tamil Nadu in India.

OBJECTIVES OF THE STUDY

1. To assess the level of Organisational Commitment among the college teachers.
2. To determine is there a significant difference in the level of the three types of Organisational Commitment which are affective, normative and continuance commitments.
3. To analyse is there a difference in the levels of Organisational Commitment when teachers are categorized according to the demographic factors?

MEASUREMENT OF ORGANISATIONAL COMMITMENT

Organisational Commitment is assessed by the instrument adapted from Organizational Commitment Questionnaire developed by Meyer & Allen. The original questionnaire consists of 18 statements assessing three types commitment, Affective, Continuance and Normative. (OCQ, Meyer & Allen 1997). The adapted questionnaire consists of 12 statements (4 measuring each type) measuring the three types of commitment. The reliability value for the adapted questionnaire was 0.741. Responses to each of the 4 items are rated using a 5-point Likert scale with anchors labeled:
1 = strongly disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = agree, 5 = strongly agree.

THE SURVEY

The survey was conducted among 250 teachers. Out of the questionnaires distributed 222 duly filled in questionnaires were considered for the analysis. The survey was preceded by a pilot study administered for 30 teachers selected from various colleges. After making necessary changes in the questionnaire the main survey was conducted. D*ata collected were analysed through SPSS (Statistical Package for Social Sciences).*
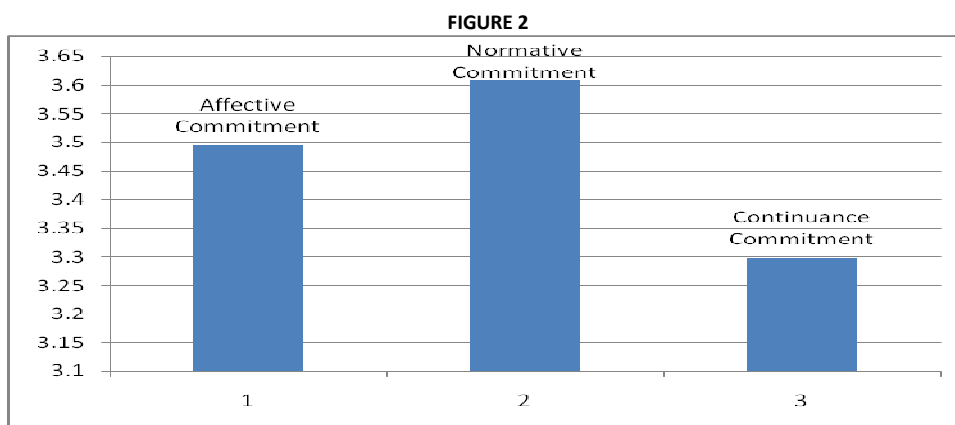
DATA ANALYSIS AND INTERPRETATIONS

The data collected were fed into SPSS and the required calculations were made. In order to measure the present level of Organisational Commitment, Mean was calculated. For the second objective of finding the significant difference among the three types of commitment ANOVA was used. For further comparison and testing of significant difference and for pair wise comparison Tukey's Post hoc test has been adopted.

Objective 1: To measure the present level of Organisational Commitment the mean values are calculated. The results are shown in table 1. The mean scores of all the types of commitment are centered around 3 to 3.8. Hence, it is revealed that the teachers have moderate level of commitment towards the organization they work for. They neither have high nor low level of commitment. Out of the three types which commitment is the highest is known by analyzing the mean scores of the three commitments. The mean value of each of the three types of commitment which are affective, continuance and normative commitment is calculated by averaging the mean values obtained for each statement under each type. From the final mean scores it is known that the mean value of normative commitment is the highest among the three. So, it is found out that the teachers have their normative commitment the highest among the three types. The second highest is affective commitment and the last is continuance commitment. It is shown table 1 and in figure 2.

TABLE -1: MEAN VALUE OF COMMITMENTS

Affective commitment	Strongly disagree	disagree	No opinion	agree	Strongly agree	Mean	Overall Mean Score
College has a deal of personal meaning for me.	0	16	73	103	30	3.6622	
I feel Emotionally attached to this college.	15	52	68	68	19	3.1081	
I feel Institution problems are my own.	5	25	68	107	17	3.4775	3.4933
Happy to spend rest of my career here itself.	4	13	65	98	42	3.7252	
Continuance commitment	Strongly disagree	disagree	No opinion	agree	Strongly agree	Mean	
It is hard to leave the institute right now.	5	23	56	95	43	3.6667	
Scarcity of alternatives reason for not leaving.	4	33	121	59	5	3.1261	
If I had not put so much, I might leave this college	3	42	108	61	8	3.1306	3.2973
Life would be disrupted if I leave the college.	5	42	82	75	18	3.2658	
Normative commitment	Strongly disagree	disagree	No opinion	agree	Strongly agree	Mean	
I owe great deal to this college	0	8	65	102	47	3.8468	
This Institution deserves my loyalty	6	4	69	106	37	3.7387	
I do not leave this college for sense of obligation	2	19	77	106	18	3.536	3.6081
I do not feel right to leave this college.	4	36	85	81	16	3.3108	

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FIGURE 2

Objective 2: In order to test the significant differences in the three commitments ANOVA test has been adopted. The null hypotheses are the following:

There is no significant difference in the level of three commitments among the teachers and the variables which are scale of pay, year of experience, age, religion, gender, marital status, educational qualifications, designation, autonomy status of colleges they work for and types of colleges i.e. government, aided and self financed colleges. In order to find out the relation between the commitments and the bio-graphical characteristics mentioned above, one-way ANOVA has been used. The tests show that there is no significant difference in the level of commitments and the age, religion, gender, marital status, educational qualifications, designation, autonomy of college and types of management i.e. Government, Aided and Self Financed Colleges. But, the test result shows a significant difference in the mean values of Continuance Commitment of teachers drawing different scale of pay and different year of service. . This is inferred from the table 2 & 3 given below:

ONE-WAY ANOVA BETWEEN COMMITMENTS AND SCALE OF PAY

Null Hypothesis: There is no significant difference between the college teachers grouped based on scale of pay in the mean scores of Affective, normative and continuance commitments

TABLE 2: CROSS TABULATION OF COMMITMENT AND SCALE OF PAY

		N	Mean	Std. Deviation	Std. Error
Affective Commitment	AICTE/UGC scale pay	86	3.5698	.58743	.06334
	Consolidated pay	51	3.4853	.52539	.07357
	Management's own pay scale	85	3.4206	.66839	.07250
	Total	222	3.4932	.60770	.04079
Normative commitment	AICTE/UGC scale pay	86	3.6948	.58837	.06345
	Consolidated pay	51	3.5833	.57155	.08003
	Management's own pay scale	85	3.5353	.57883	.06278
	Total	222	3.6081	.58267	.03911
Continuance commitment	AICTE/UGC scale pay	86	3.2762	.58414	.06299
	Consolidated pay	51	3.1471	.64455	.09025
	Management's own pay scale	85	3.4088	.53152	.05765
	Total	222	3.2973	.58547	.03929

TABLE 3 - ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Affective Commitment	Between Groups	.956	2	.478	1.297	.275
	Within Groups	80.659	219	.368		
	Total	81.615	221			
Normative commitment	Between Groups	1.128	2	.564	1.671	.190
	Within Groups	73.903	219	.337		
	Total	75.030	221			
Continuance commitment	Between Groups	2.247	2	1.123	3.347	**.037***
	Within Groups	73.507	219	.336		
	Total	75.753	221			

Since, the Significance value for Continuance Commitment is less than 0.05 (i.e. .037) (refer table 3) it is found out that there is a significant (at 5% level of significance) difference between the college teachers grouped based on scale of pay in the mean scores of continuance commitment. But for the rest of the commitments affective and normative, the significance value is more than 0.05; hence the null hypothesis is accepted that there is no significant difference in Affective and normative commitments of teachers drawing different scale of pay.

The continuance commitment is less for teachers drawing consolidated pay. (Refer Means Plot figure 3). It is obvious that they will be looking for better jobs because of their lesser pay band in the present organisation. The Means Plot shows that the teachers drawing UGC/AICTE scale of pay and management's own pay have higher continuance commitment than the teachers drawing consolidated pay. As far as affective and normative commitments are concerned no differences exist.

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FIGURE 3: MEANS PLOT
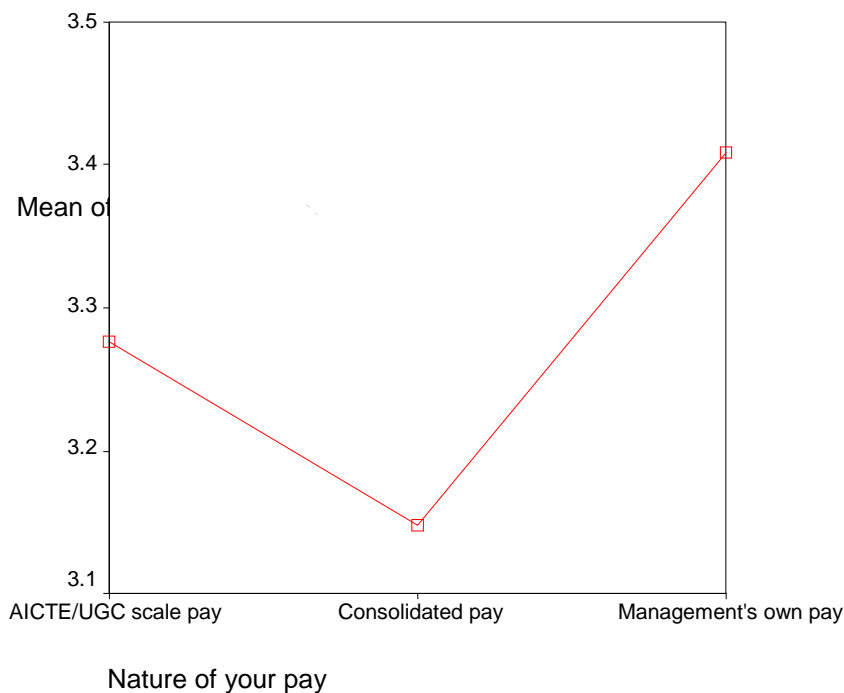
ONE-WAY ANOVA BETWEEN COMMITMENTS AND YEAR OF EXPERIENCE

Null Hypothesis: There is no significant difference between the college teachers grouped based on year of experience in the mean scores of Affective, normative and continuance commitments.

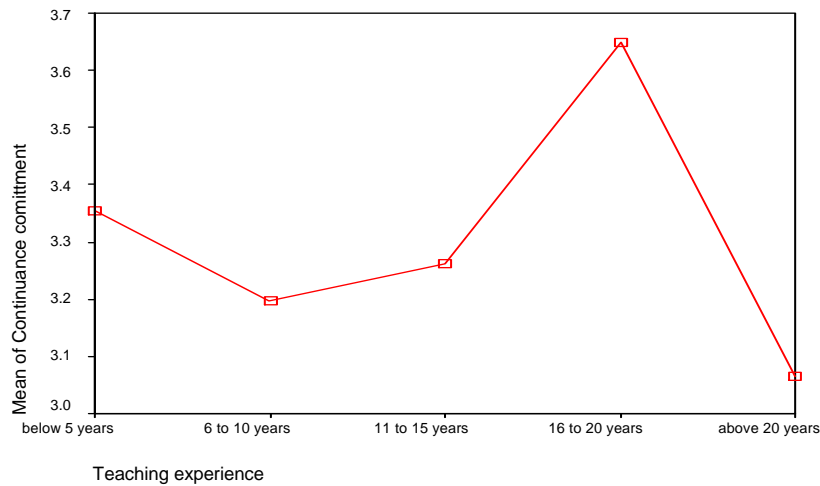**TABLE 4: CROSS TABULATION OF COMMITMENT AND YEAR OF EXPERIENCE**

		N	Mean	Std. Deviation	Std. Error
Affective Commitment	below 5 years	96	3.4844	.64870	.06621
	6 to 10 years	48	3.4479	.65833	.09502
	11 to 15 years	44	3.5227	.52223	.07873
	16 to 20 years	15	3.4000	.63246	.16330
	above 20 years	19	3.6579	.41842	.09599
	Total	222	3.4932	.60770	.04079
Normative commitment	below 5 years	96	3.6042	.59788	.06102
	6 to 10 years	48	3.5417	.64892	.09366
	11 to 15 years	44	3.6193	.48371	.07292
	16 to 20 years	15	3.6667	.59512	.15366
	above 20 years	19	3.7237	.56455	.12952
	Total	222	3.6081	.58267	.03911
Continuance commitment	below 5 years	96	3.3542	.56855	.05803
	6 to 10 years	48	3.1979	.68989	.09958
	11 to 15 years	44	3.2614	.51420	.07752
	16 to 20 years	15	3.6500	.42046	.10856
	above 20 years	19	3.0658	.53257	.12218
	Total	222	3.2973	.58547	.03929

TABLE 5 - ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Affective Commitment	Between Groups	.790	4	.197	.530	.714
	Within Groups	80.825	217	.372		
	Total	81.615	221			
Normative commitment	Between Groups	.524	4	.131	.382	.822
	Within Groups	74.506	217	.343		
	Total	75.030	221			
Continuance commitment	Between Groups	3.726	4	.931	2.806	**.027**
	Within Groups	72.028	217	.332		
	Total	75.753	221			

Since, the Significance value for Continuance Commitment is less than 0.05 (i.e. .027) (refer table 5) it is clear that there is a significant (at 5% level of significance) difference between the college teachers grouped based on length of service and the mean scores of continuance commitment. But for the rest of the commitments affective and normative, the significance value is more than 0.05; hence the null hypothesis is accepted that there is no significant difference in affective and normative commitments of teachers having different length of service.

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FIGURE 4: MEANS PLOT

Teaching experience

Thus, there exists a significant difference in the Continuance Commitment of teachers with different years of experience. Among the groups, teachers with below 5 years of experience have higher level of continuance commitment than teachers with 6 to 10 and 11 to 15 years. (Refer Means Plot figure 4). Because, being in the initial period, they stay with the organization to gain continuous service in the same organization. But, the teachers falling in the category of above 20 years of experience have lower level of continuance commitment than all other categories. Because they are trying for the best positions like principal and so on. As Maslow says they strive for self actualization in their hierarchy of needs. And also, the reason for such lower commitment may be saturation point reached in the career life cycle.

Because of the previous finding which is that there exists a significant difference in the continuance commitment, the study further proceeded to Post Hoc tests on continuance commitment to find out which pairs of the groups vary significantly. The Tukey's Post Hoc tests are administered for continuance commitment and the output is shown in table – 6.

POST HOC TEST 1

TABLE – 6 MULTIPLE COMPARISONS

Dependent Variable: Continuance commitment
Tukey HSD

(I) Nature of your pay	(J) Nature of your pay	Mean Difference (I-J)	Std. Error	Sig.
AICTE/UGC scale pay	Consolidated pay	.1291	.10239	.419
	Management's own pay scale	-.1327	.08861	.294
Consolidated pay	AICTE/UGC scale pay	-.1291	.10239	.419
	Management's own pay scale	-.2618(*)	.10262	.031
Management's own pay scale	AICTE/UGC scale pay	.1327	.08861	.294
	Consolidated pay	.2618(*)	.10262	.031

* The mean difference is significant at the .05 level.

The Post Hoc test reveals that there is a significant difference in the continuance commitment of teachers getting consolidated pay and management's own pay scale. (Sig. value .031 which is lesser than 0.05). So, it is found out that teachers getting consolidated pay have lesser continuance commitment than those getting of management's own pay of scale.

Likewise, the Post Hoc test is applied for analyzing the level of relation between continuance commitment and the year of experience because ANOVA test showed a significant difference between them. The result is shown in table – 7.

POST HOC TEST 2

TABLE 7: MULTIPLE COMPARISONS

Dependent Variable: Continuance commitment
Tukey HSD

(I) Teaching experience	(J) Teaching experience	Mean Difference (I-J)	Std. Error	Sig.
below 5 years	6 to 10 years	.1563	.10185	.541
	11 to 15 years	.0928	.10489	.902
	16 to 20 years	-.2958	.15996	.348
	above 20 years	.2884	.14466	.273
6 to 10 years	below 5 years	-.1563	.10185	.541
	11 to 15 years	-.0634	.12024	.984
	16 to 20 years	-.4521	.17042	.065
	above 20 years	.1321	.15616	.916
11 to 15 years	below 5 years	-.0928	.10489	.902
	6 to 10 years	.0634	.12024	.984
	16 to 20 years	-.3886	.17226	.163
	above 20 years	.1956	.15816	.730
16 to 20 years	below 5 years	.2958	.15996	.348
	6 to 10 years	.4521	.17042	.065
	11 to 15 years	.3886	.17226	.163
	above 20 years	.5842(*)	.19899	.030
above 20 years	below 5 years	-.2884	.14466	.273
	6 to 10 years	-.1321	.15616	.916
	11 to 15 years	-.1956	.15816	.730
	16 to 20 years	-.5842(*)	.19899	.030

* The mean difference is significant at the .05 level.

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The teachers falling between the categories of 16 to 20 years of experience and above 20 years are varying in the level of their continuance commitment. There is no significant difference among the rest of the categories which below 5 years, 6 to 10 years and 11 to 15 years.

DEMO-GRAPHIC PROFILE

TABLE 8: FREQUENCY TABLE

Variable	Classification	Frequency	Percent
Nature of institution	Govt. college	57	25.7
	Aided college	106	47.7
	Self financed college	59	26.6
Gender	Male	46	20.7
	Female	176	79.3
Marital Status	married	165	74.3
	single	51	23.0
	separated	2	.9
	widow/widower	4	1.8
Qualifying exam (NET/SET) Passed?	yes	47	21.2
	no	175	78.8
Educational qualification	P.G	24	10.8
	M.phil.,	142	64.0
	Ph.D.,	56	25.2
Designation	Professor & Head	11	5.0
	Professor	9	4.1
	Associate professor	54	24.3
	Assistant Professor	108	48.6
	Honorary Professor	4	1.8
	Any other	36	16.2
Teaching level	U.G	97	43.7
	P.G	106	47.7
	M.Phil.,	19	8.6

CONCLUSION

Thus, the study reveals that college teachers have moderate level of organizational commitments. Hence, management has to take steps to improve their commitment. Out of the three types affective, normative and continuance commitments, normative commitment is higher than the other two types. Further, teachers are varying in their level of continuance commitment, when they are grouped based on nature of pay and length of service. The variation is more between the level of continuance commitment and nature of pay. Teachers receiving consolidated pay have lesser continuance commitment. So that, the college management has to take necessary steps to retain those teachers either by increasing pay and increments or by changing the pay structure. When we refer to the level of continuance commitment and year of experience, teachers who are in 16 to 20 years of service have higher commitment than the beginning teachers and teachers with more than 20 years of experience. One thing to be noted is teachers with more than 20 years of service have the least level of continuance commitment among the four groups. This group has to be taken care by the management. They can be motivated through assigning some special positions, higher posts etc. In general, it is concluded that the organizational commitment is moderate among the college teachers.

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MANAGING PEOPLE FOR SUPERIOR PERFORMANCE & RETENTION

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ABSTRACT

The Indian telecom industry has seen tremendous growth in the last 10 years due to the liberal policies of the government and the extensive need for communication. A conducive business environment, favorable demographic outlook and the political stability enjoyed by the country have contributed to the growth of the industry. As per TRAI July 2010 report, India has over 621.28 million mobile subscribers with a growth of over 10.52 %, on a quarterly basis. It is also estimated that by mid 2010, around half of the country's population will own a mobile phone. The total number of mobile subscribers is expected to breach the 800 million mark by the end of the year 2012 accounting for a teledensity of around 70%. India is fast emerging as the telecom hub of the world in terms of the growing demand, size of demand and FDI inflows. The rapid growth of the Indian Telecom Industry has been contributing to the India's GDP. With more and more players entering the industry and adding around 1 Lakh employees to the workforce, retaining the best talent is emerging as a major focal area for organizations in general and HR Managers in particular. However, one of the primary areas of concern for the telecom sector is the spiraling attrition rate that is currently hovering around the 25% mark. The 'Job Hopping' in the telecom sector is one of the contributory factors that erode the organizational productivity. One of the primary drivers of this phenomenon is increase in monetary benefits that accompanies job hopping. The objective of this paper is to analyze the causes of the high attrition rate in the telecom sector while understanding their organizational impact and identifying suitable remedial measures.

KEYWORDS
Employee Value Proposition, Employee Turnover, Job Hopping, ADIEU Model, Mobley Model.

INTRODUCTION

The Indian telecom industry has witnessed tremendous growth in the last 10 years due to the liberal policies of the government and the extensive need for communication. A conducive business environment, favorable demographic outlook and the political stability enjoyed by the country have contributed to the growth of the industry. The table 1 presents the unemployment rates across some of the developing countries across the world.

TABLE 1 - GLOBAL UNEMPLOYMENT RATES[18]

Countries	Percentage
India	10.7
China	4.3
Japan	5.2
Russia	9.2
US	9.6
Germany	6.9
Brazil	7.3
UK	7.8
France	10

The rapid growth of the Indian Telecom Industry has been contributing to the India's GDP. The following table 2 presents a current snapshot of the Indian Telecom Industry. With more and more players entering the industry and adding around 1 Lakh employees to the workforce the pressure on organizations to retaining their best talent is also increasing. As per the July 2010 TRAI report, India has over 621.28 million mobile subscribers with a growth of over 10.52 %, on a quarterly basis. It is also estimated that by mid 2010[19], around half of the country's population will own a mobile phone. The total number of mobile subscribers is expected to breach the 800 million mark by the end of the year 2012 accounting for a teledensity of around 70%. The major players in the telecom sector on the basis of the number of subscribers are highlighted in the table 3 below. India is fast emerging as the telecom hub of the world in terms of the growing demand, size of demand and inflow of FDI. Retention of employees remains a significant KRA of all Managers in an organization owing to talent scarcity. The intensifying competition for talent and increasing workforce complexity are the two reasons for the talent scarcity.

TABLE 2 - TELECOM INDUSTRY SNAPSHOT – 2010[20]

Description	Value
Wireless Subscribers	584.32 Million
Wireline Subscribers	36.96 Million
Service Provider Revenues (Pan India) Jan – Mar 2010	Rs. 40,265.12 Crores
Rural Teledensity	24.29 %
National Teledensity	52.74 %

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[18] Source: Wikipedia –URL< http://en.wikipedia.org/wiki/List_of_countries_by_unemployment_rate>
[19] Source - Business Monitor International, India
[20] Source: The Indian Telecom Services Performance Indicators January - March 2010, Published July 2010

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The Indian economy has been growing steadily at 8% annually and has surely placed enormous strain on the existing talent pools. The skills shortages have further exacerbated the problem. For instance only 10% of the generalist graduates and 20% of the engineering graduates are employable. This is causing concerns around the long term sustainability of our countries talent supply. Increasing workforce complexity is another issue. 90% of the jobs in India require vocational skills; only 7% of the workforce receives required training, leading to increased training costs and longer time to be productive. Only 9% of the workforce is in the organized sector. Increasing wage on an average 14% is another area of concern. 46% of the Indian employees intent to leave the job in the next 12 months, which is twice as much as compared to the developed talent markets.

TABLE 3 - SUBSCRIBER BASE (QE MARCH 2010) [21]

Companies	Subscribers (Millions)
Bharti	127.62
Reliance	102.42
Vodafone	100.86
BSNL	69.45
Tata	65.94
Idea/Spice	63.82
Aircel/Dishnet	36.86

RESEARCH METHODOLOGY

This paper is based on primary research data collected internally at the workplace and also from employees in the industry. These include analysis of recruitment trends as well as employee attrition studies over a time span of more than five years. In order to ensure a wider spectral coverage the paper also refers to published secondary research data. This includes data and studies by commercial vendors in the IT & Telecom space, in the form of syndicated reports, as well as public and quasi-public information available from diverse sources. The data sources include both print and online media and have been listed in the reference section. Survey reports published by commercial and non-profit organizations have been referred to in order to better understand the 'Job hopping phenomenon prevalent in the IT & Telecom Space. This includes the V and D100 Indian Telecom survey, conducted by telecom journal Voice and Data, online surveys by CareerBuilder.com, *BT*-Indicus-PeopleStrong Survey as well as annual IT Best Employer Survey 2010 conducted by DataQuest. The presentation and the inferences drawn are based on the personal experience and knowledge of the author in the field on Human Capital Management.

ATTRITION IN THE TELECOM SECTOR – KEY DRIVERS

It is seldom heard these days of individuals who started their career with an organization, staying & growing with the organization and finally retiring in the same organization. The quote "' Nothing Lasts Forever" aptly describes the status of the current job market. Modern world and its trends has made job hopping a social phenomena worth analyzing & studying. Liberalization, globalization & privatization is providing a Job Hopper with multiple options. The Indian Telecom sector is the 4th largest telecom market after China, Japan and South Korea. The sector has been expanding & mushrooming by the minute and the organizational performance is directly linked to attracting, managing and retaining the best available talent in the market. There is a scarcity of qualified people and organizations attract the best brains from competition with high salary and attractive designations. Attrition in the telecom sector has been attributed to the following reasons:

1. Work fatigue (O&M roles, NOC engineers, Customer Care executives etc.)
2. Stress Levels
3. Alternate Openings
4. Career Growth
5. Poaching by competition
6. Job satisfaction **[1]**

The employee turnover rate is calculated as follows:

Attrition = $\dfrac{100 * \text{No. of employees who left in a year}}{\text{Average No. of employees}}$

The telecom sector currently faces an attrition rate of 20-25%. Monetary increase is one of the most commonly cited reasons by employees for changing jobs. Long term career prospects, work environment, colleagues, company culture are all considered equally important factors in determining an ideal job. Drop in employee loyalty, dissatisfaction with the job roles handled, including monetary reasons are some of the primary drivers, of job hopping. The secondary drivers of job hopping include: **[2]**

1. Inability to get along with colleagues or employers
2. Lack of longevity
3. Lack of resilience or loyalty

The following table 4 presents the attrition scenario in the IT & Telecom sectors till 2008. The trend is expected to continue in the subsequent years 2009-2012.

TABLE 4 – ATTRITION RATES IN THE IT & TELECOM SECTOR (2006-2008) [22]

S.No.	Sector	0-3 years %	4-7 years %	8-12 years %	13+ years %	% change (2006-2007)	% change 2008
1	IT & Telecom	32	25	10	5	5	9

ATTRITION – INDIVIDUAL & ORGANIZATIONAL IMPACT

The attrition rate of an organization has an important bearing on its outcomes. An analysis of the changing paradigms, the cost of employee turnover, the employee perspectives and the new retention methodologies have become imperative for the organizational frontline people managers. People managers have a broader influence on the environment in which the employees carry out their work and are the primary link between the employees and the organization. Employee turnover (ET) is often utilized as an indicator of corporate performance and can easily be observed negatively towards the organizations efficiency & effectiveness [3]. ET is a natural outcome of doing business, yet can be very harmful in large numbers. There is a string of evidence to support the fact that cultural flavors have an impact on attrition regionally[23]. The consequences of job hopping on individuals and organizations include the following:

1. Finding shortcuts for success
2. Poor loyalty to employers

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[21] Source: The Indian Telecom Services Performance Indicators January - March 2010, Published July 2010
[22] Source: Emmay HR
[23] Source: India BT Attrition Study 2008

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3.   Steep compensation increases
4.   Instability
5.   Brain drain in a corporate

Attrition impacts low productivity, drop in sales and revenue and dip in customer service. The cost of turnover includes:

1.   Separation Costs
2.   Vacancy Costs
3.   Recruitment Costs
4.   Training Costs
5.   Out-boarding costs

Managers could predict employee turnover in an organization by studying the personality characteristics of his/her team members. The Big 5 personality dimensions could be listed as: **[4]**

1.   Emotional Stability
2.   Extra Vision
3.   Openness to experience
4.   Agreeableness
5.   Conscientiousness

Attrition and job hopping can occur in our country either due economic recession, mergers or acquisitions in the normal course. The career in the industry is very lucrative as the telecom sector is booming by offering a variety of career options, with the increase in number of projects, setting up of new branches, expansion of network coverage areas. Entering the rural markets with a bang has thrown open opportunities and challenges for employers on the talent attraction & retention front. The current era is about reducing head count costs and managing a lean and mean organization. However, no organization would like its top performers & critical resources to leave when they are needed the most. High end talent is always lofty on aspiration & losing them to competition would be a high business risk. Therefore, identifying talent, drawing up career and succession plans, providing job rotation and providing a progressive environment, besides sponsoring for training and management development programs would be essential to reduce attrition rates.

One of the greatest strategies of war has been the strategies of attrition warfare, defined in military dictionary as the cumulative destruction of the enemy's material assets by superior fire power. This historical concept has now found its way to the corporate board rooms where organizational managers try to stay ahead of the competition by resorting to the poaching of their competitor's talent pools. There are three specific knowledge types that are under attack through such an attrition strategy:

1.   Cultural Knowledge
2.   Historical Knowledge
3.   Functional Knowledge

ORGANIZATIONAL ATTRITION MANAGEMENT STRATEGIES

A research undertaken by LSA Global **[5]** has uncovered six dimensions that are most critical to influencing organizational retention. These dimensions are in turn aligned into three major components for an organization to achieve world class retention. These components are:

1. MANAGER RETENTION PRACTICES

The research has consistently validated the reality that the manager plays a significant role in influencing the employee's commitment level and retention. There are a number of manager retention practices which will increase the probability that an employee will remain committed to an organization over time. These retention practices represent the manager's actual behaviors on the job and have little to do with the amount of classroom training received by employees. Most organizations ask their managers to place productivity as the highest priority, underscored by the pressures to fulfill "stakeholder obligations. Good retention practices focus not only on what the employee is contributing to the company, but also focus on how the manager can create a climate so that the employee is retained and committed on a long term basis. Though managers play a very crucial role in retention, they do not control all of the factors that can affect attrition. Therefore, the second component represents the organization's responsibility in the retention equation.

2. ORGANIZATIONAL RETENTION SYSTEMS

There are a number of organizational systems and processes that influence retention. These include equity of pay scales. In addition there is evidence that an organization's recruiting systems and processes can significantly impact retention ratios. These systems support the Manager Retention Practices, but they also increase the likelihood that employees are committed on a long term basis and are performing at their best.

3. MEASUREMENT AND ACCOUNTABILITY

It is imperative that an organization has a microscopic view of its attrition rates. This will help in uncovering the potential causes of attrition.

A two pronged approach is generally recommended to manage an organizations attrition rates. These include:

1.   Identify top performers & reward and recognize talent
2.   Non performers put on performance improvement exercises

The following table 5 presents a methodology for organizational attrition estimation and management.

TABLE 5 - ORGANIZATIONAL ATTRITION MANAGEMENT

Instruments	Predictors	Outcomes
Existing Survey	Attrition	Retention Prediction
People Processes	Development Initiatives	Bench Marking
E-Surveys	Employability	Best Practices
	Work Environment	Strong Employees

The primary drivers for the organizational employee retention strategies include the following:

1.   Economic
2.   Replacement of the older generation with the younger generation
3.   Compliance
4.   Globalization
5.   Capital Intensive to Knowledge Intensive
6.   Partnerships
7.   Individualization

To achieve organizational goals, leaders must ensure employees perform at high levels. In this context it is imperative that the HR Manager of an organization understands the following:

1.   What motivates employees to work with commitment to the organization?
2.   What triggers superior performance?
3.   What actions drive employee retention?

Line Managers directly control a majority of the effective drivers of employee performance and retention and play a critical role in the organization success. People managers have a broader influence on the environment in which the employees carry out their work. They are the primary link between the employees

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and the organization. Managing employee attitudes drives performance and retention. Managers must build employee engagement with the broader organization, thereby increasing employee discretionary effort and intent to stay. In this context it is essential that good managers should:

1. Amplify the good, filter the bad
2. Connect employees with the organization and its success
3. Instill a performance culture
4. Connect employee's with talented co-workers
5. Demonstrate a credible commitment to employee development
6. Provide fair and accurate informal feedback on performance
7. Highlight employees strengths in performance reviews
8. Clarify performance expectations
9. Leverage employee fit
10. Provide solutions to day to day challenges

Organizations need to adopt the ADIEU Model to boost employee morale and loyalty towards the organization **[6].** The model includes the following:

1. Affiliation
2. Development Initiatives – Developmental activities within an organization
3. Employability
4. Your work environment

Finally, organizational retention strategies should focus on the following factors:

1. Pay
2. Benefits
3. Recognition
4. Opportunity
5. Growth

EMPLOYEE VALUE PROPOSITION

Employee Value Proposition (EVP) is a term used to denote the balance of the rewards and benefits that are received by employees in return for their performance at the workplace. **[7]** Minchington (2005) defines an Employee Value Proposition (EVP) as a set of associations and offerings provided by an organization in return for the skills, capabilities and experiences an employee brings to the organization. The EVP is an employee-centered approach that is aligned to existing, integrated workforce planning strategies because it has been informed by existing employees and the external target audience. An EVP must be unique, relevant and compelling if it is to act as a key driver of talent attraction, engagement and retention. It has become closely related to the concept of employer branding, in terms of the term EVP being used to define the underlying 'offer' on which an organization's employer brand marketing and management activities are based. In this context, the EVP is often referred to as the Employer Brand Proposition. Tandehill (2006) reinforces this link to employer branding, and urges all organizations to develop a statement of why the total work experience at their organization is superior to that at other organizations. The value proposition should identify the unique people policies, processes and programs that demonstrate the organization's commitment to employee growth, management development, ongoing employee recognition, community service, etc. Contained within the value proposition are the central reasons that people will choose to commit themselves to an organization. The EVP should be actively communicated in all recruitment efforts, and in letters offering employment, the EVP should take the focus of compensation as the primary "offer." The following table 6 illustrates the concept of EVP:

TABLE 6 – EMPLOYEE VALUE PROPOSITION

Rewards	Opportunity
Organization	Work
People	

Poor EVP delivery reduces employee intent to stay. The seven attributes of EVP for seeking commitment and intent to stay include:

1. Compensation
2. Future Career Opportunities
3. Recognition
4. Organization Growth Rate
5. Organization Stability
6. Development Opportunities
7. A collegiate work environment

The seven elements of the core EVP impacts 56% of all the major talent segments in India. Employee engagement is to be seen through a comprehensive framework that includes (not limited to) the following:

1. Job Role
2. Engagement Areas
3. Employee Development
4. Work Relationships
5. Feedback & Evaluation
6. Learning
7. Environment
8. Recognition
9. Communication

CONCLUSION

The purpose of this paper is to highlight the importance of rewarding superior performance in an organization as a planned effort for retention of top performers and critical resources. This paper seeks to elaborate the negative impact of employee turnover and attrition in an organization. Telecom companies need to devise new methods for employee retention, considering the current challenges faced by the Telecom industry in India. The delivery of Employee Value Proposition in the right measure would create an environment where employees will enhance their discretionary efforts and also decide to stay longer in the organization. The researcher has presented a theoretical perspective in this paper and is in the process of presenting a detailed research paper on the said topic for a better understanding of the realities in the Telecom industry with respect to Managing People for Superior Performance and Retention.

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AN ANALYSIS ON THE RELATIONSHIP STRATEGIES IN GENERAL INSURANCE SECTOR

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ABSTRACT

With increasing competition, customers have become very important for insurance companies in India. However, one of the problematic outcomes of the enhanced competition has been the difficulty in choosing an appropriate company by the prospective customer. The study has bought out various factors influencing choice, of a General insurance company. These factors are promotional activities, image of company, customer convenience, financial and non financial facilities, and premium and procedural formalities. The study also compares these factors across different demographic groups of customers of general insurance companies.

KEYWORDS

Insurance sector, Promotional Activities.

INTRODUCTION

Globalization has brought about increasing consciousness in customers. Consumers are becoming more demanding with competition and improved job opportunities, especially in the private sector, coupled with improved buying power. Customer Satisfaction in insurance means the use of a Policy product purchased for a cost, to the ultimate satisfaction of the buyer, when a claim is paid. The satisfaction is not fully achieved only when a product so purchased gives its full use, but it also stipulates that the product bought by the buyer will give him the expected fruit i.e., peace of mind during the product cycle when it is in use by the customer.

Customer satisfaction is most important criterion, which encompasses quality product and value addition through value evidence of what was implied to provide ultimate customer satisfaction. Customer (dis) satisfaction is cascading inn nature and requires building relationship of confidence and trust with utmost commitment, internal accountability and a sense of care of customer. The insurer must try to get closure to customer through 6 C concepts and by implementing customer experience management by understanding customer's value propositions through all his interactions and give Weight age to more focused methodology.

The term "relationship" is important, the term "management" is also important when defining CRM as it pertains to the organization's ability to develop strategies that attract and retain customer. Management can be defined as the identification of prospects, selection and acquisition of relevant prospects, and development of the relationship; i.e., providing an increasing number of products and services that add value for the customer and are lucrative for the organization in the hopes of maximizing the profitable lifetime value of the relationship.

1. BUILDING TRUST BETWEEN THE BUYER AND SELLER

The satisfaction of Insured customer requires building relationship of confidence and trust between the buyer and seller. It is essential to build trust so that the intentions of both the parties are clearly understood by each other e.g. if an insured has paid premium against a proposal, mere issue of receipt without any narration (cover note/ Certificate of insurance) as to the specifications of the product intended to be sold, would not render satisfaction, prompt issue of the policy document and quick and adequate settlement of claim, would only create confidence in buyer about the product bought by him.

2. BUILDING REPUTATION BY FULFILLING PROMISES

The building of confidence also requires that one should build up the reputation, that whatever is once said is not unilaterally withdrawn in the garb of official red-tapism or other unforeseen constrains developing due to change in environment.
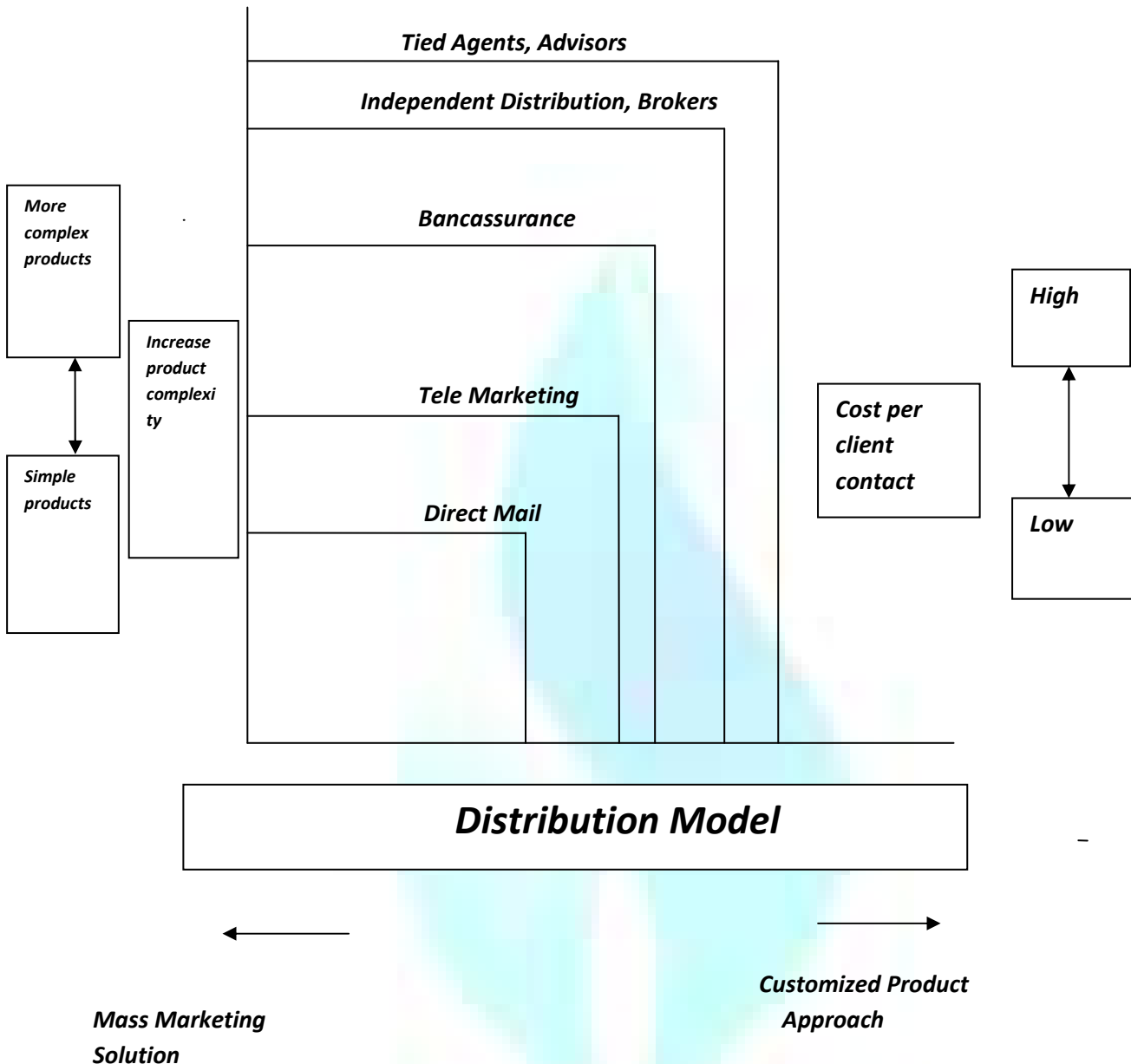
3. PROMPT SERVICES

The customer is the most wanted person on the insurers' premises. Each employee of the insurance company from sub-staff to Chairman exists in the company on the simple premise "to serve the customer, in whatsoever role has been assigned to any one".

"Good human relations can be built up when we keep in mind the motives and desire of other people as given here under":

a) To be treated courteously: we must respect human dignity whether the customer is Managing Director of a corporate group or merely a cattle owner.
b) The customer must get a suitable environment to accomplish the job for which he has come at our doorstep.

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A MULTI CHANNEL MODEL

1. SIX CS' OF CORPORATE CULTURE

The author feels that an Insurance service company's corporate culture should be based on 6 "C" Communication, Cooperation, Cheerfulness, Credibility, Challenge and Continuity. The Company must welcome the insured to speak on the basis on these 6 "C" to the employee who has been serving him, if he is not happy with the service provided by him or any of the company's agents or associates or any other matters that they are not satisfied with. The objective of bringing employee and customer together is to build a positive attitude and empathy amongst employees, towards customer and to create effective and prompt Getting response towards customers. The insurance customer needs:

1. Prompt and accurate issue of document.
2. Prompt and fair settlement of claim.
3. Good listening mechanism
4. Better problem solving approach
5. Reliable manner of service
6. Meet customer's requirement on time every time.

2. PROFIT OPPORTUNITIES IN MANAGING SERVICES

In the current liberalization era we have little option but to strive for customer satisfaction and competitiveness for bare survival. Five profit opportunities in managing services: **Greater intangibilization, Customer co-production, Pace based services, Cyber services, Mass customized services.**

3. TANGIBILISATION OF SERVICES.

How to work with customers & attend to queries i.e. tangibilisation & empathy should be given priority. The dress, manner of speaking by employees, writing and issue documents also enhances tangibilisation process.

OBJECTIVES

1. To identify satisfaction level of consumers in General Insurance sector.
2. To examine the promotional tools undertaken to attract the customers.

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ANALYSIS OF THE STUDY

1.   TO IDENTIFY SATISFACTION LEVEL OF CONSUMERS IN GENERAL INSURANCE SECTOR

I am satisfied with the product / service quality of the company

Strongly disagree	0	0.00%
Moderately disagree	3	1.63%
Neither disagree nor agree	44	23.91%
Moderately agree	**94**	**51.09%**
Strongly agree	43	23.37%

Total	**184**
Mean	3.96
Standard Dev.	0.73
Variance	0.54

FIG.1.1: SATISFACTION LEVEL OF CONSUMERS IN GENERAL INSURANCE SECTOR
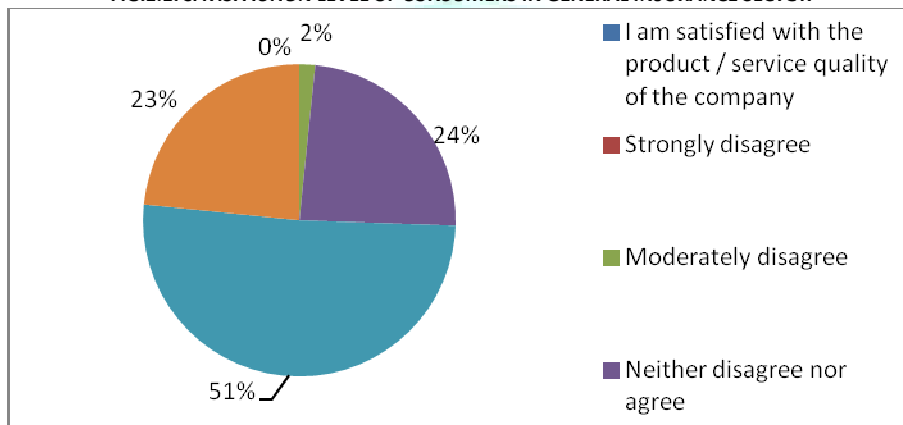
Out of 184 respondents among Punjab, Haryana & Chandigarh regions, 51.09% of respondents moderately agree regarding the satisfaction level in general sector, 23.91% respondents are indifferent regarding general insurance sector satisfaction level and 23.37% are strongly satisfied by their services.

2.   TO EXAMINE THE PROMOTIONAL TOOLS UNDERTAKEN TO ATTRACT THE CUSTOMERS

Company has a visually appealing signs, symbols and advertisements.

Strongly disagree	0	0.00%
Moderately disagree	13	7.10%
Neither disagree nor agree	35	19.13%
Moderately agree	**84**	**45.90%**
Strongly agree	51	27.87%
Total	**183**	
Mean	3.95	
Standard Dev.	0.87	
Variance	0.76	

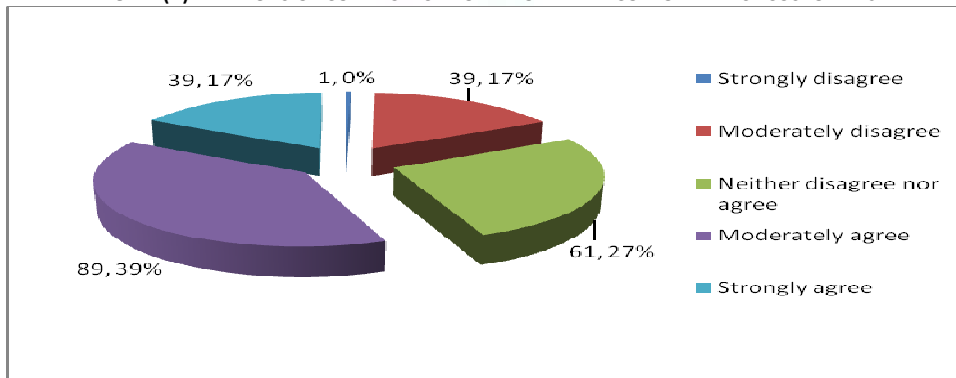**FIG: 2.1 PROMOTIONAL TOOLS UNDERTAKEN TO ATTRACT THE CUSTOMERS**
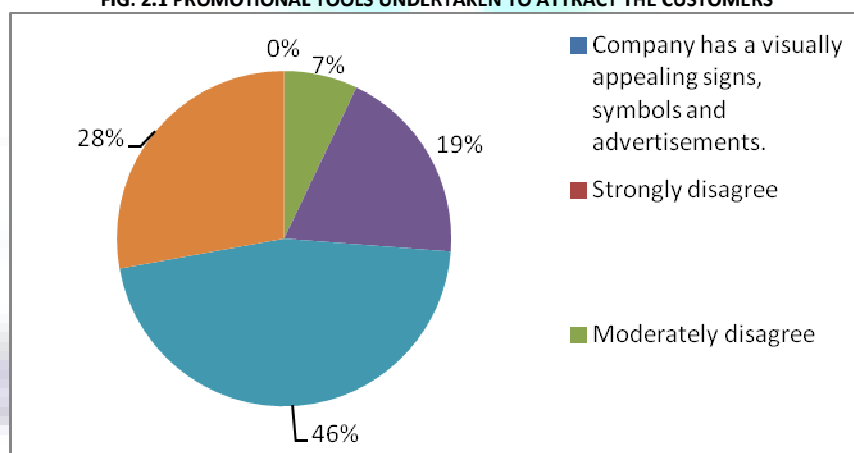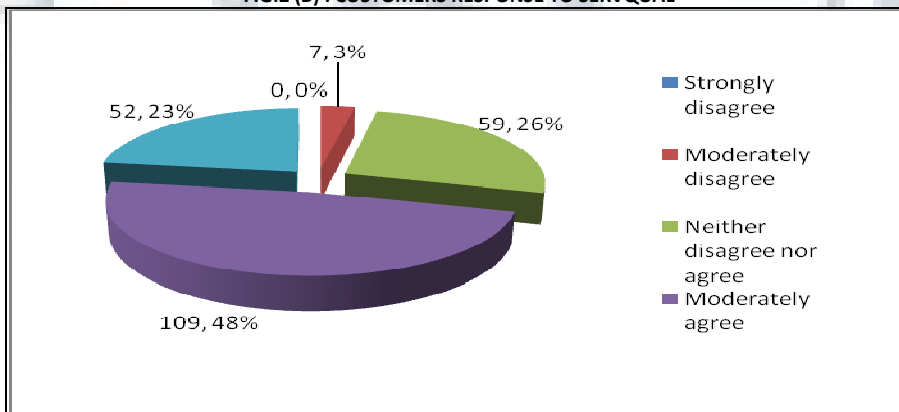

In this table, out of 183 respondents among Punjab, Haryana & Chandigarh regions, 46% are moderately agree, 28% are strongly agree,19% are neither agree nor disagree& 7% are moderately disagree regarding the satisfaction level of promotional tools used by general insurance sector.

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A) Company adapts methods of communication to suit customer's needs.

Strongly disagree	1	0.44%
Moderately disagree	39	17.03%
Neither disagree nor agree	61	26.64%
Moderately agree	**89**	**38.86%**
Strongly agree	39	17.03%
Total	**229**	
Mean	3.55	
Standard Dev.	0.98	
Variance	0.96	

FIG 2.1 (A): METHODS OF COMMUNICATION ADOPTED BY CO. TO ATTRACT CUSTOMERS

In this table, out of 229 respondents among Punjab, Haryana & Chandigarh regions, 38.86% are moderately agree, 17.03% are strongly agree, 26.64% are neither agree nor disagree & 17.03% are moderately disagree regarding the satisfaction level of promotional tools used by general insurance sector.

(B) The average score of overall evaluation of tangible, reliability, responsiveness, empathy, assurance is satisfactory.

Strongly disagree	0	0.00%
Moderately disagree	7	3.08%
Neither disagree nor agree	59	25.99%
Moderately agree	**109**	**48.02%**
Strongly agree	52	22.91%
Total	**227**	
Mean	3.91	
Standard Dev.	0.78	
Variance	0.61	

FIG:2 (B) : CUSTOMERS RESPONSE TO SERVQUAL

In this table, out of 227 respondents among Punjab, Haryana Chandigarh regions, 48.02% are moderately agree, 22.91% are strongly agree, 25.99% are neither agree nor disagree & 3.08% are moderately disagree regarding the satisfaction level of promotional tools used by general

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insurance sector.

CONCLUSION

Competition will surely cause the market to grow beyond current rates, create a bigger "pie," and offer additional consumer choices through the introduction of new products, services, and price options. Investment is serious business and not making decision on vague. Fundamental analysis has a direct impact on insurance market. There is a probability of huge increase in employment opportunities. The core outcome of our study suggests that firms in the general insurance industry are serving their customers in a best possible ways by adopting various CRM strategies. The general insurance market will see a healthy competition with the opening up of developing markets to competition, there is a greater impetus to demand growth and volumes would start dictating economic sizes and pricing. The focus of this study is to empirically investigate the impact of CRM in Indian insurance sector. The impact of different demographical variable is also taken into consideration while examining the impact of CRM in Indian insurance sector. We are living in a globalized world. Where competition has become an unavoidable element of business and customers have become scarce. This has led to a situation where all the firms in the same industry are trying to attract the same customers in various ways, even while offering similar products and services. This study aims to understand the impact of CRM in insurance sector. It also discusses the impact of various demographic variables like gender, income and education, in association with marketing variables, on customer relationship management in relation to Indian insurance sector.

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BPO PENETRATION IN FMCG SECTOR - AN EMPIRICAL STUDY IN INDIA

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ABSTRACT

The purpose of this study is to: a) Study the number of companies currently outsourcing in FMCG b) Examine prominent reasons for FMCG companies to outsource c) Analyze the extent and impact of cost saving achieved by outsourcing companies d) Examine the extent of outsourcing process-wise in FMCG sector e) Identify the core and non core activities of FMCG companies and identify scope of future outsourcing by non-outsourcing FMCG companies. The results indicate that majority of the FMCG companies are outsourcing at least one business processes and are able to achieve an average cost saving of 5 to 10%. Companies are primarily outsourcing to save cost, reduce operational risks and maintain core competency. Depending upon the type of business process, the extent of outsourcing is varying. Transportation process is outsourced to the maximum extent followed by other business processes. The overall extent of outsourcing process-wise is varying from 2% to 34% in FMCG sector. Business processes such as facilities management, transportation, IT, food and cafeteria, logistics and distribution, marketing and sales and human resource business processes have been categorized as noncore processes while processes such as finance, manufacturing, R&D and administration activities are categorized as core processes as per the study. Further, study finds that 40% of non outsourcing companies are interested in outsourcing in the near future.

KEYWORDS
BPO, FMCG, Core and Noncore, Extent and impact.

INTRODUCTION
Beyond the border line of industry segmentation or nationality, organizations are under threshold pressure to compete on global front. Ways and means are being worked out by competing firms to respond to demands of customers/clients at reduced cost. To ensure flexibility in management and to deliver quality offers to customer/clients, organizations have started outsourcing part of their processes to specialized firms with the pretext that predefined objectives are achieved (Gildron and Rueda, 1998). To add further, Grossman and Helpman (2002) opined that we all are living in the era of outsourcing and at the moment, outsourcing is a time-honored business strategy for most of the organizations. One of the common forms and worldwide accepted phenomenon of outsourcing is Business Process Outsourcing (BPO).

CONCEPT OF BPO
BPO is a process of identifying core and non-core processes of a firm and identifying a suitable vendor who could perform the non-core processes better. By outsourcing business processes, firms rejig their cost-structure. In fact, BPO is defined as an act of converting the fixed operating cost into a variable operating cost. In the words of Ghosh and Scott (2005), BPO involves transferring ownership of one or more firm's business processes to external vendor for executing and managing processes with efficiency.

FMCG OVERVIEW
Since liberalization, the Indian Fast Moving Consumer Goods (FMCG) Sector has grown mainly on two impulses. One is increased penetration in rural sector and other is creation of value products for middle class customers. FMCG sector is price sensitive and one of the key components of India's GDP. It is a direct and indirect employer and employs 5% of the total factory employment in India. FMCG sector is the 4th largest sector of Indian economy and has strong MNCs presence.[24] As per CII (Confederation of Indian Industries) classification, FMCG has four broad based segments – Household Care, Personal Care, Packaged Food and Beverages and Spirits and Tobacco. Each segment includes many sub-segments. The overall performance of FMCG sector is driven by internal competitiveness of the sub-segments.

REVIEW OF LITERATURE
There is limited empirical analysis of BPO and its impact on firms' fundamentals. The available literature is US specific. Strassmann (1997) find that US companies undertake outsourcing decision when company profits are worsening. Lacity and Hirschheim (1993) find outsourcing vendors claims to cut cost by 10-15%. Study by Collins and Millen (1995) indicates that external vendor, who is an expert, is in a position to build, maintain and run the applications/functions more cheaply than in-house operations. Nicholas Beaumont and Amrik Sohal (2004) reveal that reducing cost, access to skills, obtaining flexibility and improving performance are the prime reasons for outsourcing by firms in US. The study also finds that intensity of outsourcing significantly varies among industries and business processes outsourced are dependent on primary business of the organization. Indranil et al. (2006) find that manufacturing plants are likely to outsource if more IT investments are done in the company. Lankford and Parsa (1999) conclude that benefits of outsourcing are not only reaped at the operational level but also at the strategic level. The gains to the companies on account of outsourcing are visible on short term as well as on long term basis. Manpower Survey (2003) on UK organizations identifies HR, R&D, marketing and sales as core functions and surprisingly these processes are also getting outsourced to the tune of 6-8%. Editorial team of Engineering talk (May 14th, 2007) have said that outsourcing speeds aerospace industry growth. Though some work has been carried out in developed and developing countries in the area of HR, banking and insurance, financial services, healthcare, telecom and retail but the penetration of BPO in FMCG in India has not been studied. This gives an opportunity to carry out this study.

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[24] http://www.scribd.com/doc/7184882/Fmcg

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PURPOSE OF THE STUDY

The opening up of Indian economy has given tremendous opportunities to business organizations to explore the globe. Along with these opportunities, challenges have also fallen in the way too. The Indian companies are expected to compete at global level in terms of quality and quantity with high value added services. The FMCG sector, being strategically important to Indian economy, is presently going through heightened competition. It is found that FMCG companies are outsourcing one or other processes. To understand the penetration and acceptance of BPO in FMCG, this study has been undertaken.

OBJECTIVES OF THE STUDY

1. Study the number of companies currently outsourcing in FMCG sector
2. Examine prominent reasons for FMCG companies to outsource their processes.
3. Analyze the extent and impact of cost saving achieved by outsourcing companies
4. Examine the extent of outsourcing business process-wise in FMCG sector.
5. Identify the core and noncore processes of FMCG companies
6. Identify the scope of future outsourcing by non-outsourcing FMCG companies.

HYPOTHESIS FOR THE STUDY

H_1: The extent of outsourcing is independent of type of process to be outsourced
H_2: Sample companies outsource core and non-core processes equally
H_3: The growth of FMCG sector is independent of outsourcing

RESEARCH METHODOLOGY

Given the limited amount of information on BPO in FMCG sector in India, it was decided to design an exploratory study to understand the reasons for FMCG companies to outsource business processes. From past literature review and subsequent discussion with local FMCG companies, top 8 reasons were identified and were used further to understand the rationale behind outsourcing using five point Likert Scale. The study uses both primary and secondary sources of data. The primary data is collected through mailer by sending structured questionnaire. Through websites (fundoodata), journals, product packaging and magazines, secondary data was collected to find the popular brands, addresses of FMCG companies and other relevant information pertaining to BPO and FMCG. The study selects a sample of 438 companies for the survey and personal visits were made wherever possible. The large sample size was taken to improve the response rate. The samples were selected based on convenience sampling technique and number of players in each FMCG segments varied depending on responses and popularity of the segment. The sample companies were picked from industry best, Forbes 500 companies, MNCs, SME, listed and unlisted FMCG companies and others. The mailers were addressed to Owner/CEO/CFO/Plant In-charge/ Functional heads. Attempt was made to approach all the four segments (personal care, household care, packaged food & beverages and hot beverages) of FMCG sector depending upon the availability of addresses and segment popularity. Initial mail survey resulted in a meager response of 15 companies out of 275 companies approached, giving a response rate of 5.5%. The subsequent mails were sent to 438 units, giving a response rate of 27%. Study by Baldauf et al., 1994, on mail survey responses reveal that surveys of organization typically receive substantially lower response rates than the survey of individuals. According to him, a 15% response rate becomes a level of acceptability for organization surveys. However, for the final analysis, 119 firm responses have been used. Care has been taken to approach most of the states so that penetration of BPO in FMCG in India is properly understood. The study analyses the BPO impact over 2-year period, 2007-09. Out of 119 respondent companies 93 are small companies, 10 are medium sized companies and 16 are large companies classified on the basis of amount of investment. Appendix A, given at the end provides necessary data relating to profile of sample units. The data so collected was properly analyzed and edited to get meaningful information. Appropriate statistical tools such as Chi square and Cumulative scores are used to get the inferences from compiled data.

ANALYSIS

Number of FMCG companies currently outsourcing

The exponential growth of BPO worldwide indicates that, across industries one or the other business processes is being outsourced. The FMCG is no exception. The Global Top Decision - Makers Study (Aug, 1998) and Manpower Outsourcing Survey Study (Sept, 2003) in western countries indicate that more than 60% of the companies outsource some of their business processes. The extent of outsourcing in sample units is shown by Table 1:

TABLE 1: NO. OF FMCG COMPANIES CURRENTLY OUTSOURCING

Sl. No.	Outsourcing	(%)	Not Outsourcing	(%)	Total
1	84	70.59%	35	29.41%	119

Source: Survey data

71% of the sample FMCG companies are currently outsourcing at least one business process in India. This large percent is a pointer at the sector's confidence in BPO as a cost management tool. The growing number of global contracts and alliances focusing on outsourcing service delivery also demonstrate organizations belief in BPO value-propositions.

REASONS DRIVING FMCG COMPANIES TO OUTSOURCE

Several reasons motivate companies to outsource. However, stiff competition and demanding customers have made FMCG companies to rethink on their strategies and operations. Unlike overseas business, labor or cost arbitrage does not drive the domestic companies to outsource. But strategic factors such as focus on core competencies, enhanced productivity, need to scale rapidly; reduced time to market and other reasons are driving domestic demand. The survey finds 84/119 companies presently outsourcing and have expressed their opinion based on significance of each reason on a five point Likert scale (refer Table 2) as given below.

TABLE 2: REASONS FOR OUTSOURCING

Sl. No	Rationale	Very Significant	Significant	Moderately Significant	Low Significant	Insignificant	Total
1	Save Cost	33	29	11	7	4	84
2	Free Resources and Focus on Strategies	14	23	31	10	6	84
3	Make Growth Process Run Smoothly	15	24	27	13	5	84
4	Maintain Core Competency	19	31	24	7	3	84
5	Start New Projects Quickly	2	8	31	39	4	84
6	Gain Access To World Class Capabilities	4	5	42	30	3	84
7	Reduce Operational Risks	18	38	23	4	1	84
8	Avail Resources Not available Internally	19	32	21	10	2	84
	Total	**124**	**190**	**210**	**120**	**28**	

Source: Survey Data

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TABLE 3: CUMULATIVE SCORE AND RANKING OF REASONS

Rationale	Cum. Score	Rank
Save Cost	332	1
Free the Resources & Focus on Strategies	281	6
Make the growth process smoothly	283	5
Maintain Core Competency	308	3
Start New Process Quickly	217	8
Gain access to world class capabilities	229	7
Reduce Operational Risks	320	2
Avail Resources Not Available Internally	308	3

Source: **Computed from table 2**

Tables 2 and 3 reveal that that FMCG companies outsource basically to save cost which is ranked #1, followed by desire to reduce operational risks and to focus on core competency. It should also be noted that BPO has moved up the ladder from cost arbitrage to quality and innovative dimensions. Now the slogan in BPO world is '*come for cost and stay for quality*'. But now they say '*come for quality and stay for innovation*'. By focusing on fewer and manageable processes, companies can lessen their cost and focus on their core competencies.

EXTENT AND IMPACT OF COST SAVING

The study enquires into the extent of outsourcing benefit realized by FMCG units. Table 4 shows the extent of outsourcing benefits among sample companies.

TABLE 4: EXTENT OF COST SAVING ACHIEVED BY SAMPLE COMPANIES

Sl. No.	Extent	Count	Percent
1	Nil	1	1.19%
2	< 5%	24	28.57%
3	5% to 10%	39	46.43%
4	11% to 20%	15	17.86%
5	Above 20%	5	5.95%
Total		**84**	**100.00%**

Source: Survey data

46% of sample outsourcing companies are able to realize cost saving in the range of 5% to 10% and 20% of sample companies have achieved cost saving in excess of 10%. A study by Lacity and Willcocks (1998) shows that Continental Bank and Continental Airlines reported cost saving in the range of 10% to 50% on account of BPO.

IMPACT OF COST SAVINGS

What is the net advantage of cost savings? Did companies earn more or reduce prices? Table 5 shows an analysis on these lines while Fig 1 presents a pictorial view of the analysis:

TABLE 5: IMPACT OF COST SAVING

Parameters	Outcome	%
Reduced the price of inputs	56	67%
Reduced the price of output	49	58%
Positive effect on market share	3	4%
Improved profitability	14	17%
Increased process efficiency	36	43%

Source: survey data

FIGURE 1: IMPACT OF COST SAVINGS
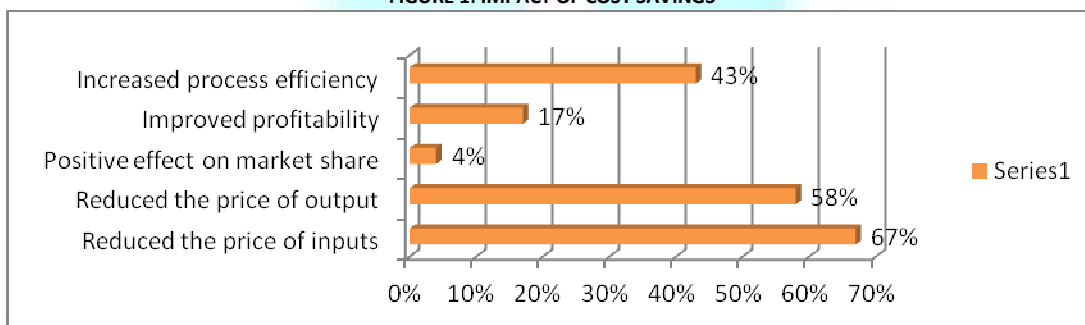
Source: Compiled from Table 5

It can be inferred that 67% of outsourcing companies are able to reduce the price of their inputs, 58% are able to reduce the price of output and 43% companies have increased process efficiency in their operations. BPO vendors are able to deliver these benefits to clients by identifying and eliminating redundant steps in a process. Study by Tomás and Victor (2004) also reveals that outsourcing is able to exert greater influence not only on cost reduction but also on other aspects of operational objectives. However, only 17% of sample FMCG companies have achieved improved profitability and 4% of outsourcing companies felt the positive effect on market share prices.

EXTENT OF OUTSOURCING

Arvind Parkhe (2007) opines that in this global market place, no company alone possesses all the resources needed to compete in today's competitive world. This remark clearly indicates the development happening in the market place and dependence on outside expertise to become competitive. Table 6 and Fig-2 presents the extent of outsourcing by sample companies:

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TABLE 6: EXTENT OF OUTSOURCING

Activity	Extent of Outsourcing				Total	%	Overall
	< 20%	20%-40%	41%-70%	71%-100%			
HR	4	4	3	1	12	14.29	7%
Marketing	6	5	3	3	17	20.24	9%
Finance	5	3	2	1	11	13.10	6%
R & D	2	1	-	-	3	3.57	2%
Logistics & Distribution	8	4	6	7	25	29.76	14%
Manufacturing	6	2	3	5	16	19.05	9%
Customer Care Services	2	5	1	3	11	13.10	6%
Food & Cafeteria	4	5	-	7	16	19.05	9%
IT	-	1	-	2	3	3.57	2%
Administration	1	1	1	-	3	3.57	2%
Transportation	3	10	21	24	58	69.05	32%
Facilities Management	-	3	2	2	7	8.33	4%
Total	41	44	42	55	182		

(Activity Outsourced)

Source: Survey Data

FIGURE-2: EXTENT OF OUTSOURCING BUSINESS PROCESS WISE
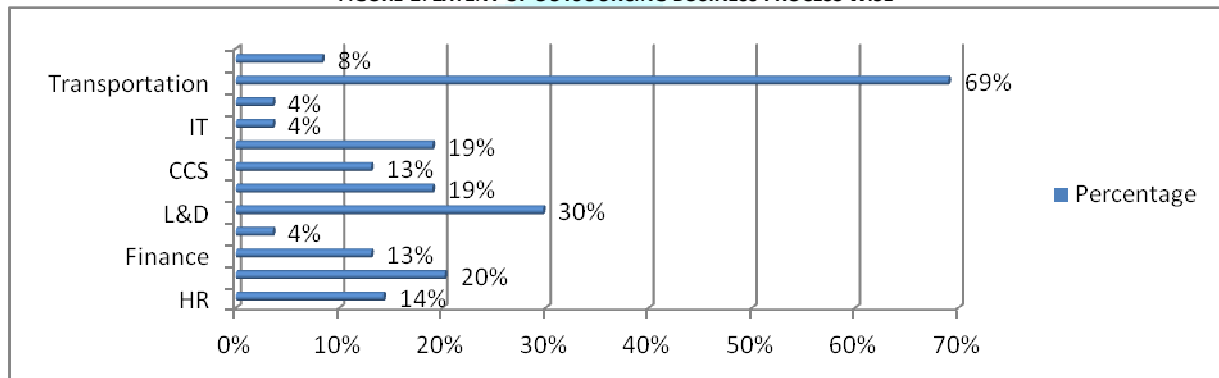
Source: Compiled from Table 6

The sample companies outsource transportation process (58/84) to the maximum extent (69%) followed by logistics and distribution (30%), marketing (20%), manufacturing and food & cafeteria (19%), HR (14%), finance and customer care services (13%), facilities management(8%), R&D and administration (4%). Overall (out of 182 processes outsourced), the extent of outsourcing is varying from 2% to 32% in FMCG sector.

A similar study conducted in UK organization across different industries by Manpower (2003) reveals the extent of outsourcing business process-wise was in the range of 6% to 37%. However, the extent of outsourcing in customer care services (6%) and HR (6%) are found similar to our survey findings while other processes were on the higher side.

TESTING HYPOTHESIS H₁:

Since there is divergence in extent of outsourcing between the same processes in different firms, the study hypothesizes that the extent of outsourcing decision of a firm is independent of type of process to be outsourced. Table 8 and 9 show the results of the testing:

HYPOTHESIS

H₁: THE EXTENT OF OUTSOURCING IS INDEPENDENT OF TYPE OF PROCESS TO BE OUTSOURCED

TABLE 7: EXTENT OF OUTSOURCING VS PROCESS OUTSOURCED CROSS TABULATION

Process Outsourced		HR	Mrktg	Fin	R&D	Logistics Distribution	Manft.	Customer care Service	Food Cafeteria	IT	Administration	Transportation	Facilities Manager	Total
Extent of Out-sourcing	< 20%	4	6	5	2	8	6	2	4		1	3		41
	20% - 40%	4	5	3	1	4	2	5	5	1	1	10	3	44
	41% - 70%	3	3	2		6	3	1			1	21	2	42
	71% - 100%	1	3	1		7	5	3	7	2		24	2	55
Total		12	17	11	3	25	16	11	16	3	3	58	7	182

Source: Survey Data

TABLE 8: CHI-SQUARE TEST

Particulars	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	49.066(a)	33	.036
Likelihood Ratio	59.776	33	.003
Linear-by-Linear Association	21.722	1	.000
N of Valid Cases	182		

Source: Table 7

It can be discerned from Table 8 and 9 that the null hypothesis is rejected at the given conditions (p<0.05) and hence alternative hypothesis is accepted, i.e., type of business process outsourced and extent of outsourcing are dependent of each other. Johnson and Schneider (1995) found that activities such as

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accounting systems, information technology, R&D, HRM and distribution which are secondary value chain processes are extensively outsourced. From these observations it can be inferred that type of business process and extent of outsourcing are depended on each other.

OUTSOURCING OF CORE AND NON-CORE PROCESSES BY FMCG SAMPLE COMPANIES

As core and noncore processes vary depending upon the strategic importance to the company, it becomes all the more important to categorize the processes of the company into core and noncore. This classification helps the companies in understanding the core and noncore processes of FMCG sector as well as it helps in taking outsourcing decisions. Table 9 gives the categorization of activities of FMCG sector.

TABLE 9: CATEGORIZING BUSINESS PROCESSES BY SAMPLE COMPANIES

Sl. No.	Activities	No. of companies opining as Core	Percentage	No. of companies opining as Non Core	Percentage	Total
1	Human Resource	33	39.29%	51	**60.71%**	84
2	Marketing & Sales Dept	26	30.95%	58	**69.05%**	84
3	Finance	66	**78.57%**	18	21.43%	84
4	R&D	53	**63.10%**	31	36.90%	84
5	Logistics and Distribution	13	15.48%	71	**84.52%**	84
6	Manufacturing	76	**90.48%**	8	9.52%	84
7	Customer Care Services	28	33.33%	56	**66.67%**	84
8	Food & Cafeteria	16	19.05%	68	**80.95%**	84
9	IT	25	29.76%	59	**70.24%**	84
10	Administration	78	**92.86%**	6	7.14%	84
11	Transportation	12	14.29%	72	**85.71%**	84
12	Facilities Management	23	27.38%	61	**72.62%**	84

Source: Survey Data

The sample FMCG firms view facilities management, transportation, IT, food and cafeteria, logistics and distribution, marketing and sales and human resource processes as **noncore processes** while finance, manufacturing, R&D and administration processes as **core processes.**

TYPE OF PROCESSES OUTSOURCED

Many of the organization believe that outsourcing non-core can offer big savings. But research studies reveal that irrespective of core or non-core, activities are getting outsourced based on the companies requirement and overall business strategy. Table 10 gives the update of sample companies outsourcing different type of processes.

TABLE 10: TYPE OF PROCESSES OUTSOURCED

Type	Count	Percentage
Core	14	16.67%
Non Core	57	**67.86%**
Both	13	15.48%
Total	**84**	**100%**

Source: Survey data

The non-core processes are outsourced more than core processes by sample FMCG companies in India. Almost 68% of the sample companies outsource non-core processes followed by 17% core processes. Around 15% of sample companies are outsourcing both core and non-core processes. Study by Chalos and Sung (1998) and Currie and Willcocks (1997) reveals that outsourcing noncore processes has become a norm. Finally, it is not a question of core or non-core but a question of global distribution of competencies and a race of acquisition of capability. Pure economies of competitive advantage will determine what gets outsourced.

In order to understand further, whether core and non-core processes are outsourced equally by the sampling firms, a hypothesis has been set and tested. The study hypothesizes that core and non-core business processes are outsourced equally by the sample companies.

TESTING HYPOTHESIS H$_2$:
H$_2$: SAMPLE COMPANIES OUTSOURCE CORE AND NON-CORE PROCESSES EQUALLY

TABLE 11: NUMBER OF PROCESSES VS TYPE OF PROCESS CROSS TABULATION

		Type of Process			Total
		Core	Non Core	Both	
Number of Activities	1.00	Sour	34		40
	2.00	4	14	2	20
	3.00	3	5	5	13
	4.00		2	4	6
	6.00		1		1
	7.00			1	2
	8.00			1	1
	11.00		1		1
Total		14	57	13	84

Source: Survey data

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TABLE 12: CHI-SQUARE TEST

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	37.791[a]	14	.001
Likelihood Ratio	38.679	14	.000
Linear-by-Linear Association	5.865	1	.015
N of Valid Cases	84		

19 cells (79.2%) have expected count less than 5. The minimur expected count is 15

Source: Computed from table 11

Table 11 and 12 shows that null hypothesis is rejected at the given conditions ($p<0.05$) and hence alternative hypothesis is accepted i.e., core and non-core processes of sample companies are not outsourced equally. From Table 10 it is also clear that non-core processes are outsourced more than core processes by the sample companies.

FMCG SECTOR GROWTH AND OUTSOURCING

It is generally opined that the growth of any sector is sought by improving operational and financial efficiencies. As FMCG sector is vital for Indian economy, an opinion survey is been undertaken to understand the linkage between FMCG sector growth and outsourcing. Table 13 gives the details.

TABLE 13: FMCG SECTOR GROWTH AND OUTSOURCING

Particulars		Growth				Total
		Yes		No		
Outsourcing	Yes	72	85.71%	12	14.29%	**84**
	No	24	68.57%	11	31.42%	**35**
Total		**96**	**80.67%**	**23**	**19.33%**	**119**

Source: Survey Data

86% of sample FMCG firms which outsource one or the other processes opine outsourcing as a mechanism to push forward the growth rate. Though 35 sample firms do not outsource any processes, 69% feel outsourcing improves the growth rate. As per Everest Research Report, Indian outsourcing industry can act as catalyst for the growth of emerging sectors including telecom, retail, insurance, hospitality and airlines among others[25]. To justify further, a hypothesis has been set to understand whether FMCG sector growth is attributed towards outsourcing or not. The hypothesis is as under:

TESTING HYPOTHESIS H₃

H₃: THE GROWTH OF FMCG SECTOR IS INDEPENDENT OF OUTSOURCING

TABLE 14: GROWTH VS OUTSOURCING TABULATIONS

Count

		Outsourcing		Total
		Yes	No	
Growth	Yes	73	23	96
	No	11	12	23
Total		84	35	119

Source: Survey Data

[25] http://www.sharedxpertise.org/file/3929/outsourcing-to-act-as-catalyst-for-emerging-sectors.html

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TABLE 15: CHI-SQUARE TEST

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	7.115[b]	1	.008		
Continuity Correction[a]	5.821	1	.016		
Likelihood Ratio	6.623	1	.010		
Fisher's Exact Test				.011	.009
Linear-by-Linear Association	7.055	1	.008		
N of Valid Cases	119				

a. Computed only for a 2x2 table

b. 0 cells (.0%) have expected count less than 5. The minimum expected count is 6.76.

Source: Computed from table 14

Tables 14 and 15 shows that null hypothesis is rejected at the given conditions (p<0.05) and hence alternative hypothesis is accepted, i.e., the growth of FMCG sector is dependent on outsourcing.

OPINION BY NON-OUTSOURCING COMPANIES

The present study covers 119 FMCG firms in India; among them 84 outsource and 35 do not outsource. Perception of not-outsourcing regarding future employment of outsourcing method is tabulated in table 16 as given below:

TABLE 16: OPINION OF NON-USER TO OUTSOURCING

Sl.No.	Future Outsourcing	Count	Percentage
1	Yes	14	40.00%
2	No	21	60.00%
Total		**35**	**100.00%**

Source: Survey Data

Opinion survey reveals that 60% of the sample companies have no plans to outsource. However, 40% of the respondents were positive and would like to outsource in the near future. As per Manpower Outsourcing survey results (2003), outsourcing is not set to increase dramatically for the next two years, out of which 14% of the companies' currently outsourcing plan to cease their outsourcing processes in the next 2 years.

SUMMARY OF MAJOR RESULTS

1. The FMCG sector is broadly classified into four broad based segments, namely, Personal Care, Household Care, Packed Food & Beverages and Spirits and Tobacco segments.
2. Packed Food and Beverages segment is spread widely in India and includes more number of sub segments and brands followed by Personal Care Segment, Household Care Segment and Spirits and Tobacco Segment.
3. 71% of the sample FMCG companies are currently outsourcing at least one business process in India.
4. 46% of sample outsourcing companies are able to realize cost saving in the range of 5% to 10% and more than 23% of sample companies have achieved cost saving in excess of 10%.
5. 67% of outsourcing companies felt a reduction in the price of their inputs, 58% of the outsourcing companies are able to reduce the price of the output and 43% of outsourcing companies have expressed increased process efficiency in their operations. Further, 17% of sample FMCG companies have achieved improved profitability and only 4% of outsourcing companies have expressed positive effect on their market share.
6. The present survey finds that if the company is operational in more than one segment the chance of that company getting business processes outsourced is more.
7. As per the survey, Spirits and Tobacco segment outsources to the tune of 83%, Packed Food and Beverages segment at 74%, House Hold Care segment at 69% and Personal Care segment at 33% respectively.
8. 93% of BPO vendors are Indian companies, 6% are subsidiaries of MNCs and 1% is a captive center. All service providers are located in India especially in tier 1 and tier II cities of the country. There are no offshore vendors and all of them are onshore and near shore vendors.
9. Prime reason of business process outsourcing is to save cost followed by reasons such as to reduce operational risks, maintain core competency, avail resources not available internally, make the growth process smoother, free the resources and focus on strategies, gain access to world class capabilities and start new process quickly.
10. Depending on the type of business process, the extent of outsourcing is varying. Hypothesis testing reveals that there is significant relationship between type of business process outsourced and extent of its outsourcing.
11. Transportation business process (58/84) is outsourced to the maximum extent (69%) followed by logistics and distribution (30%), marketing (20%), manufacturing and food & cafeteria (19%), HR (14%), finance and customer care services (13%), facilities management(8%), R&D and administration (4%) respectively by sample FMCG companies. However, the overall (out of 182 processes outsourced) extent of outsourcing in FMCG sector is varying from 2% to 32%.
12. The study finds that 17% of sample FMCG companies are outsourcing core processes while 68% companies are outsourcing non-core processes. Remaining 15% of companies are outsourcing both. Hypothesis testing also reveals that non-core processes are outsourced more than core processes by sample FMCG companies.
13. The study finds, on an average, at least two business processes being outsourced by sample FMCG companies.
14. Business processes such as facilities management, transportation, IT, food and cafeteria, logistics and distribution, marketing and sales and human resource processes have been broadly categorized as non-core processes. While finance, manufacturing, R&D and administration processes are categorized as core.
15. Almost 81% of the opinion survey respondents have expressed that outsourcing contributes to FMCG sector growth and hypothesis testing reveals that there is significant relationship between growth of FMCG sector and BPO.
16. 40% of non outsourcing companies are interested in outsourcing in the near future.

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MANAGERIAL IMPLICATIONS

Organizations are expected to deliver their best product in the market at the best price. The attempt to pass on higher costs to customers because of operational inefficiency is no more accepted. As a result, keeping costs under control has become an important strategic issue for companies. Different alternatives to keep costs under check are explored. One such method is BPO. The empirical evidence shows that BPO companies are able to achieve an average cost saving of 5% to 10%. Small and medium sized business owners strongly believe that they can save money by outsourcing some of the processes, but which business processes to outsource and from where to outsource (onshore, nearshore or offshore) are the options which needs to be looked upon.

As a result, small and midsized companies are finding difficulty in embracing BPO in their strategy. Large companies carry required infrastructure and are availing BPO services. They plunge into BPO activity for innovations and operational efficiencies. Our survey finds that majority of sample outsourcing companies prefer near and onshore vendors available in tier 1 and tier 2 cities of the country. The decision on location is purely taken on business factors – cost, availability of skills, environment and risks associated. However, majority of the companies are not able to realize improved profitability. This indicates that BPO is operational at the bottom level and has not moved to the strategic level. The study also finds that majority of the sample FMCG companies are outsourcing one or the other business processes to specialists. These specialists may be Indian vendors or a subsidiary of MNC's, catering mostly in peripheral non-core processes. As minority of outsourcing companies has expressed increased process efficiency, Indian BPO vendors are yet to achieve desired performance efficiency in their operations. Depending upon the situation, organizational capability and expectations, availability of internal resources and external expertise, outsourcing decision is taken. To enable effective outsourcing decision, the companies are required to identify and categorize the business processes into core and noncore. This classification is done based on the strategic importance of that business process towards the company.

Business processes such as facilities management, transportation, IT, food and cafeteria, logistics and distribution, marketing and sales and human resource business processes have been categorized as non-core processes while processes such as finance, manufacturing, R&D and administration activities are categorized as core processes in FMCG sector as per the study. Once the categorization is done, it is very important to understand readiness of that business process for outsourcing i.e., we need to find answers to questions such as–can this business process be performed by outside company without hassles in terms of execution, legality or regulatory requirement fulfillment? Also, the number of interfaces required between client and BPO vendors. Can we measure the performance of the business process? These aspects need to be evaluated to judge the readiness of business process for outsourcing. Multi segment operational companies outsource more than single segment operation companies. The overall extent of outsourcing process-wise is varying from 2% to 34% in FMCG sector. This indicates the penetration and scope available to BPO vendors. BPO service providers with greater capabilities need to market themselves to BPO clients to successfully achieve the intended business outcomes and to drive domestic demand.

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APPENDIX A

TABLE A.1: NUMBER OF COMPANIES APPROACHED STATE WISE AND RESPONSE RECEIVED

State	Approached	Response Received	Outsourcing	Not Outsourcing
Andhra Pradesh	22	0	0	0
Assam	1	0	0	0
New Delhi	70	0	0	0
Goa	4	4	2	2
Gujarat	16	0	0	0
Haryana	20	0	0	0
Himachal Pradesh	2	0	0	0
Karnataka	113	88	69	19
Kerala	6	4	2	2
Madhya Pradesh	3	0	0	0
Maharashtra	69	3	1	2
Orissa	2	0	0	0
Punjab	2	0	0	0
Rajasthan	4	1	0	1
Tamil Nadu	38	17	10	7
Uttar Pradesh	32	1	0	1
West Bengal	34	1	0	1
Total	**438**	**119**	**84**	**35**

Source: Survey Data

TABLE A.2: NUMBER OF COMPANIES APPROACHED SEGMENT WISE AND RESPONSE RATE RECEIVED

Segment	Approached	%	Response Received	%
FB	270	61.64%	83	30.74%
FB&HB	3	0.68%	0	0.00%
HB	36	8.22%	6	16.67%
HC	44	10.05%	16	36.36%
Others	2	0.46%	2	100.00%
PC	68	15.53%	9	13.24%
PC&FB	7	1.60%	0	0.00%
PC&HC	4	0.91%	0	0.00%
PC&HC&FB	4	0.91%	3	75.00%
Total	**438**	100.00%	**119**	**27.17%**

Source: Survey Data

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TABLE A.3: COMPANIES OUTSOURCING SEGMENT WISE

Segment	Response Received	%	Outsourcing	%	Not Outsourcing	%
FB	83	69.75	61	73.49%	22	26.51%
HC	16	13.45	11	68.75%	5	31.25%
PC	9	7.56	3	33.33%	6	66.67%
HB	6	5.04	5	83.33%	1	16.67%
PC&HC&FB	3	2.52	3	100.00%	0	0.00%
Others	2	1.68	1	50.00%	1	50.00%
Total	**119**	**100.00**	**84**	**70.59%**	**35**	**29.41%**

Source: Survey Data

TABLE A.4: RESPONDENT PROFILE

Sl No	Profile	Number	%
1	Owner	59	49.57
2	CEO	08	6.72
3	CFO	18	15.12
4	Plant In charge/Functional Head	34	28.57
5	Total	119	100

Source: Survey Data

TABLE A.5: RESPONDENT COMPANY PROFILE

Sl No	Type of Industry	Number	%
1	Small	93	78.15
2	Medium	10	8.40
3	Large	16	13.44
	Total	119	100

Source: Survey Data

TABLE A.6: TYPE OF BPO VENDOR SELECTED BY SAMPLE COMPANIES

Sl. No.	Type of BPO vendor	Count	Percentage
1	Indian Companies	78	93%
2	Captive centers	1	1%
4	Subsidiaries of MNC's	5	6%
Total		**84**	**100%**

Source: Survey Data

TABLE A.7: REASONS FOR NOT OUTSOURCING

Reasons	Count	Percent
Loss of Control over the activity	22	63%
Employee Backlash	2	6%
Lack of Operating Gains	11	31%
Total	**35**	**100.00%**

Source: Survey Data

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MARKETING OF SELECT FOOD PRODUCTS: ETHICAL PRACTICES AND CUSTOMER SENSITIVITY

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ABSTRACT

Studies in the field of marketing ethics often revealed that ethical gaps do exist between marketers and consumer. The existence of these gaps could be exceedingly counterproductive for marketers. In order to effectively narrow these gaps, marketer must first have a better understanding of causes of these gaps. To this end, this study reveals how consumers perceive about the practices followed by the marketers and their sensitivity in buying decision making. This paper examines the extent of ethical values and legal norms followed by the marketers in their marketing practices. The study is based on a well defined schedule of five point Likert Scale. The results generally indicate that consumers are sensitive towards ethical marketing practices and prefer those marketers who respect social and ethical values and practice ethical practices and follow legal norms.

KEYWORDS

Marketing Ethics, Food Products, Ethical Practices, Legal Norms.

PROLOGUE

Ethical concerns in business and predominantly in marketing have significantly increased over the past decades. These concerns have instigated more theoretical developments in marketing ethics (e.g., Ferrell and Gresham, 1985; Hunt and Vitell, 1986), and have facilitated more empirical studies in the area (e.g., Hunt and Vasquez-Parraga, 1993). These studies, however, have focused mainly on the seller side of the buyer or on the ethical decision making process of marketers. Very few studies exist that have observed ethical issues in the marketplace from the consumer's perspective for food products, and most of existing studies focused on very specific and limited situations. Consumers are major participants in the marketing process and ignoring them in ethics research may result in an imperfect understanding of marketing ethics issues. Furthermore, a proper understanding of the consumers' perceptions and beliefs about various ethical issues and problems in the marketplace is essential for effective marketing management. According to Hunt and Vitell (1986), studies in marketing ethics have revealed that it is likely that individuals and groups will differ in their ethical behavior and decisions. The existence of ethical differences between marketers and consumers could be extremely counter productive for marketing management. It can be argued that ethical decisions are made by consumers as well and that these decisions are likely to influence the consumer's acceptance or rejection of the marketers' products. "Consumers over time will normally recognize the marketers that attempt to be responsive to various ethical and social factors in the marketplace." Thus, a marketing manager must have a thorough understanding of any ethical differences between marketers and consumers as well as the determinants of these differences. This research is designed to investigate ethical sensitivity of consumers towards marketers. Knowledge regarding the ethical perceptions and beliefs of marketing professionals relative to those of consumers will not only help us with our understanding of the ethical gaps but will have significant implications for marketing managers in their attempts to narrow these gaps.

AN OVERVIEW OF PREVIOUS RESEARCH

As noted above, there is a certain scarcity of empirical research on current ethical issues that affect the food sector. A few studies are available which contribute certain insights, mostly indirect ones, to the present article. Mary E. Guy (1990) in **Ethical Decision Making in Everyday Work Situations** carried out a study that presents the ten core values that surround ethical dilemmas, demonstrating the way in that personnel can sensitize themselves to the values involved in a problem and reach a solution which maximizes the corporate values. W. Michael Hoffman and Brown Kamm (1994) in **Emerging Global Ethics** identifies ethical issues faced by transnational corporations, the possibilities for international cooperation after the cold war as well as regional business ethics issues from around the world. Authors explore various transnational codes of business conduct, ethics and international law, business and cultural diversity, ethics and economic development around the world. Miller, G.D. (2000) in **Benefits of Dairy Product Consumption on Blood Pressure in Humans**: have found that there is consensus among experts that low fat dairy products, namely milk, cheese and yogurt, may reduce the risk of high blood pressure decreasing heart diseases by approximately 15 percent and stroke by approximately 27 percent and recommends three to four servings of low fat dairy products daily for optimal blood pressure regulation. Gueguen, L. (2000) in **Dairy is best for Building Strong Bones**: have revealed that strict vegetarian diets containing no milk may increase the risk of osteoporosis. Dr. C. Thilakam and K. Nagarajan (2001) in **Unethical Marketing of Children' Food**: **Issues and Challenges** have raised the concern against the unethical strategies to promote food products to the customers, particularly children which are the major cause for rise in obesity level among children. The marketing of "junk food" is done in such a way that it makes them attractive to young children although it provides very low nutrient content. Though these food products are claimed to be manufactured using the best technology under most hygienic standards by trained professionals, they generally tend to be High in Fats, Sugars and Salts (HFSS foods) contributing to an environment of more obese people with diet-related non-communicable diseases like the cardio-vascular diseases, osteoporosis, certain forms of cancer and high blood pressure. Brian Wansink (2005) in **Marketing Nutrition: Soy and Functional Foods** attempts to encourage consumers to eat healthier diet. The study discloses five "Drivers of Healthy Food Consumption" and explains core values of convenience, variety, and value in the context of obesity epidemic and how to reverse the drivers of obesity. Dr. Tamulrkar Venkatesh (2007) in **Contemporary Food Marketing- Challenges and Ethical Issues**, argue that it is not only in the hands of the food companies or the Government or the interested groups at large to create a healthy society but a more patronage and sustaining is required from the consumers themselves to make the world a better place to lead a quality life. Dr. C. Thilakam (2008) in **Issues in Ethical Food Marketing** the study reveals that there is an ever increasing demand from the modern day consumers for the contemporary foods, while sellers also resort to unethical practices that could not be clearly identified unless examined with a eagle's eye, thereby creating an ill effect on the society through the use of various media that necessitated the need to create regulations and restrictions on the marketing practices. Sharma &

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Sharma (2011) in **Legal Provisions and Ethical Values in Retail Sector: Study of Convenience Goods** reveals that ethical values and legal norms being moderately followed by the retailers who deals in convenience goods.

OBJECTIVE AND RESEARCH METHODOLOGY

Most of the literature so far on the subject has focused primarily on the supply chain side of the marketers or on the ethical decision making process of marketers. Thus keeping in mind the above studies, the objective of the present paper is to explore the sensitivity of consumers in making purchase decisions regarding ethical values and legal norms followed by the marketers in food sector.

The data for the present study were collected from both primary and secondary sources. The primary data was collected using questionnaire. To know the perception of consumers about the ethical practices followed by the marketers, primary data was collected from sixty (60) respondents from Jammu City. Random sampling technique was used to select the consumers.

The data collection schedule was developed after reviewing lot of literature (Thomas White 1993, Rezzaque and Howe 2002, Sarma 2007, Virdi and Kaur 2007, Sudeep Chatterjee 2007, Bhattacharya and Mazumdar 2009, Sharma and Sharma 2011) and gathering experts' opinion. The schedule has ten items of general information, forty statements relating to product quality, quantity, price, composition, behaviour, legal provisions. Except general information statements, all the statements were based on five points Likert Scale.

RESPONDENTS' PROFILE

The survey was conducted on sixty (60) consumers selecting through random sampling from Jammu city. The proportion of female respondents figured higher (67%) than their female counterparts (33%). The majority of respondents (72%) were married and 80% of respondents were Hindus followed by Muslims (12%). The proportionate age of respondents was between 20-30 (35%) followed by 31-40 (33%), 41-50 (15%) and above 51 (17%). Sixty percent (60%) of respondents were post graduate & above, about two third of them (67%) were in the service sector and 63% belonging to nuclear families. About one third of the total respondents incurred expenditure between 15000- 20000 thousands and 73% of them earned above Rs 40,000 per month. Finally, about 43% of the total respondents opined that the purchasing decisions were taken by their family head (Table 1).

FACTOR ANALYSIS

The factor analysis technique was used for data reduction and data purification. The factor analysis was carried out by using Statistical Package for Social Sciences (SPSS, 17.0 Version). This was done with Principal Component Analysis along with varimax rotation for summerisation of total data into minimum factors. The statements having factor loading less than 0.5 and Eigen value less than 1 were ignored for further analysis. Accordingly nine factors were emerged (Table 2)

RELIABILITY

To check the reliability Cronbach's Alpha and Split half values were calculated. The data found reliable as the mean values of both the groups (Group I = 3.35 and Group II = 3.27) were almost similar. Cronbach's Alpha value also found reliable as its value was 0.70 (Table 3)

RESEARCH FINDINGS

The analysis of consumer's perception about the ethical practices followed by the marketers in the food products category was carried out by considering the various dimensions and is covered under nine factors. Factors are explained as underneath:

Factor 1: This factor covers six items namely "Transparent Product Information", "Printed Price", "Legal Issues", "Product Adulteration", "Expiry Date" and "Fresh & Pure Products". About half of the respondents found marketers not providing transparent information (M= 2.70) but charging fair prices (3.28). About 60% of the total respondents believe that marketer's sell their products well before expiry date (3.58) but reluctant to follow legal norms for selling their products (2.78).

Factor 2: This factor take in "Product Quantity", "Product Composition", "Impact on Health" and "Unethical Practices". More than half of the respondents opine that marketers prefer that product composition which yields more profits (3.56) but half of the respondents say that they confront with the marketers if they follow unethical practices (3.28).

Factor 3: This factor includes "Exaggerate Packaging", "Safe Packaging" and "Pressure Selling". Under this factor about 40% of respondents feel that marketer offers normal packing (3.26) while 40% respondents feels neutral about pressure selling.

Factor 4: This factor encompasses "Quality", "Underweight" and "Awareness about Consumer Rights". Almost all the respondents have shown preference for quality of products (4.51) whereas half of the respondents believe that they are aware about their rights as consumer (3.20).

Factor 5: This factor embraces "Prescribed Standards" and "Consumer Complaints". Here, only 37% respondents believe that marketers follow prescribed standards (3.20) whereas 40% respondents believe that marketers do consider consumer complaints (3.06).

Factor 6: This factor covers "Awareness Campaign by Govt. Agencies" and "Need of Stringent Law". Half of the respondents opine that campaigns started by the various govt. agencies play an important role in creating awareness among the consumers (3.15) but 95% respondents feels that there is a need for more stringent laws to curb unethical marketing practices.

Factor 7: This factor covers "Relation between Brand Value and Quality", "Access to all Varieties" and "Concealing Limitations". About three fourth of the respondents believe that the quality and brand value are interrelated (3.85) but 42% of respondents believe that marketers doesn't allow access to all the varieties of product (2.81).

Factor 8: This factor considers "Deceptive Advertising" and "Hygienic Conditions". About 90% of respondent deems that marketers indulge in deceptive advertising (4.05) and about half of the respondent experiences that marketers doesn't maintain hygienic conditions at their workplace.(2.71)

Factor 9: This factor covers "Authenticity of Quantity" and "Quantity Available". About 33% of the respondents believe that marketers provide authentic product quantity (3.20) and 38% respondents think that marketers possess sufficient product quantity (3.33).

CONCLUSION AND IMPLICATIONS

This paper has sought to take a fresh look as to how consumers perceive about the practices followed by the marketers in food product category. The study reveals that most of the marketers' follow deceptive marketing practices and conceal the limitations of products which are marketed making consumers very sensitive in making buying choices for food products. Thus there is a need to have a regular and effective vigilance over the marketers' practices to check the unethical marketing practices and those who indulge into it should be prosecuted under the existing laws of the land. The appropriate public and legal authorities need to play their role by creating awareness among the consumers about their rights and how to lodge a complaint and seek compensation in case they become victims of unethical practices. State government must evolve a comprehensive public awareness campaign for informing general public about the redressal mechanism and institutions available at district or state level which address to the unethical trade practices.

To uphold consumer goodwill, loyalty and the resultant captive market share, marketing practices have to conform to the ethical norms and standards operative in local and global environment. However, the moral and ethical sensitivity can be developed among the marketers by developing the code of conduct for them so that they can avoid legal and punitive action and can create credible public image and goodwill in the market.

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TABLES

TABLE -1: PROFILE OF RESPONDENTS

Variables	Frequency	Percentage
Age		
Between 20-30	21	35
31-40	20	33
41-50	09	15
51- Above	10	17
Gender		
Male	20	33
Female	40	67
Qualification		
10th	01	02
12th	02	03
Graduation	21	35
PG & Above	36	60
Marital Status		
Married	43	72
Unmarried	17	28
Religion		
Hindu	48	80
Sikh	05	08
Muslims	07	12
Others	-	-
Occupation		
Business	12	20
Service	40	67
HW	03	05
Others	05	08
Family Type		
Nuclear	38	63
Joint	22	37
Family Expenditure (in Rs.)		
Between 5000-10000	15	25
10000-15000	12	20
15000-20000	20	33
20000-Above	13	22
Family Income		
Between10000-20000	-	-
20000-30000	04	07
30000-40000	12	20
40000-Above	44	73
Purchase Decisions		
Individual	18	30
Elderly	15	25
Family Head	27	45

Source: Self Survey Data-2011

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TABLE 2: FACTOR ANALYSIS

Factors	Mean	Std. Deviation	Factor Loading	% of Variance Explained
F1	**3.16**			**13.33**
Transparent Product information	2.70	1.07	.524	
Pure Product	3.03	1.08	.719	
Charge printed price	3.28	.92	.683	
Marketers sell products well before expiry	3.53	1.03	.799	
Legal norms followed by marketers	2.78	1.00	.666	
Sells adulterated products due to consumers ignorance	3.66	.93	.663	
F2	**3.13**			**10.81**
Offer same quantity as claimed	2.70	1.09	.614	
Product composition which yield profits	3.03	1.16	.769	
Offers products which are good for health	3.28	1.14	.571	
Confront marketers for unethical practices	3.53	.99	.790	
F3	**3.16**			**8.04**
Exaggerate packaging	3.26	.88	.741	
Pressurize to make purchase	3.10	1.00	.716	
Proper & safe packing	3.13	.83	.843	
F4	**3.68**			**7.65**
Preference to quality products	4.51	.67	.600	
Underweight products	3.33	.91	.686	
Knowledge about consumer protection act	3.20	1.13	.799	
F5	**3.06**			**7.45**
Conforms to the prescribed standards	3.20	1.08	.807	
Consider complaints	2.93	1.02	.736	
F6	**3.87**			**7.25**
Awareness campaign by govt. agencies	3.15	1.14	.589	
Need for more stringent laws	4.60	.58	.785	
F7	**3.29**			**7.11**
Quality and brand value are interrelated	3.85	.65	.801	
Provide access to all varieties	2.81	.96	.554	
Conceal limitations of products	3.21	.84	.606	
F8	**3.38**			**6.75**
Deceptive advertising	4.05	.59	.671	
Hygienic conditions	2.71	1.09	.630	
F9	**3.26**			**5.47**
Quantity available with marketers	3.20	.70	.529	
Authenticity of product quantity	3.33	.68	.791	

TABLE -3: SPLIT HALF RELIABILITY AND CRONBACH'S ALPHA

	Before Factor Analysis	After Factor Analysis
Group I	3.35	3.35
Group II	3.27	3.29
Cronbach's Alpha	.7011	.7001

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INDIAN RURAL MARKETING: A NEW PATH TO PROFIT

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ABSTRACT

'Go Rural Win Rural' is the new mantra of corporate world. Most of the national as well as international corporations are attracting towards Indian rural market because its potential is still untapped. According to Indian census 2001, approximately 73 percent population is living in rural India. It means in rural areas, there are more market opportunities for the sale of products and services. According to McKinsey report (2007) in 20 years the rural Indian market will be larger than the countries such as Canada and South Korea. The estimated size of the rural market will be USD 577 billion. The main objective of present paper is to analyse the features, opportunities, strategies and challenges of Indian rural marketing. It also includes some recommendations as to formulate better marketing programmes.

KEYWORDS

Corporate World, Rural India, Rural Market, Opportunities Strategies.

INTRODUCTION

Most corporate marketers believe that rural audiences are not very different. They are looking for one homogenous mass, which is easy to tackle and suits their points of view. But every rural region is different and the sensibilities of rural consumers need to be kept in mind", *Pradeep Kashyap, founder of MART, a leading Rural Marketing and Research Agency*.

In global economy, most of the global corporations are investing in Indian and Chinese economies. Global corporations have targeted the prosperous and sophisticated consumers in these economies. The marketing to rural consumer is a low profitability prospect because of low purchase of power and difficulties in communication and physical distribution etc. for marketers. But Professors C.K. Prahalad and Stuart Hart keep different view in their book 'The Fortune at the Bottom of the Pyramid'. They classify the world economic pyramid into four tiers

FIGURE – 1: THE WORLD ECONOMIC PYRAMID

Annual Per Capita Income*	Tiers	Population in Millions
More than $20,000	1	75-100
$1 1,500 -$20,000	2 & 3	1500-1750
Less than $1,500	4	4000
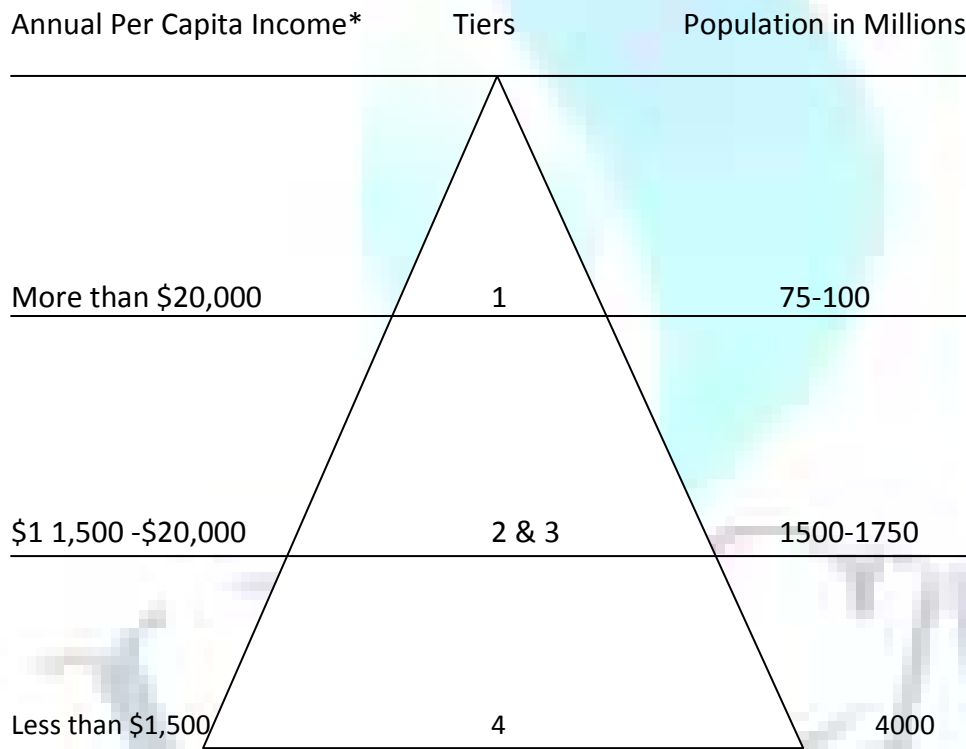
Based on PPP in USD*

Source: U.N World Development Reports

MEANING OF RURAL MARKETING

The rural marketing is the marketing strategies which are used by different companies for the promotion of its products. Rural marketing is more price sensitive but it has preference for quality. Rural marketing broadly is used to identify the rural customers, understand the customer, satisfy the customer and keep the customer to lead more sales of goods and services. During the first phase, pre-1960s rural marketing was identical with agricultural marketing. From 1960s to1990s, the marketing of agriculture input and marketing of non-farm rural product was considered as rural marketing. Post 1990s due to rise in income various companies focused on tapping rural market potential. Now rural marketing refers to FMGC and consumer durable goods in rural area. Indian rural marketing can be classified into different categories:-
- ❖ **Urban to Rural**: It refers to the selling of products and services by urban marketers in rural areas. These include: Pesticides, Tractors, FMCG Products, Consumer durables etc.
- ❖ **Rural to Urban**: It involves a rural producer (involved in agriculture) sells his products such as fruits, vegetables, grains, pulses, spices etc. in urban market through middlemen, agencies, government co-operatives.

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❖ **Rural to Rural**: These include the selling of agricultural tools, cattle and carts by villagers in its proximity.

Both urban and rural sectors are interdependent of on each other for their growth and prosperity. But the marketing strategies which are adopted for rural market must be differing from urban market. The main causes to adopt different strategies for both sectors as following -

- The main cause is that the standard of living differs between rural and urban markets. In an urban market customers are more aware, standard of living are higher and customer are more demanding. On the other hand customers are less aware in rural market, standards of living are poor and customers are less demanding.
- In rural market customers is more prices sensitive which means pricing factors have a strong impact on the buying choice of consumer in the rural market, but urban customers are less price sensitive.
- Brand awareness and brand recognition is low in rural market as compare to urban market.
- Variety, choices and options are lower in rural markets as compare to urban markets (www.blurtit.com; www.wikianswers.com; www.csi-sigegov.org).

INDIAN RURAL MARKET

The growth of any economy largely depends upon the growth of the rural population. Mahatma Gandhi, the Father of the Nation had once said, 'India's way is not Europe, India is not Calcutta and Bombay, India lives in her several hundred of villages'. The Mckinsey Report (2007) makes above statement true because according to this report, "In 20 years the rural Indian market will be larger than the total consumer markets in countries such as South Korea today and almost four times of the size of today's urban India market. It is estimated that the size of rural market will be USD 577 billion"

TABLE – 1: RURAL POPULATION STATISTICS (IN PERCENTAGE)

Year	Rural Population
1901	89
1951	83
1971	80
1981	79
1991	74
2001	73

Source: Census 2001

Table 1 shows that in 1901 rural population was 89 percent whereas in 2001 rural population is 73 percent. It indicates that the rural population is decreasing. But even now the majority of Indian population ie 73 percent is living in 6.36 lakh villages as per 2001 census. The rural economy contributes nearly half of the country's GDP, which is generating from agriculture sector. Approximately 54 percent population is engaged agriculture sector. Agriculture sector contributes about 13.1 percent of the total Indian exports which includes the export of primary products such as fruits, vegetables, tobaccos, spices, tea and coffee etc (www.plashah.com; www.csi-sigegov.org).

TABLE – 2: STATISTICS RELATED TO NUMBER OF VILLAGES

Population	Number of Villages	Percentage of Total Villages
Less than 200	114267	17.9
200-499	155123	24.3
500-999	159400	25
1000-1999	125758	19.7
2000-4999	69135	10.8
5000-9999	11618	1.8
10000-Above	3064	0.5
Total	**636365**	**100**

Source: www.210.212.230.219/dde/downloads/markiv_rm

Census of India defines rural as any habitation with a population density less than 400 per sq. km., whereas at least 75 percent of the male working population is engaged in agriculture. Table 2 reveals that only 0.5 percent (ie 3064) villages have population 10,000 and above, whereas 25 percent (ie 159400) villages have population from 500 to 999.

MAIN FEATURES OF INDIAN RURAL MARKET

- **Large and Scattered Market** – This market is large and scattered in the sense that it consists of over 73 percent consumers from 6.36 lakhs villages.
- **Major Income from Agriculture Sector** – In Rural sector the main source of income is agriculture. Thus, the growth of rural sector depends upon the growth of agriculture.
- **Lack of Employment Opportunities** – Maximum people in rural area is engaged with agriculture sector and hence, there is problem of disguised unemployment and seasonal unemployment. There is also less growth of industrial sector.
- **Socio Economic Backwardness** – Rural consumers have diverse socio-economic backwardness.
- **Low Standard of Living** – The standard of living of consumer is low because of low income, low savings and social backwardness.
- **Conservative Outlook** – Most of the consumer in the rural area are of conservative nature. They do not want to change their old customs and traditions.
- **High Illiteracy** - Maximum people of rural area are illiterate because of lack of education facilities in these areas.
- **Lack of Financial Facilities** – Financial facilities are not adequate as per requirement of rural areas.
- **Lack of Infrastructure Facilities** – Like financial facilities, infrastructure facilities such as roads, warehouses, communication facilities are also inadequate.
- **Initiatives by Government**–Various schemes and grants have been implemented by government to improve the conditions of rural people. It means the resource of rural market is yet not to be exploited. To explore this market various rural development programs been initiated to increase the employment opportunities (www.blogs.siliconindia.com; www.210.212.230.219/dde/downloads/markiv_rm.pdf).

FACTORS RESPONSIBLE FOR THE GROWTH OF RURAL MARKET WITH EMPIRICAL FACTS

India has perhaps the largest 'Potential Rural Market'. Following factors with their empirical evidence have been identified in the growth and development of the rural market-

- Revolution in agricultural sector has increased the income of rural people. According to one empirical study, there are 482 crorepaties in rural Haryana, only 137 Bangalore and similar number in Kolkata or Hyderabad.
- The changing in consumption patterns and higher disposable income the rural consumptions market is expected to expand three fold from the current level of USD 190 billion to USD 600 billion by 2020.
- According to National Council Applied Economic Research (NCAER), Indian rural market has 47000 haats (congregation markets) as compare to 35000 supermarkets in US.
- According to National Council for Applied Economic Research, in rural area there are almost twice low middle income households as compare urban areas.

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- As per NCAER estimations, the number of middle high income households in rural India is expected to grow from 80 million to 111 million by 2007. Whereas in urban it is expected to increase from rural 46 million to 59 million. Hence, the absolute size of rural India is expected to be double that of urban India.
- Increase in population has increased the number of customers in rural area for the corporate world. According NCAER rural markets are growing at five times more that urban markets.
- According to Mr. D Shiva Kumar (Business Head) Hindustan Lever Limited, money spend on FMCG (Fast Moving Consumer Goods) product by urban people Rs. 49,500 crores as against is Rs.63,500 crores by rural people.
- According to NCAER the demand for FMCG products is increasing in rural market. The demand for Shampoos has increased 33 percent, Toilet Soaps has increased 55 percent, Washing Cakes has increased 76 percent and Washing Powder has increased 55 percent in 2009-10.
- According to Edelweiss Research the growth of Scooters, Motorcycles and Cars/Jeeps in rural market has increased 40 percent, 48 percent and 11 percent in 2009-10.
- Demonstration effect of urban as well as foreign people, on rural people has increased their standard of living. Now rural people are leading sophisticated lives because of increase in literacy and educational level among rural folks.
- Information Communication Technology (ICT) and transportation facilities have increased the contract of rural people worldwide.
- Large inflow of money from government and other sources for rural development programmes. Approximately 72 million Kissans Credit Cards (KCC) issued, resulting more liquidity.
- Inflow of foreign currency and foreign goods in rural areas.
- Impact of globalization recession. The rural consumer demand grew 25 percent in 2008, when urban consumer demand slowed due to global recession. It means rural economy had not been influenced by the global recession (www.ibef.org; www.accenture.com; www.eventfaqs.com; www.competitonmaster.com; www.EzineArticles.com; www.world-agriculture.com; www.conf.pcte.edu.in; www.business.mapsofindia.com).

GOING RURAL: THE NEW MANTRA

Going Rural is the new marketing mantra of all well known national and international companies because they know that 73 percent of Indian population is living in villages. Hence, these companies are increasing their market size by producing goods and services as per requirement of rural customer in rural markets. These companies are helping the rural people to improve their standard of living by providing goods and services but with the aim of increasing their businesses in rural areas and trying to get fortune at the bottom of pyramid market.

- A recent study conducted by Global Information and Measurement Company Nielsen has revealed that over 80 percent of FMCG categories are growing faster in rural areas as compare to urban areas. According to an estimation of a leading industry, the market size of FMCG will expand from current USD 19.08 billion to USD 23.08 billion in 2012.
- Various automobile companies are also tapping the Indian rural market – For example, India's largest Car market, Maruti Suzuki India, is devising marketing policies to attract first time buyer from the rural area.
- World's largest motor cycle maker ie, Japan Honda Motor is pushing its small capacity 100-CC economy bike in Indian rural market.
- According to a study conducted by Internet and Mobile Association of India and IMRB international, total number of active internet users is projected to rise from 12.1 million in Dec. 2010 to 24 million by Dec. 2011 in rural areas. The study further reveals that 69 percent of the rural India is aware of internet.
- Hindustan Unilever has initiated a project as 'Gateway to Rural: Beyond FMGC'. The company is in discussion with banks, financial services and telecom services to create a joint distribution model to cover India's 6.38 lakh villages.
- The world's largest bicycle maker Hero Cycles has started talks with insurance companies to provide health facilities to its rural customers.
- State-run SAIL will appoint more than 1000 dealers in rural India by March 2012. The main aim is to diffuse company's branded products in rural areas.
- DCM Shriram Consolidated Limited (DSCL), which operates 270 stores of Hariyali Kissan Bazaar, which is one of the largest national rural retail chains of India, plans to open 20 more outlets by the end of 2011.
- Also the World Bank has agreed to provide USD one billion credit to rural areas under newly launched 'National Rural Livelihoods Mission' (NRLM).

About 12 percent of world population household's lives in rural India. Hence, various industrial players from various sectors are ready to provide its goods and services to rural households. According to Private Equity Major Blackstone Group's Akhil Gupta, an Indian rural market provides overabundance of opportunities to the corporate world (www.ibef.org; www.accenture.com; www.eventfaqs.com; www.competitonmaster.com; www.EzineArticles.com; www.world-agriculture.com; www.conf.pcte.edu.in; www.business.mapsofindia.com).

STRATEGIES FOR RURAL MARKETING

As earlier it has been discussed that rural customers need, lifestyle, source of income and thinking is differ from there urban customer. Hence, for both kinds of customers, the companies must adopt different marketing strategies. For rural market, it will be ideal to think of strategies from the marketing mix point of view. Main strategies are related to product, price, place and promotion which as following –

(A) **Product Strategies** – It includes the different strategies regarding products-
- **Small Units and Low Price Packing** – As the rural population does not have the concept of storing goods, hence rural marketers have to provide products in small quantities with low price packing. In rural areas, packing of a product plays an important role due to high illiteracy. Rural customer simply refers Nirma as Pila powder and Surf as the Nila powder. Small units of a product with low price such as Cock ie. 200 ml. bottles worth Rs. 5, Chick shampoo sachets, Vicks five gram tins etc have been successful in past. It proves that rural India is still highly price sensitive market place.
- **Designing of New Products** – The manufactures must design the new product, keeping in the view the customer lifestyle and the need of the rural people. A close rural marketing observation shows that rural household items indicate the need for redesigning or modifying the products.
- **Sturdy Product -** Sturdiness of a product is an important fact of rural customers. The product which is meant for rural customers must be study enough to stand rough handling and storage.
- **Brand Name** – A brand name and logo is very essential for rural customers because most of rural customers are illiterate. Hence, companies must give shorter name of their product in the local language and educate the customer about the importance of their brands. Pictures and endorsement of local stars will also help in increasing brand awareness. Rural customer is hardly brand stickiness.

(B) **Pricing Strategies** – Pricing strategy is much closed to product strategy. A rural customer is very price sensitive. This is mainly because of his lower income as compare to urban customer. Some of pricing strategies are as following-
- **Low Cost/Cheap Products** - As the rural customer is more price sensitive, hence price can be lowered by small unit packing.
- **Avoid Sophisticated Packing** – The marketers must adopt the simple packing, which can reduce the price of the product. Biscuits are its one of the example.
- **Reusable Packing** – The packing of a product is not only simple but also reusable in rural area. Now fertilizers companies have started packing fertilizers in LDPE or HDPE sacks, which are tamper proof as well as reusable.
- **Application of Value Engineering** – By applying the strategy of value engineering, price of product can be kept at an affordable level because income in rural areas is not high. By adopting value engineering technique costly raw material can be substitute with the cheaper one, without scarifying the quality of the product. For example in food industry soya protein is being used in place of milk protein. Milk protein is expensive as compare to soya protein but

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the nutrition value is same. Likewise urban and rural customers both want to purchase a car, but rural customer wants to purchase cheap car as compare to urban customer. He wants car at USD 3000 but not to spend USD 12000 on car. As we know that Nano is the cheapest car, he will prefer to go for Nano.

(C) Distribution or Placement Strategies - Distribution strategies which are formulated for rural areas must be according to their marketing needs. Distribution strategies are designed by co-operative societies, public distribution system, agriculture input dealers, multi-purpose distribution centers, etc. To regulate and to improve the rural markets, cooperative have played significant role. To tap unexplored rural market, LG has set up 45 areas offices and 59 rural remote area offices. Likewise Hariyali Bazaar, Haats etc retail outlets have been established in the villages.

(D) Promotion Strategies – Now a days mass media is powerful medium of communication and promotion of a product. There are various means of communications such as television, cinema, print media, radio, wall painting, hoardings, campaigning, booklets, posters, stickers, banners etc. Promotion aspect is challengeable in rural areas because villages have thin population density and are widely scatter over large remote areas and poor media penetration. In rural areas traditional methods such as hoardings, wall-paints, street plays and musicals, horse-cart, pamphlets distribution are effective means of promoting the products (www.skire; www.210.212.230.219/dde/downloads/markiv_rm; www.world-agriculture).

SHIFTING FROM 4P'S STRATEGIES TO 4A'S STRATEGIES

Now days companies are adopting the mix of 4A's strategy that affordability, awareness, availability and acceptability in place of 4P's strategy ie product, price, place (distribution) and promotion. Actually 4P's are the more challengeable for the marketers in the rural market -

(A) Availability – The first challenge is to ensure availability of the product or service. It means that product/services must be available to 636,000 villages, which is not an easy task. It is an even greater challenge to reach of products to the far flung areas continuously. Hence, marketers must plan to reach their products and services in these areas on regular basis. India's largest MNC Hindustan Lever, has built a strong distribution system help to reach its product in rural market.

(B) Affordability – The second challenge is to ensure affordability of the product or service. As we know that the disposable income of rural customer is low because their average per capita income is less than $ 2 per day. To afford the products to the rural customer, various companies are introducing these products in small packets at low prices. For example various shampoos, toothpaste and creams are available in smaller packs. To target rural market Hindustan Lever is selling Lifeboy at Rs. 2 for 50 gm. Coca-Cola has also introduced the returnable 200-ml glass bottle priced at Rs.5 and result is that near about eighty percent of new drinkers for coke now come from the rural markets.

(C) Acceptability – The third challenge is to gain acceptability for the product or service. The product must be redesigned or modified as per need of rural customer, so that he can easily accept the available product. For example - Coca-Cola provides ice boxes at low cost – a tin box for new outlets and thermocol box for seasonal outlets, because in these areas regular electricity and refrigerator is not available.

(D) Awareness – The last challenge is too aware the rural customer regarding the product, the marketer must use local promotional channels. For example Coca-Cola uses a combination of TV, cinema and radio to reach 53.3 percent rural households. It spends more advertising on Doordarshan which alone reached 41 percent of rural household. Likewise LG electronics developed a customized TV for rural market. Near about 100,000 sets were sold in the first year.

Hence, to tap the potential of rural market, today companies are formulating that marketing strategies per need of - acceptability, availability, affordability and awareness of rural customers which is highly challengeable for them. (www.b1dcity.com/index; www.iilm.edu.in; www.scribd.com; www.210.212.230.219 /dde/downloads/markiv_rm.pdf;www.knowledge.wharton.upenn.edu;http//:blogs.rediff.com/shinyvikas;www.thehindubusinessline.com)

CHALLENGES IN RURAL MARKETING

Various marketers are entering in rural markets to reap benefits. But they encounter a number of challenges dealing which are as following -

- **Low Literacy Levels** – In rural areas literacy level is low, which leads to the problem of communication between local people and companies. Print media is less important in rural areas because of illiteracy.
- **Standard of Living** – A majority of rural people are below poverty line. Hence, companies have to develop separate market strategies from urban markets.
- **Irregular Demand** – Agriculture sector is the main source of income of rural people but agriculture is a seasonal occupation. Hence income of rural people is also irregular. Due irregular and low income, their demand for product is also irregular.
- **Dispersed Markets** – Rural population is highly dispersed. Hence, it required a lot of marketing efforts in terms of distribution and communication.
- **Traditional Life** - Life in rural areas is still governed by traditional customs and values. Rural people are not ready to accept new life styles.
- **Lack of Communication Systems** – Communication systems such as telephone, fax and telegram are rather poor in rural areas.
- **Bogus Brand** – A lot of bogus brands are available at low price in the rural markets. Due to illiteracy rural customers are not aware of difference between actual brand and bogus brands
- **Lack of Effective Transportation** – In India only villages are connected by roads. Maximum roads in these areas are 'kacha', which become unserviceable during the monsoon. Most of the marketers use tractors, bullock carts to distribute their products in rural areas.
- **Ineffective Distribution Channels** - In rural areas there is lack of effective distribution channels because of ineffective distribution channels. Dealers are not easily available for rural areas. Other problems in lack of warehouse or storage facility. In these areas there is hardly any organized warehousing agency to look after the storage issue.
- **Various Languages and Diversity in Culture** – Due to diversity in languages and culture, it is very difficult to handle the rural customers.

To overcome these challenges companies have to develop their market strategies according to the need, psychology and environment (geographical, economical, and cultural) of the rural people (www.EzineArticles.com; www.b1dcity.com).

RECOMMENDATIONS AND CONCLUSION

As we know that the poor of today are the middle-class tomorrow. Because of profits of companies are depending on the growth and betterment of the poor people. Hence, multinational as well as national companies must have to work with civil society organizations and local governments to uplift the rural people. Some recommendations are as following:

- Companies have to develop new products which can fulfill the unique needs of rural people. Rural consumers define the value of a product in terms of its durability, affordability and multiple uses.
- The companies have to realize the importance of proper communication in local language for promoting their products.
- Cultural values play major role in deciding what to buy in rural marketing. Moreover, rural people are emotional and sensitive. Hence companies have to understand the cultural and social values of the rural people.
- Generate awareness regarding product by using non-conventional and interactive medias such as puppets shows and live demonstrations in haats because most of rural people are illiterate, hence print media is useless.
- Many companies must have to develop rural-specific products keeping in view their requirements.
- Companies it selves make investment in transportation, warehousing, infrastructure to get long term benefits.
- Companies have to replace middleman to overcome the cost and reduce administrative problems. For example ITC forged direct links with produces by its e-choupal network.
- Companies must be rural sources to fill talent needs. Rural youth are unskilled and have little or no familiarly with computer with English language. Hence, companies must train them in computer and in English language. It will reduce the illiteracy in rural areas.
- To do the effective distribution of products, companies must use 'Haats' in their distribution strategy in rural marketing.

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- Companies and government both have to create employment opportunities for rural people to increase their purchasing power. It will give rapid growth to the companies because rural people ultimately spend their income to purchase products and services which are produced by them.
- Government has to take more active participation to bring reforms in respect to uplift their life, increase education and employment opportunities, develop infrastructure etc in rural areas.

Global growth and investment come from rural areas and rural people world over. As there have been significant improvements in the rural sector in respect of agricultural production, spread of education, electrification, banking facilities, transportation, communication, etc. All these changes have led to the creation of general awareness for achieving a new and better style of living. Thus, the future in rural marketing is very promising for those marketers who can understand the dynamics rural market and explore it (www.it.iitb.ac.in; www. accenture.com; http://en.wikipedia.org). It also

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WORK STRESS AND EMPLOYEE COUNSELLING

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ABSTRACT

Modern life is full of stresses and strains; there isn't one of us who has not experienced turmoil of one sort or another. Most of the time we are able to deal with problems on our own, or with the help of a partner, family member or friend. Sometimes, however, a problem may be too difficult for us to resolve on our own. Occasionally, the ups and downs of life can spill over into our workplace and make working life seem a little overwhelming and stressful. Stress is a prevalent and costly problem in today's workplace. About one-third of workers report high levels of stress. One-quarter of employees view their jobs as the number one stress or in their lives. Three-quarters of employees believe the worker has more on-the-job stress than a generation ago. Evidence also suggests that stress is the major cause of turnover in organizations. There comes the need & importance of employee counseling to enhance mental health of employees. This paper highlights the various types of employee problems that exists in organisations, need for employee counseling and mainly focuses on the employee stress & burnout which affects the work place performance or in attaining the organizations goal. In this conceptual paper, the author will be emphasizing on work stress and employee counseling. In the present scenario, employees are experiencing stress due to the rapid and dynamic growth of globalization and vocationalization. Keeping this as a base the current paper focuses on the conceptual aspects of work stress and employee counseling. Through employee counselling in organizations, the employee's mental health can be enhanced. There by resulting in improved work performance, achievement of organizational goal and develop balanced family life and healthy work life.

KEYWORDS

Employee, Employee counseling, Stress, work stress.

INTRODUCTION

AN EMPLOYEE is a person who works in the service of another person under an express or implied contract of hire, under which the employer has the right to control the details of work performance (Black's Law Dictionary).An employee is hired for a specific job or to provide labor and who works in the service of someone else (the employer).

STRESS is the body's reaction to a change that requires a physical, mental or emotional adjustment or response. Stress can come from any situation or thought that makes you feel frustrated, angry, nervous, or anxious. Stress is caused by an existing stress-causing factor or "stress or." Stress is our body's way of responding to any kind of demand. It can be caused by both good and bad experiences. When people feel stressed by something going on around them, their bodies react by releasing chemicals into the blood. These chemicals give people more energy and strength, which can be a good thing if their stress is caused by physical danger. But this can also be a bad thing, if their stress is in response to something emotional and there is no outlet for this extra energy and strength.

EMPLOYEE STRESS

Historically, stress has been viewed as an inevitable consequence of work life; or at most, a health care issue. Neither view begins to capture just how costly this problem is to employers. Research shows that stress interferes with human intellectual, emotional, and interpersonal functioning. In fact, nearly every popular training and organizational development initiative is directly compromised by the intellectual, emotional, and interpersonal consequences of stress.

The National Institute for Occupational Safety and Health (NIOSH) defines **job stress** as "the harmful physical and emotional responses that occur when job requirements do not match the capabilities, resources, or needs of the employee.""**Job stress** arises when demands exceed abilities, while job-related strains are reactions or outcomes resulting from the experience of stress." (West man). Stress can be of two types, namely eustress and distress. The theoretical reviews relating to stress was examined, where **Hanseyle** assumes that stress depended only on intensity of the stress or while **Lazaurus** proposed that mental process determines whether stress occurs. Keeping this as a base the current paper focuses on the conceptual aspects of work stress and employee counseling. While many employees derive great satisfaction from their jobs, the workplace itself may be the source of stress. At these times it is useful to know that there is someone to talk to - someone who is professionally trained and skilled to listen without making a judgment, someone who will understand and help in the discovery of a solution. He is none other than the professional counselor.

EMPLOYEE COUNSELING can be explained as providing help and support to the employees to face and sail through the difficult times in life. At many points of time in life or career people come across some problems either in their work or personal life when it starts influencing and affecting their performance and, increasing the stress levels of the individual. Counseling is guiding, consoling, advising and sharing and helping to resolve their problems whenever the need arises. Workplace stress is the harmful physical and emotional response that occurs when there is a poor match between job demands and the capabilities, resources, or needs of the worker. Work-related stress occurs when job demands are "incompatible with mental regulation processes, such as information processing, planning, and movement execution".

MAJOR CAUSES OF WORK STRESS

The physical environment of the job. Extreme levels of noise, temperature, humidity, or illumination cause stress (Mackay & Cox, 1978).

Perceived insufficient control. People experience stress when they have little influence over work procedures or the pace of the work (Cottington &House, 1987).

Poor interpersonal relationships. Stress increases when an employee's boss or colleague is socially abrasive, being insensitive to the needs of others or condescending and overly critical of the work other individuals do (Quick and Quick, 1984).

Perceived inadequate recognition or advancement. Workers feel stress when they do not get the recognition or promotions they believe they deserve (Cottington et al, 1986).

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Job loss is the sense of job insecurity is stressful, particularly if the employee has little prospect of finding another job (Cottington et al, 1986). Unemployment is associated with stress, such as in people's loss of self-esteem and heightened blood pressure (Olafsson & Svensson, 1986).

SIGNS OF STRESS IN THE WORKPLACE

Some of the behavioral signs of stress found in the employees at workplace include:

1. Persistent irritability and anxiety, Insomnia, Occasional forgetfulness and/or inability to concentrate which denote his mental health status.
2. During Stress Resistance Stage the employees depict following behaviors, such as Absenteeism, Tired and fatigued, Procrastination and indecision, Social withdrawal Resentful, indifferent, defiant, increased use of coffee, alcohol, tobacco, etc .may result.
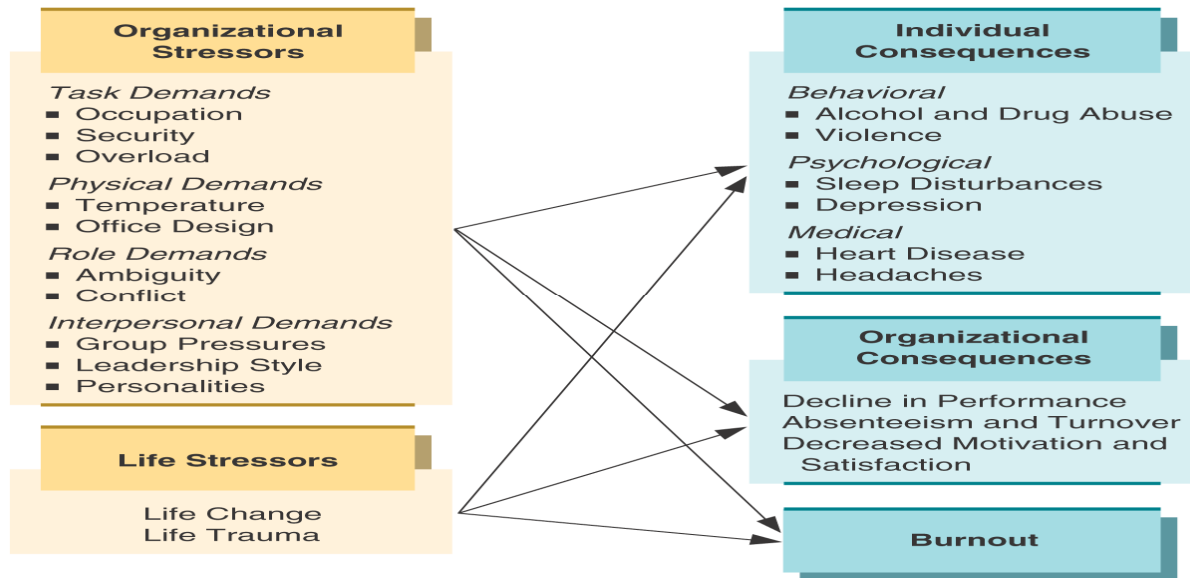
INDIVIDUAL CONSEQUENCES

*   Behavioral Consequences: Alcohol abuse may harm the person under stress or others.
*   Psychological Consequences: Relate to a person's mental health and well-being, which may precipitate in the form of sleep disturbances & depression.
*   Medical Consequences: Affect a person's physical well-being. Heart disease and stroke, are common illnesses,that have been linked to stress.

RESEARCH REVIEW SHOWS THAT:

1. 46% of workers find job to be extremely stressful
2. Cost of stress related disorders is estimated to be $150 billion a year
3. Stress related disorders comprise 14% of workers' compensation cases.
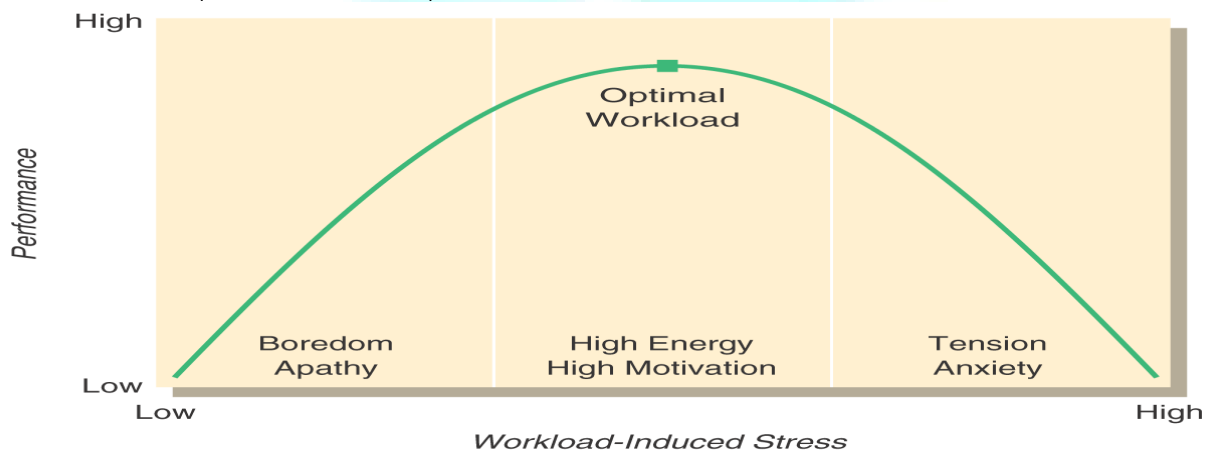
ORGANIZATIONAL CONSEQUENCES

*Performance: When an employee is under too much of stress, there is a decline in his performance.

*Withdrawal: Absenteeism results due to sever stress and finally quitting the job .

*Attitudes: Employee develops negative effect on job satisfaction, has low morale, reduced organizational commitment, and low/diminishe dmotivation to perform at high levels.

*Burnout: It is the general feeling of exhaustion that develops when an individual simultaneously experiences too much pressure and has too few sources of satisfaction.

Hence, here we would like to emphasize the importance of employee counseling for treating stress in the work place.

Employee counseling is a psychological health care intervention which can take many forms. Its aim is to assist both the employer and employee by intervening with an active problem-solving approach to tackling the problems at hand. The costs to industry and commerce each year associated with employees' poor psychological health are enormous. A significant proportion of the Gross National Product (GNP) of industrialized countries is lost each year through ill-health, particularly in respect of stress-related illness. These costs increase substantially when lost productivity resulting from stress-related inefficiency and incompetence is taken into account. Stress-related incompetence is not inevitable though. Employee counseling can do much to prevent the negative effects of

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stress at an individual level and ultimately at an organizational level. Few organizations can now afford to ignore the consequences associated with employees' psychological health.

EMPLOYEE COUNSELING

Counseling involves the individual employee meeting with a psychological adviser, usually on a one-on-one basis. It is not uncommon for the individual employee and counselor to meet once or twice a week for several weeks. However, the number and frequency of meetings required will depend upon the nature of the perceived difficulty and the nature of the intervention needed.

The focus of counseling sessions is to encourage discussion of personal and work-related difficulties. This is often followed by the adoption of an active problem-solving approach to tackle the problems at hand.

The specific aims of employee counseling are to:

1. Explore and find the key sources of difficulty.
2. Review the individual's current strategies and styles of coping.
3. Implement methods of dealing with the perceived problem, thereby alleviating the issue. Often, this step may involve also improving interpersonal relations at work and/or improving personal performance.
4. Evaluate the effectiveness of the chosen strategies.

Some of the techniques to be followed at organizational level include

1. Organizational Techniques
2. Provide sufficient support for change
3. Provide sense of control through participation
4. Clearly define employee roles
5. Eliminate work over and under load
6. Employee Assistance Pro grammes for stress reduction (teach coping strategies)
7. Provide opportunity for social support (formal or informal)
8. Techniques for Stress Reduction: Exercise, Relaxation Training, Biofeedback, Behavior Modification Exercise and eat regularly
9. Avoid excess caffeine intake which can increase feelings of anxiety and agitation
10. Avoid illegal drugs, alcohol and tobacco, Learn relaxation exercises (abdominal breathing and muscle relaxation techniques)
11. Develop assertiveness training skills. For example, state feelings in polite firm and not overly aggressive or passive ways: ("I feel angry when you yell at me" "Please stop yelling.")
12. Rehearse and practice situations which cause stress. One example is taking a speech class if talking in front of a class makes you anxious
13. Learn practical coping skills. For example, break a large task into smaller, more attainable tasks
14. Decrease negative self talk: challenge negative thoughts about yourself with alternative neutral or positive thoughts. "My life will never get better" can be transformed into "I may
15. Listening to music
16. Playing with a pet
17. Laughing or crying
18. Going out with a friend (shopping, movie, dining)
19. Taking a bath or shower
20. Writing, painting, or other creative activity
21. Praying or going to church
22. Exercising or getting outdoors to enjoy nature
23. Discussing situations with a spouse or close friend
24. Gardening or making home repairs
25. Practicing deep breathing, meditation, or muscle relaxation.

CONCLUSION

Organizational growth and employee growth are inter woven concept which is inseperable .If ethier of them is affected the organizational goal achievements also gets affected.Employee counselling can do much to prevent the negative effects of stress at an individual level and ultimately at an organizational level. Tackling employee problems can have a positive effect on, employee commitment to work. Employee Counselling today, minimizes the negative effect of employee layoffs through effective announcements. Employee Counselling ... in the workplace, can have a detrimental effect on employee performance and morale.If employees are to function at an optimum level of well-being and competence, it is vital that they feel supported and valued. Organizational systems are sometimes quick to make demands and 'hinder' but occasionally slow to 'help.'Employee counseling can be a vehicle to provide help in an effective, practical way. It is through such help that individuals are motivated to understand and realize their own career potential, thus maximizing the chances of functioning in the best interests of the organization.

Thus employee counseling enables and enhances the mental health of the employees which will result in, increased productivity, conducive stress free environment in achieving organizational goals, enhanced interpersonal relationship , team building and capacity building.

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MEASURING OF RETAIL SERVICE QUALITY - A STUDY OF SUPERMARKETS IN BANGALORE

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ABSTRACT

Service Quality within retail units is pivotal for satisfying customers, retaining them and creating loyalty amongst customers. This study aims at identifying components and determinants of retail service quality in Bangalore Supermarkets. A survey of 250 shoppers in various supermarkets in Bangalore has resulted that service quality of supermarket composes of 4 factors namely Service Personnel, Physical Aspects, Policy and Reliability. Among which, Service personnel has the strongest impact and Physical Aspects has the weakest one, while the role of Reliability is not confirmed by the data. From these findings, managerial as well as theoretical implications have been discussed. Findings of this empirical research reiterate the point of view that Service Quality dimensions are crucial for customer satisfaction in retailing – a burgeoning sector with high growth potential and opportunities in fast growing economies like India's

KEYWORDS
Service Quality, Retail Service Quality Scale, Supermarket, Bangalore.

INTRODUCTION

Service quality has drawn attention of researchers and managers in recent decades (Zeithaml, 2000). It has become a significant subject because of its impact on customer satisfaction. Measuring service quality is difficult due to its unique characteristics: Intangibility, heterogeneity, inseparability and perishability (Bateson, 1995). Service quality is linked to the concepts of perceptions and expectations (Parasuraman *et al*., 1985, 1988; Lewis and Mitchell, 1990). Customers' perceptions of service quality result from a comparison of their before-service expectations with their actual service experience. The service will be considered excellent, if perceptions exceed expectations; it will be regarded as good or adequate, if it only equals the expectations; the service will be classed as bad, poor or deficient, if it does not meet them (Vázquez *et al*., 2001). Based on this perspective, Parasuraman et al. developed a scale for measuring service quality, which is mostly popular known as SERVQUAL. By satisfying customers through high quality service, business firms not only retain their current customers, but also increase their market share (Finn and Lamb, 1991). To date, many studies on service quality relied on service quality construct and scale by Parasuraman et al. (1988). However, this application to the retail industry may not be appropriate for service quality in retailing industry seems to be different from other services (Kaul, 2005; Dabholkar et al, 1996). In retail setting, especially retail stores where there is a mix of product and service, retailers are likely to have impact on service quality more than on product quality (Dabholkar et al., 1996). As retailers can create such effects, service quality plays a significant strategic role in creating quality perceptions. With the rapid development of modern retailers in Bangalore in terms of number of stores and value, understanding of retail service quality and identifying determinants of retail service quality has become strategic importance for retailers or the so-called supermarkets in Bangalore. However, there have been very few studies on retail service quality in supermarkets. The current study is aimed to explore the components of retail service quality in the case of supermarkets in Bangalore by borrowing a framework developed by Dabholkar et al. (1996). It also investigates the relationships between each of retail service quality components and customers' overall evaluation of retail service quality in Bangaloren supermarkets.

The paper is organized as follows. After this introduction, a review of literature on service quality is presented, which is followed by a proposed model and hypotheses. Next section describes the research design and data collection process. Then, the results of data analysis are presented and discussed. Managerial implications are also highlighted.

LITERATURE REVIEW
SERVICE QUALITY
Service quality is a critical component of customer perceptions about the service. Customers perceive services in terms of its quality and how satisfied they are overall with their experiences (Zeithaml, 2000). As thus, service quality is defined as customers' perception of how well a service meets or exceeds their expectations (Czepiel, 1990). In the retail context, perceptions of service encounters accumulate over time and a customer's relationship with an organization are a continuation of exchanges or interactions both past and present" (Czepiel, 1990). When customers evaluate retail service, they compare their perceptions of the service they receive with their expectations. Customers are satisfied when the perceived service meets or exceeds their expectations. They're dissatisfied when they feel the service falls below their expectations (Levy and Weitz, 2005).

RETAIL SERVICE QUALITY
Despite the fact that SERVQUAL has been empirically tested in various studies involving "pure" service settings, it has not been proven to be successfully applied in a retail setting (Dabholkar at al., 1996; Mehta et al., 2000) and also more specifically, in apparel specialty stores. Service quality in "pure" service settings and retail settings differ in the sense that quality is seen from the perspective of not only services but goods as well. Measuring service quality, therefore, can be rather complicated and difficult especially in apparel specialty retailing where it combines the selling of goods and services to the customers as well as the customers' expectations of knowledgeable, helpful staff to assist them during their shopping experience (Gagliano & Hathcote, 1994).

The need for a measurement instrument that can accurately assess service quality in a retail environment was answered by Dabholkar et al. (1996) who developed and empirically validated a scale to measure retail service quality distinctively. In developing the instrument, the researchers conducted a triangulation of research techniques involving interviews with several retail customers, in-depth interviews with six customers and a qualitative study that monitored the thought process of three customers during an actual shopping experience. These three differing methods combined with a review of service quality related literature and some modification to the original SERVQUAL scale produced a hierarchical factor structure scale which Dabholkar et al. (1996) aptly named as the Retail Service Quality Scale (RSQS). According to Dabholkar et al. (1996), retail service quality had a hierarchical factor structure which comprised of five basic dimensions. The five dimensions proposed were:

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I. Physical aspects – includes functional elements like layout, comfort and privacy and also aesthetic elements such as the architecture, colour, materials and style of the store.

ii. Reliability – a combination of keeping promises and performing services right.

iii. Personal interaction – the service personnel being courteous, helpful, inspiring confidence and trust in customers.

iv. Problem-solving – the handling of returns and exchanges as well as complaints.

v. Policy – a set of strategies, procedures and guiding principles which the store operates under such as high quality merchandise, convenient operating hours, availability of parking spaces and payment options.

Apart from Dabholkar et al.'s (1996) contribution, there are also other studies by numerous authors relating to this area, many of which replicated the RSQS in their own culture and research settings.

REVIEW OF SERVICE QUALITY MODELS

As service industry has contributed significantly to global economy in the past few decades, service quality also draws attention of many practitioners and researchers. There was various service quality models proposed and applied in different contexts. For the purpose of this study, concepts and literatures related 3 models are presented: SERVQUAL and GAP model by Parasuraman et al. (1988), SERVPERF by Cronin and Taylor (1992), Retail Service Quality Model by Dabholkar et al. (1996). Servqual and Gap Model: In 1980s, in the attempt to define service quality and develop a model of service quality, Parasuraman et al. conducted an exploratory investigation. The results showed that regardless of the type of service, consumers used basically the similar criteria in evaluating service quality (Parasuraman et al., 1985). They labeled those 10 criteria "service quality determinants". Since then, service quality was defined through 10 dimensions: access, communication, competence, courtesy, credibility, reliability, responsiveness, security, tangibles and understanding/knowing the customer. Later, they were simplified into five dimensions including tangibles, reliability, responsiveness, assurance and empathy. This model indicates that consumer perceptions of quality are influenced by five gaps occurring in the internal process of service delivery. The basic premise is that service quality can be defined by the difference between expected service and perceived service (Parasuraman et al, 1985). The first four are those on the service provider side of service. Gap 5 is related to the customer side of service. These gaps are

(1) The difference between what customers expected and what management perceived customer expected;

(2) The difference between management's perceptions of customer expectations and the translation of those perceptions into service quality specifications;

(3) The difference between actual service quality specifications and the delivery of those specifications to customer service actually delivered;

(4) The difference between the services delivered to customers and the external communications about the service; and

(5) The difference between customer expectations and perceptions.

Although SERVQUAL has been applied in the study of different types of service industries, there are certain limitations and criticisms. Some of the widespread concerns are the 5 dimension configuration of the scale, the appropriateness of operationalizing service quality as the expectations-performances gap score, and the scale's applicability to a retail setting (Bakakus and Boller, 1992; Finn and Lamb, 1991; Reeves and Bednar 1994).

Servperf: With an argument that Parasurman et al.'s gap theory of service quality was supported by little empirical or theoretical evidence, Cronin and Taylor (1992) developed a "performance-based" service quality measurement scale called SERVPERF. The major difference between these two scales is that SERVQUAL operationalises service quality by comparing the perceptions of the service received with expectations, while SERVPERF maintains only the perceptions of service quality. The SERVPERF scale consists of 22 perception items excluding any consideration of expectations. The superiority of SERVPERF over SERVQUAL has been demonstrated in numerous studies including those by Avkiran (1999), Lee et al. (2000) and Brady et al. (2002). However, the continued use of and reference to SERVQUAL in marketing literature suggest that "consensus has not yet been reached relative to the superiority of performance-only measures of service quality" (Brady et al. 2002, p. 18).

Retail Service Quality Scale (RSQS): To contextually fit the retail industry, Dabholkar et al. (1996) developed Retail Service Quality Model (RSQS). Based on SERVPERF, RSQS includes 28-item scale, of which 17 items are from SERVPERF and 11 items are developed by qualitative research. It composes of 5 dimensions, namely

(1) Physical aspects – Retail store appearance and store layout;

(2) Reliability – Retailers keep their promises and do the right things;

(3) Personal interaction – Retail store personnel are courteous, helpful, and inspire confidence in customers;

(4) Problem solving – Retail store personnel are capable to handle returns and exchanges, customers' problems and complaints; and

(5) Policy – Retail store's policy on merchandise quality, parking, operation hours, and credit cards.

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TABLE 1: PRESENTS A BRIEF LOOK AT SEVERAL SERVICE QUALITY STUDIES IN THE RETAIL ENVIRONMENT

Authors	Research setting(s)	Study sample(s)	Instrument	Analysis	Factor structure of other key findings
Gagliano & Hathcote (1994)	Southeastern USA	Customers of specialty clothing store	Refined SERVQUAL scale(Parasuraman etal,1991)	Principal axis factor analysis followed by oblique rotation	The five factor structure used in this study was reduced to four factor
Dabholkar et al (1996)	Southeastern USA	Customers of seven selected stores from two department store chains	The authors own scale known as Retail Service Quality (RSQS) which they developed to suit the retail environment after making some modifications to SERVQUAL	Confirmatory factor analysis with partial disaggregation	A hierarchical factor structure was proposed comprising of five dimensions, with three of five dimensions having two sub dimensions each and overall service quality as a second order factor
Christo & Terblanche(1997)	South Africa	Hypermarket shoppers	RSQS (Dalbhokar et al,1996)	Confirmatory factor analysis	Hierarchical factor structure, The five factor structure of retail service quality dimensions suggested by Dalbhokar et al (1996) resulted in a reasonable fit
Mehta et al (2000)	Singapore	Customers of supermarket and electronic goods retailers	RSQS(Dabholkar et al,1996) and SERVPERF(Cronin & taylor,1992)	Reliability , correlation, regression and factor analysis	RSQS was discovered to be more suited in a "more goods, less services" environment, l.e, supermarket while SERFPERV was better for a retailing context where the service element is prevalent. A modified scale resulting from a combination of RSQS and SERVPERF was developed. Five new factors were identified from this modified scale
Leung & To(2001)	Hong Kong	Undergraduate students who were shoppers at fashion stores	A 34-item scale developed by Leung & Fung (1996) for measuring service quality in fashion chain stores	Reliability and correlation analysis	The scale, compromising of five factors possessed high internal consistency but low temporal stability
Sin & Cheung (2001)	Hong Kong	Customers of five stores from a multinational department store chain	RSQS(Dabholkar et al,1996)	Principal component factor analysis with varimax rotation	Six factors emerged as opposed to the five factor structure suggested in RSQS
Kim & Jim (2002)	USA and Seoul, Korea	College students who were shoppers of discounts stores	RSQS(Dabholkar er al,1996)	Confirmatory factor analysis with partial disaggregation	A three-factor structure was found. The RSQS presented a better fit for the US sample than the Korean consumers
Siu and Chow (2003)	HONG KONG	Japanese supermarket in Hongkong	RSQS(Dabholkar er al,1996)		Five items deleted due to low Cronbach alpha values Problem Solving dimension as given in the retail service quality scale was integrated into the Personal Interaction construct while a new factor emerged from the study, called Trustworthiness.
Kim & Stoel(2004)	USA	Female online apparel shoppers	Loiacono's WebQual scale which evaluates the website quality	Confirmatory factor analysis	WebQual's 36 items converged into 12 distinct dimensions (first order factors).Findings did not support Loiacono's factor structure or the authors own five dimensional second-order proposed six-dimensional second-order factor structure.
Kaul (2005)	INDIA	Specialty apparel stores in India	RSQS(Dabholkar er al,1996)		RSQS dimensions not valid in India. Indian retailing found to have a four dimension structure. At the sub dimensions level. A four factor structure instead of six factors was supported.
Nguyen Dang Duy Nhat (2007)	HONGKONG	Customers of Supermarket	RSQS(Dabholkar er al,1996)	Multiple regression Analysis	Retail service quality composes of 5 dimensions: goods assortment, personnel, appearance, physical aspects and safety. Retailers or supermarkets particular should pay attention and need to adapt the measurement scale.

RSQS has been used by some researchers in measuring service quality in certain types of retailers such as department stores, supermarkets and discount stores in Western and Eastern countries. Kim et al. (2001) conducted a study with U.S. and Korean customers of discount stores. The findings showed that customers' perceptions of service quality do not view service quality in as similar manner, nor do U.S. and Korean customers of discount stores. In other words, the dimensionality of service quality is not universal across industries or across countries (Kim et al, 2001). Mehta et al (2000) conducted a research on service quality in the contexts of supermarkets and electronic goods retailers in Singapore. The results showed that "RSQS was superior within the context of more good and less service environment, i.e. a supermarket, while SERVPERF was better for a retailing context where the service element becomes more important, i.e. an electronic goods retailer." (Mehta et al, 2000). Moreover, Kaul (2003) found that RSQS dimensions were not valid in India. Nguyen Dang Duy Nhat (2007) found in Hongkong that all 5 dimensions are required in some cases and Retailers or supermarkets particular should pay attention and need to adapt the measurement scale. In Bangalore, Manjunath (2011) tested a model on the relationships between service quality, customer satisfaction and loyalty in supermarkets in Bangalore and found that retail service quality composes of 5 dimensions: goods assortment, personnel, appearance, physical aspects and safety which is similar to Ngyyen Dang Dug Nhat (2007). This study recommended that SERQUAL and RSQS could be applied in Bangalore provided that they are adjusted to the specific

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context of study. However, the different dimensions of service quality are not clearly identifiable. This limits the diagnostic application of the RSQS. Consequently, retailers may find the RSQS a poor instrument to help them identify strategic areas requiring focus to improve overall service levels. Investment in further research to modify the RSQS for application in India is recommended

MODEL & HYPOTHESES

FIGURE 1: MODEL OF RETAIL SERVICE QUALITY IN SUPERMARKET IN BANGALORE
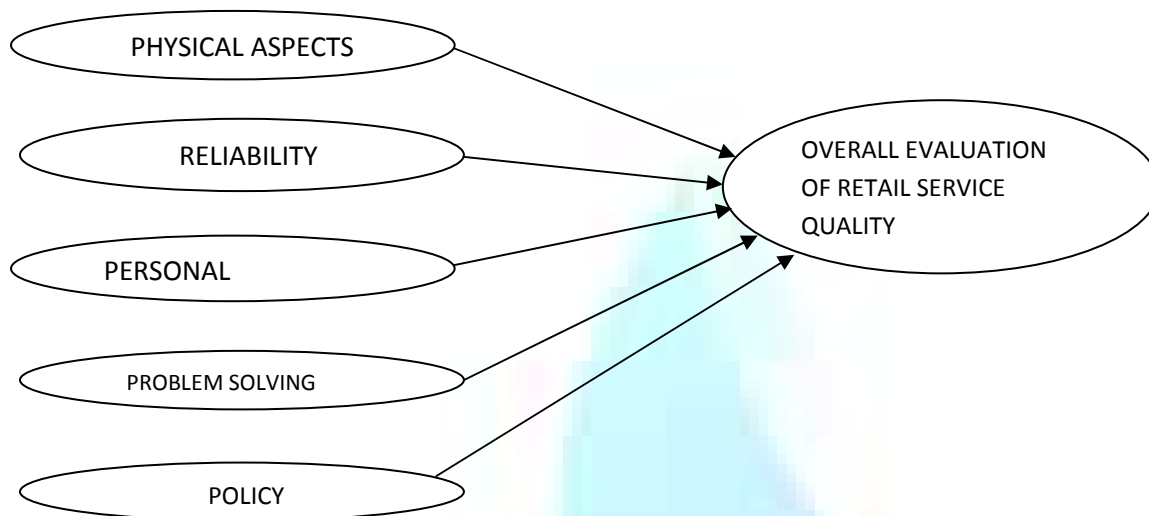
Based on the above review, RSQS is employed in this empirical study of service quality in Bangalore's supermarkets. However, to be independent from the result of Manjunath (2011), this study adopts the original model of Dabholkar et al. (1996). The model (Figure 1) proposed a structure for retail service quality consisting of five dimensions: Physical aspects, Reliability, Personal interaction, Problem solving and Policy. In this study, five dimensions of service quality are tested with the overall evaluation of shoppers on the service quality.

Physical aspects: Physical aspects of retailer include equipment and fixtures, physical facilities, materials associated with this supermarket's service, convenience of physical facilities and layouts. This dimension has broader meaning than does the SERVQUAL's tangible dimension. In addition to the appearance of the facilities, it also takes into account the convenience offered the customer by the layout of physical facilities. The higher customers appreciate on the physical aspects, the higher the overall evaluation of retail service quality is.

H1: There is a positive impact of physical aspects on overall evaluation of retail service quality.

Reliability: The construct reliability here is similar to SERVQUAL reliability dimension. Reliability of retailers includes keeping promises to do something, providing right service, available merchandise and error-free sales transactions and records. The higher customers appreciate on reliability, the higher the overall evaluation of retail service quality is.

H2: There is a positive impact of reliability on overall evaluation of retail service quality.

Personal Interaction: The personal interaction dimension of retailers includes employees having knowledge to answer questions, inspiring confidence, providing prompt service, willing to respond to customer's requests, giving customers individual attention, showing consistent courteously with customers and even treat customers properly on the phone. The higher customers appreciate personal interaction, the higher the overall evaluation of retail service quality is.

H3: There is a positive impact of personal interaction on overall evaluation of retail service quality.

Problem solving: Problem solving addresses handling of returns, exchanges and complaints. The problem solving dimension of retailers includes: willingness of retailers to handle returns and exchanges, sincere interest in problem and handling customer complaints directly and immediately. The higher customers appreciate problem solving, the higher overall evaluation of retail service quality is.

H4: There is a positive impact of problem solving on overall evaluation of retail service quality.

Policy: This dimension captures aspects of service quality that are directly influenced by retailers' policy. It includes high quality merchandise, convenience of parking and operating hours as well as accepting major credit cards. The higher customers appreciate policy, the higher the overall evaluation of retail service quality is.

H5: Policy has positive impact on overall evaluation of retail service quality.

RESEARCH METHOD

Data were collected via a large sample survey. Based on a qualitative exploratory study using in depth interviews, 28 items of RSQS were examined and/or revised. The questionnaire was then finalized to conduct official quantitative research. Respondents of the survey were Bangalore's shoppers. A convenient sampling was used at 5 biggest supermarkets in Bangalore city. By this process, 250 usable questionnaires were received. In terms of measurement scale   , RSQS of supermarkets in Bangalore was measured using RSQS (Dabholkar et al., 1996) which was in the form of 7-point Likert scale. , from '1-Strongly disagree' to '7- Strongly agree'. An in-depth interview of three shoppers was used to pre-test the instrument. These shoppers were selected because they had visited at least three different chains/local large format stores in at least two different cities in India in the last three months and had spent a significantly large amount on shopping during such store visits However, some items were not relevant to the supermarket setting in Bangalore. For example, service quality via telephone or credit cards. Other questions which were not easy to understand after qualitative research and pre-testing were revised accordingly. The scale for overall evaluation of service quality was adjusted from Fornell et al. (1996). For final analysis, after deleting incomplete records, we had a respondent base of 212 respondents.

RESULTS AND DISCUSSION

Collected data were analyzed using SPSS software package. Exploratory factor analysis (EFA) was first applied to each of the 5 constructs to assess unidimensionality (Conway and Huffcutt, 2003). Next, reliability was assessed for each scale. Then, a joint EFA was applied to all scales together to preliminarily assess convergent validity and discriminant validity (Hair et al., 1998). Multiple regressions were lastly employed to test the model. The results show that 7 variables were eliminated due to low factor loadings or cross-factor loading. The 18 remaining items were grouped into 4 factors (Table 1). Personal interaction (PIN) and Problem solving (PRO) were converged into one factor termed "Service personnel". Consequently, retail service quality in this study composes 4 components namely Service personnel, physical aspect, policy, and reliability. The indicators of each component are illustrated in Table 1. Statistics also indicate that 3 items in the scale for overall evaluation of service quality are qualified with loadings from 0.784 to 0.894; Eigenvalue 1.906; Cronbach alpha 0.712.

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RELIABILITY RESULTS

Internal reliability of the scale was examined using the Cronbach alpha coefficients. The results (Table 2) indicate that the retail service quality scale proposed by Dabholkar, Thorpe and Rentz (1996) is a reliable instrument, returning an overall Cronbach alpha of 0.78. Taking 0.7 and above as indicator of reliability (Nunnally, 1978), we see that all underlying sub-dimensions/dimensions are reliable except the Convenience sub-dimension pertaining to Physical aspects dimension of service quality (alpha = 0.67). This compares to the findings of Boshoff and Terblanche (1997) who found the RSQS scale (alpha = 0.93) and all dimensions reliable except the Policy dimension (alpha = 0.68).

The initial model was adjusted to account for the 4 components of service quality, instead of 5 components. The qualified items were then used to calculate the score for each construct in the adjusted model by averaging the scores of items included in each construct.

VALIDITY RESULTS

Correlation coefficients between the dependent variable and independent variables range from 0.247 to 0.511 which indicate significant linear associations between them. Multiple regressions resulted in an adjusted R = 0.361, meaning that 36.1% variance of the dependent 2variable can be explained by four mentioned antecedents. The results also indicate that Service personnel (beta = 0.291), Physical aspect (beta = 0.212) and Policy (beta = 0.251) significantly contribute (p < 0.05) to explain the overall evaluation of service quality, while beta value for Reliability is as low as 0.024 which is non-significant. Variance inflation factor (VIF) values score from 1.180 to 1.514 indicating that multicollinearity among independent variables is not a problem.

The results provide statistical evidence to support hypotheses on the significantly positive impact of Service personnel, Physical aspect and Policy on the overall evaluation of service quality. On the other hand, the hypothesis on the positive impact of reliability on the overall evaluation of service quality was not supported by the empirical data in this study.

The results of this study evoke some discussion. Firstly, in this empirical study, the scales for Personal Interaction and Problem Solving don't meet discriminant validity because they are loading on the same factor. These two dimensions include items, which are related to services provided by supermarket's employees; therefore to go further in this research this factor is termed "Service personnel". Although, not being congruent to the original scale by Dabholkar et al. (1996) in the US, this result is quite consistent with the results of Mehta et al (2000) in Singapore and Nguyen (2006) in Hongkong , in which all items related to personnel (interaction and problem solving) are converged into only one component. All other factors were a mix of various items relating to Reliability, Personal interaction, Problem solving and Policy. This finding is similar to the findings of Kim and Jin (2001) who find support for a four factor structure. However, the fourth factor in this study had no loadings greater than 0.45 enabling us to understand why the three factor solution also shows comparable fit with the four factor structure.

Secondly, the RSQS scale applied to Bangalore has been refined to four-component construct which consists of 18 items representing Service Personnel, Physical Aspects, Policy and Reliability. Among these components, three factors Service Personnel, Physical Aspects and Policy significantly impact on the overall retail service quality of supermarkets in Bangalore. The results also show that Service Personnel has the highest impact and Physical Aspects has the lowest one, while the role of Reliability does not confirmed by the data

An Exploratory Factor Analysis (EFA) was conducted for the 26 items of using oblique rotation in SPSS-X resulted in four factors explaining 64.212% of the variance. Of these only the second factor was identifiable as pertaining to store Physical aspects. All other factors were a mix of various items relating to Reliability, Personal interaction, Problem solving and Policy. This finding is similar to the findings of Kim and Jin (2001) who find support for a four factor structure. However, the fourth factor in this study had no loadings greater than 0.55 enabling us to understand why the three factor solution also shows comparable fit with the four factor structure.

TABLE 2: EFA RESULTS OF RETAIL SERVICE QUALITY MEASUREMENT SCALE

Sl. No.	Variables	Code	Factor			
			1	2	3	4
+	Employees Knowledge to answer Questions	PIN10	0.449			
+	Telling Exactly what will be performed	PIN11	0.451			
+	Giving prompt service	PIN 12	0.522			
+	Consistently courteous with customer	PIN 13	0.645			
+	Behavior of employees instills confidence in customers	PIN 15	0.571			
+	Never too busy to respond to customer's request	PIN 17	0.674			
+	Individual attention	PIN 18	0.713			
+	Sincere interest to solve problem	PIN 19	0.652			
+	Handling complaints directly and immediately	PRO 20	0.672			
+	Willingness to handle returns and exchanges	PRO 21	0.667			
+	Modern-looking equipment & fixtures	PAA 01		0.649		
+	Attractive Store and physical facilities	PAA 02		0.612		
+	Appealing materials associated	PAA 03		0.519		
+	Clean, attractive, convenient physical facilities	PAA 04		0.499		
+	Convenient operating hours	POL 25			0.737	
+	Convenient parking lot	POL 24			0.683	
+	providing services at the time promising to do	REL 08				0.718
+	promising to do something and doing so	REL 07				0.469
	Eigenvalue		6.016	2.27	1.42	1.18
	Variance extracted %		31.64	7.11	5.54	5.57
	Cronbach's Alpha		0.84	0.62	0.61	0.55

CONCLUSION

MANAGERIAL IMPLICATIONS

Retailers and researchers applying multi-dimensional service quality scales developed internationally such as the RSQS to the Indian context are advised to pay special attention to scale adaptation to ensure that the scale has reliable diagnostic ability. International retailers planning a foray into India would require careful re-thinking before applying their existing perspectives on service quality gained in other countries to Indian shoppers.

This study has demonstrated the actual measurement of retail service quality in Bangalore's supermarkets and considered the impact of retail service quality on customer's overall evaluation of retail service quality. In this respect, this paper suggests certain managerial implications for supermarkets and their managers in Bangalore.

Firstly, Service Personnel is the key factor impacting customer's perception of service quality in supermarkets. By improving the performance of employees, supermarkets can increase customer's satisfaction. In addition, other factors that customers are concerned at supermarkets are Policy and Physical Aspects. Existing supermarkets and new/ potential entrants to Bangalore must specify the weight of each factor impacting customer's perception of service quality. Based on these weights and the average score for each factor, supermarkets can propose appropriate action plans.

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Secondly, international retailers especially supermarkets which are about to come to do business in Bangalore should be attentive when studying on retail service quality in Bangalore so that they can focus on major dimensions and plan to meet the customers' expectations. Other factors impacting customer's overall evaluation of retail service quality should be taken into account in future research.

THEORETICAL IMPLICATIONS

Sureshchander et al. (2001) raised the question of whether service quality scales such as the SERVQUAL and SERVPERF address the 'critical aspects of customer perceived service quality' in India. This study lends further credence to their argument indicating a high need for basic research into the Indian retail consumer perceptions of service quality. The RSQS validity and reliability in the Indian retail setting indicate that the RSQS can be used to assess the overall service levels provided by the store and for tracking changes in overall service levels over a period of time. The results of this study provide additional empirical evidence to evaluate the RSQS when being employed in the case of supermarkets. The original five dimensions of RSQS does not factor out in this study as they did not factor out in the previous research in the case of supermarkets (e.g. Mehta et al, 2000; Kim and Jin, 2001; Kaul, 2005; Nguyen Dang Duy Nhat ,2007).

This indication is somehow similar to Kaul's comment when employing the RSQS to study about retail service quality in Indian supermarket setting in 2005. That is, retailers and researchers who apply the RSQS to retailers or supermarkets in general or in Bangalore in particular should pay attention and need to adapt the measurement scale.

LIMITATIONS AND FURTHER RESEARCH DIRECTIONS

Service quality researchers argue for scale adaptation to account for contextual variations both in terms of the industry setting (Carman, 1990; Babakus and Boller, 1992; Dabholkar, Thorpe and Rentz, 1996; Furrer, Liu and Sudharshan, 2000) and the region of study given a difference in cultural and environmental factors (Malhotra *et al.*, 1994; Herbig and Genestre, 1996; Furrer, Liu and Sudharshan, 2000; Mehta, Lalwani and Han, 2000; Kim and Jin, 2002; Zhao, Bai and Hui, 2002); Subhashini Kaul, 2006; Nguyen Dang Duy Nhat (2007) and Depending on the context, adaptation of the service quality scale may not be simple and the specific application needs to be examined in detail (Brown, Churchill and Peter, 1993). Future research needs to address this critical need before research into service quality in Indian retailing can progress further.

First, this study was only conducted in supermarkets in Bangalore. Generalizability will definitely be improved if other cities were included. Second, the results of this study may further be validated by employing CFA and Structural Equation Modeling. Third, the four factors of retail service quality can explain 35.5% of the variance of customer's overall evaluation of retail service quality. Other uncovered factors may exist. Future research should consider factors such as merchandise, display, safety, promotion policy, loyalty policy, etc. Lastly, only limitation of this study is the use of a relatively small sample and of the study being restricted to the city of Bangalore. This could impact the extent to which these results can be extrapolated to other retail formats, product types and cities. Future research in Indian retailing could examine a wider respondent base across other cities of India. A larger sample size would also enable separate analysis across different income groups, gender and age categories. Future research should take into account of other types of retailers in Bangalore.

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CONCEPTUALISING CAUSE RELATED MARKETING: A REVIEW & RESEARCH PROPOSITIONS

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ABSTRACT

In recent times, corporate social responsibility has gained lot of importance among companies because of its long-term benefits. Companies should be responsible to the society for their activities and owe to the environment in which they operate. This review aims to investigate the consumer perceptions towards the cause related marketing .This review also examines the effectiveness of cause related marketing in building brand image. Finally this review also suggests how cause related campaigns can be created & what can be possible hindrances in creating cause related campaigns. This review will generate & develop relevant research propositions. This will be justified by the conceptual & managerial implications that would radiate from the proposed study.

KEYWORDS
Brand Image, cause related marketing, Consumer perceptions.

INTRODUCTION

Cause related marketing took root during the early 1980s in the US, essentially as a marketing and promotional tool. However, gradually, the rising level of public awareness and education levels resulted in the adoption of cause related marketing by a wide variety of companies throughout the world, not only as a marketing tool, but also as a means for fulfilling societal responsibilities while simultaneously pursuing one's business goal. Cause marketing benefits the society and also provides a niche identity for the organization. Many empirical studies have established that effective cause marketing programs can enhance a company's reputation and brand image, thereby leading credibility to its marketing efforts. In the process, customers also gain access to a simple and easy way to contribute to social causes through their purchase decisions.

Despite the fact that corporate social responsibility has gained lot of importance among companies because of its long-term benefits little progress has been made in showing how cause related marketing works and improve the brand image.

Consequently the main aim of this review is to examine the how cause related marketing works and improve the brand image. Building from the literature some research questions/problems is inherent. Does cause related marketing has any impact on brand image? How customers perceive the cause related marketing campaigns? What are the advantages and hindrances of cause related marketing?

As such the literature review revolves around these issues. To build the theoretical frame work issues pertaining to cause related marketing, brand image will be reviewed.

The second part of review examines the impact of cause related marketing on brand image and customers perceptions towards cause related marketing. This is done by building on findings of research study "Brand benefits 2003/2004.

The third part of the review examines prior research on how cause related marketing works. But very limited research has been conducted in this respect. This could be due to complexity involved coupled with inconsistencies that may have arisen because different geographical areas. This review will generate & develop relevant research propositions. This will be justified by the conceptual & managerial implications that would radiate from the proposed study.

RELEVANT LITERATURE

CAUSE RELATED MARKETING

Cause marketing or cause-related marketing refers to a type of marketing involving the cooperative efforts of a "for profit" business and a non-profit organization for mutual benefit. The term is sometimes used more broadly and generally to refer to any type of marketing effort for social and other charitable causes, including in-house marketing efforts by non-profit organizations. Cause marketing differs from corporate giving (philanthropy) as the latter generally involves a specific donation that is tax deductible, while cause marketing is a marketing relationship not necessarily based on a donation.

Cause related marketing are more than buzz words today. While the issue of obligation and commitment to society beyond business has risen to prominence among management circles as well as the wider public, it is still a nascent subject among stakeholders

Companies need to be responsible and accountable to other "stakeholders" in society such as their local communities, their employees, or nonprofit organizations. The term corporate social responsibility or cause related marketing is generally used to express the idea that companies have obligations that extend beyond shareholders.

In recent times, corporate social responsibility has gained lot of importance among companies because of its long-term benefits. Companies should be responsible to the society for their activities and owe to the environment in which they operate. But it takes more than supporting the most happening subject to get mileage. Identifying the right cause based on inner values and common goals can bring about the best results both internally with employees and also externally with stakeholders.

BRAND IMAGE

A brand is a name, sign, symbol, slogan or anything that is used to identify and distinguish a specific product, service, or business. A legally protected brand name is called a proprietary name. The complete bundle of thoughts a customer has in his or her mind about a company, product or service developed through communications and experience, including the distinguishing "human" characteristics of a brand personality (eg, warm and friendly, strong and reliable).

CUSTOMER PERCEPTIONS

In philosophy, psychology, and cognitive science, perception is the process of attaining awareness or understanding of sensory information. In simple words customer perceptions means how customers views products/services or organizations.

CAUSE RELATED MARKETING AND BRAND IMAGE OF THE COMPANY

Effective cause programs can enhance a company's reputation and brand image and increase the credibility of its marketing effort while giving customers a convenient way to contribute to nonprofit organizations through their purchasing decisions. A brand's value is a function of the customer's perception, his/her attitude towards it, and the emotional value that the customer attaches to the brand. It's not only about whether the customers are able to relate, understand and finally appreciate the company's vision, but also whether the employees are able to pass on the company's culture to the customers .The essence here is that every product is keen to occupy the single bit of mind space of the customer. All competitors vie for the same space and all positioning platforms are already taken up.

Cause-related marketing has become a part of strategic marketing plans. Cause-related marketing is an activity where businesses and charities form a partnership with each other to market an image, product or service for mutual benefit. Embracing a cause does make good business sense. A business's genuine commitment to a worthy cause enhances a company's image and helps build brand loyalty.

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Cause-related marketing is a strategic way to highlight a business's reputation within their target market. Cause-related marketing has the power to be a very positive differentiator from competitors and to realize many benefits. These benefits include increased visibility; increased customer loyalty; enhanced company image; positive media coverage; increased good will; and increased sales. Cause-related marketing also provides an emotional engagement of your client and other stakeholders.

If business or brand doesn't stand for a cause, consumers may turn to competitors. The number of consumers who say they would switch from one brand to another if the other brand were associated with a good cause has climbed to 87 percent, a dramatic increase in recent years, according to a Cone Cause Evolution Survey. Even niche markets, such as the nation's college students, now show a striking preference for brands they believe to be socially responsible. According to a newly released College Explorer study from Alloy Media, nearly 95 percent of students say they are less likely to ignore an ad that promotes a brand's partnership with a cause.

By choosing a cause organization is passionate about, cause-related marketing is emotionally fulfilling. It's a way to merge profit center with "passion center" and build a business that mirrors personal values, beliefs and integrity. If your cause also resonates with your target market, your activities will generate tremendous goodwill and media attention can be its side effect.

Corporate identity is referred to as the self-presentation of a company that consists of the cues offered by an organization through its behavior, communication and symbols. These signals are received by various groups, both internal and external, and are formed into perceptions of and attitudes toward the organization that, in essence a positive corporate image is the foundation for corporate success, which can be an incentive for the sale of products, recruitment of the best employees and attraction of investors, and can act as a competitive advantage.

CONSUMERS PERCEPTION TOWARDS CAUSE RELATED MARKETING

Consumers more likely to select brands offered by companies that engage in cause-related marketing (CRM). Somewhat surprisingly, little evidence exists that directly addresses this issue. Accordingly, the present examination investigates whether and when CRM efforts influence consumer choice. The results from several studies indicate that information regarding a company's support of social causes can affect choice. However, CRM's influence on choice is found to depend on the perceived motivation underlying the company's CRM efforts as well as whether consumers must trade off company sponsorship of causes for lower performance or higher price. The results also indicate that CRM cues affect choice primarily through compensatory strategies involving trade-offs rather than through no compensatory strategies. Implications of the current findings for existing theory are discussed along with directions for future research.

When consumers are presented with competing choices that appear equal in price, benefits and quality, one sure way to stand out from competition and gain customer loyalty is to support a charitable cause that your customers care about.

Now more than ever, customers are being bombarded with messages from competitors demanding their attention and motivating them to open their wallets. Consumer research has found that consumers are influenced positively towards purchasing products and services due to a company's alignment with a cause. Key findings from Business in the Community's 'Brand Benefits of cause related marketing' 2003/04 research study identified the following impacts that CRM has on brand affinity, brand equity and on actual consumer perception, loyalty and buying behavior:

- 98% of consumers in the UK and the USA were aware of at least one CRM programme, as compared with 88% in 2000,
- 83% of consumers had participated in at least one CRM programme, compared with 68% in 2000 and 73% in the USA,
- 7 out of 10 consumers who had participated in a Cause Related Marketing programme reported a positive impact on their behavior or perceptions,
- 48% of consumers showed an actual change in behavior, saying that they switched brands, increased usage or tried or enquired about new products,
- Three quarters (75%) of all participants in Cause Related Marketing programmes feel that it would also affect their future behavior and attitudes,
- 50% of consumers have said that they would feel more positively towards the company, brand, product or service in the future if they were involved in a Cause Related Marketing program, an increase from 31% in 2000.
- One out of every three consumers said they would be more likely to buy a product or service if they knew that a certain amount of the purchase price was being donated directly to a cause or campaign.
- Young people age 18-24 and women are most likely to buy a product or service connected to cause-related marketing.
- 40% of women versus 30% of men were more likely to buy a product or service if they knew that a certain amount of the purchase price was being donated directly to a cause or campaign.
- 46% of respondents age 18-24 versus 31% of respondents 45-64 were more likely to buy a product or service if they knew that a certain amount of the purchase price was being donated directly to a cause or campaign.

A UNIQUELY POWERFUL POSITION

Eighty percent of Edelman's respondents agreed that "corporations are in a uniquely powerful position to make a positive impact on good causes." Consumers will also reward a company that makes engagement with good causes an integral part of the way it does business: 72 percent in the Edelman polling said they're "more likely to purchase a product from a company that supports good causes and has fair prices than a company that simply offers deep discounts."

While willingness to pay a premium for cause-supporting products is less than universal, 34 percent said that, in the past six months, they've "purchased a brand that supports a good cause even if it was not the cheapest." That dovetails with the findings of recent polling by BBMG in which 81 percent of respondents said they bought more "socially and environmentally friendly products and services" in the past year than they'd done in the preceding year. The impulse to reward good corporate deeds seems more common than the inclination to punish bad ones. If a company failed to engage with worthy causes, 34 percent "would criticize it to others" and 36 percent would "refuse to buy its products/services."

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ADVANTAGES OF CAUSE RELATED MARKETING

There are advantages for both nonprofit and business. For business, cause-related marketing proves that it is socially responsible, and provides great public awareness of its values and willingness to support good causes.

Cause marketing aims at helping both – the companies as well as the charities. The companies with deep pockets can act as sponsors for the charity events conducted by the non-profit organizations. In such a way, they will be able to make their products and brands more popular amongst the common people. The word of mouth in these cases will be so strong that the companies will see a phenomenal growth in their sales turnover and net profits. This can be the best way of targeting young customers who are the biggest consumers of most of the products introduced in the market

Cause marketing can provide positive and creative publicity for the companies. The print and electronic media attention, which they will receive, will be helpful for them in chalking out business expansion policies in the years to come. A company having collaboration with a charity shows that it is concerned about its corporate social responsibility.

BENEFITS FOR BUSINESSES

- **Attracting and Retaining Customers:** Long-term efforts help attract and build long-term relationships with customers (Cone/Roper Executive Study, 2000). There are expectations for companies to go beyond their call of duty (Millennium Poll on CSR, 1999). Propensity of consumers to switch is far higher when they find that a company supports a social cause (Cone/Roper Cause-Related Marketing Trends Report 1999).
- **Market Differentiation:** CRM helps to create an alternative and distinctive approach to brand advertising.
- **Outreach to Niche Markets:** Partnering with nonprofit organizations can help a company to connect with specific demographic or geographic markets.
- **Motivated and Loyal Employees:** Companies can attract and retain quality employees (2000 Cone/Roper Executive Study).
- **Reinforced Company Mission:** CRM efforts can help communicate to employees, customers, suppliers and other stakeholders a company's commitment to CRM.

HOW CAUSE RELATED MARKETING WORKS?

Cause-related marketing is essentially collaboration between a business organization and a nonprofit to promote a specific cause and raise funds for it. There are several versions of cause-related marketing to suit the needs of different businesses and nonprofit organization some of the popular ways of cause related marketing are:

PRODUCT SALES

Some companies like to bring out various products that highlight the cause, and sell them through various marketing and retail channels. It could be T-Shirts, Caps, Badges, Bags, Watches, and other such products that have mass selling potential. People like to associate themselves with the cause and make their own statement by buying and using those products. The nonprofit organizations receive a portion of the sale proceeds generated through such sales campaign.

POINT OF PURCHASE SCHEMES

In this strategy, the non-profit partners with a renowned store chain to raise funds for a particular cause. The people who make purchases at the store are asked if they would like to add a certain percentage of their bill as a donation amount for the cause. The amount is kept low in order to generate maximum positive response from the people. The funds raised in this manner can add up to a substantive amount over a period of time.

LICENCING THE NON PROFIT BRAND

Well-known nonprofit organizations can leverage their own logo and brand power for raising funds. They may allow various gift and souvenir product manufacturers to use their logo or brand on their products. This promotes the nonprofit's cause, and generates funds for it at the same time. The manufacturer benefits from it because customers are willing to buy the product because of its association with the nonprofit.

COBRANDING

The nonprofit organization may engage in co-branded events and programs along with various corporate and other organizations and institutions. The ticket revenues and other funds generated from such events or programs contribute towards the causes promoted by the nonprofit organization.

SOCIAL MARKETING

Some corporate houses like to create marketing campaigns that promote a social cause in association with a non-profit organization. For instance, a pharmaceutical company may associate itself with a cancer research foundation to raise funds for the nonprofit. It helps to promote the goals of both the business entity and the nonprofit

STEPS HELPFUL IN CREATING CAUSE RELATED MARKETING CAMPAIGN

1) Choose a charity or good cause that you are interested in and is related to your company or the time of your campaign. For instance, if you are a restaurant you can conduct a food drive for the homeless. Or if you are a jewelry store you may still provide a food drive during Thanksgiving.

2) Contact the charity or good cause that you are going to collaborate with to make sure you have their permission and fulfill any requirements they may have.

3) Check with your local government to research any restrictions, laws or permits you may need to conduct your charity marketing. The city of Orlando had a restriction where you could not feed more than 25 homeless people. Thank goodness, the Supreme Court ruled it unconstitutional.

4) As all marketing campaigns, prepare, prepare, prepare. Have a well planned out campaign and treat it as you do all you're marketing campaigns.

5) Contact the media. The media love Cause Related Marketing activities. What is better than a feel-good news story? With the right actions on your part, you can get lots of free media exposure.

6) Track and Analyze. Just like all marketing campaigns, you have to track and analyze your efforts. If it is not working out then you may need to stop. Giving is great but you need to have a thriving business to be able to afford to give. If you go out of business, you will not be helping anyone. Make sure it is a win-win situation.

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7) Pat yourself on the back for being a good person. Doesn't it feel good to give? Here is a link to the The Cause Related Marketing Halo Awards. See there are people that appreciate your efforts to help the community.

Now go and help your community. God knows it needs all the help it can get! Use all different ways to implement this type of marketing. Be creative, have fun and remember it is a good thing what you are doing.

BARRIERS IN CAUSE RELATED MARKETING

The statistics out there clearly show that cause marketing is marketing that works. But if it were that easy to do, everyone would be doing it. Even among the folks that are trying, some are not doing it well. So what goes wrong in the process? Here are a few of the biggies:

Lack of Commitment: Your Company gets geared up to launch the new cause marketing strategy, but inevitably, there are bumps in the road. Without a deeper commitment to the "cause" in the cause marketing equation, your business won't have the stamina to work to get it right. Make sure that your cause is one that your business is passionate about.

Lack of Direction: Once you've found your passion, you must have a clear plan regarding what you are actually doing. Are you giving a percentage of each sale, giving a flat donation, or doing something else? Make sure you know what your plan is before you get started. It's not enough to market that you are partnering with X charity and then not know what the framework is.

Lack of Clarity about Expectations: You'll want to have clear expectations and open communication with the non-profit, with your employees, and with yourself. If no one, including you knows what to expect, how will you know when you've gotten there or when you've failed? How will you know when you are getting off track and need to make corrections along the way?

Lack of Authenticity: If your company doesn't care about the cause it has chosen, if there is a perception that it doesn't care, or it is incongruous with your business for some reason, your campaign won't work. There's no getting around this one, and there are no tricks. If there's no heart, forget it.

CONCLUSION

CRM is gaining popularity because it not only reaches the customer's heart but also targets their brain. It helps to build a brand image and increases profitability in the long run. Innovations in these areas help in gaining leadership and association with customers. Today, consumers also prefer brands associated with good causes and charity and have a better perception towards the organization.

When cause marketing was launched over initially, it was viewed as a raw and new idea. Over the last decade, Cause Related Marketing (CRM) has played an increasingly vital role in the marketers and fundraisers toolkit. Whether the focus is the provision of school equipment, the relief of poverty, public health or international aid, the links between commercial brands and good causes continue to grow stronger. Cause Related Marketing is not philanthropy as it is based on recognition by businesses that link with charities or good causes can be mutually beneficial.

It is a way of addressing current social issues by providing resources and funding, while addressing business marketing objectives. Today, cause marketing is a global phenomenon that has developed into the new way for businesses and nonprofit causes to joint venture to achieve mutual benefits. Cause-marketing partners a nonprofit cause's brand and assets with the power of a corporation's brand, marketing, and people to achieve social and shareholder value while communicating values. Cause marketing has come a long way from its early days, as it has become increasingly advanced, and now includes everything from one-off cause sale promotional activities to wider, longer term marketing relationships to companies that make long-term commitments to causes that eventually become part of their corporate identity, culture, and corporate social responsibility. Today, cause marketing can include product sales, promotions, and program-driven partnerships between companies and nonprofit causes.

Cause marketing is increasing traditional corporate philanthropic support and becoming the new way corporations and nonprofits organizations are working together. Different from philanthropy or sponsorship, cause marketing combines the two—the community benefit associated with philanthropy and the business value tied to sponsorship—self-interest combined with un-selfish ambitions.

Cause marketing's time has come for many companies to continue to find more money and resources in their budgets for cause marketing. This segment of corporate giving and corporate social responsibility is a growing phenomenon and an important new marketing and corporate citizenship tool to create profitability and a new fundraising and marketing tool for nonprofits to generate revenue as well as achieving critical mission or goals.. Hence, organizations should concentrate on innovative ideas to connect with a good cause through their products and services. Along with brand image, the creation and retention of high equity for the brand is also assured. This can help as a tool for differentiating the company and its brand from those of its competitors. Care and concern for the society has already become a successful mantra for a company valuing corporate citizenry. Thus, corporate philanthropy and its social responsibility has now become the focal point for all the companies while designing their products and marketing campaigns. Public perception and opinion along with their expectations can be fundamental in designing communication and campaigns. Along term orientation of social causes and commitment towards such value addition as shown by Tata is essential for the campaign to maintain its trustworthiness and for garnering favorable plebiscite

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A STUDY OF THE FACTORS AFFECTING EMPLOYEE ENGAGEMENT AMONG THE EXECUTIVES OF MNCS' IN DELHI AND NCR

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ABSTRACT

In the 21ˢᵗ century many companies and research firms see engagement as a powerful source of sustainable competitive advantage. Organizations today are increasingly dependent on knowledge creation and human development for their optimal and sustainable growth. In order to face global competitiveness, they need to demonstrate world class performance and re-examine the drivers of organizational performance employee engagement. HR practices such as staff retention and talent management are always centered on this. HR experts are of the view that if an employee is not driven by motivation, he will not be able to give his best to the organization. In this paper an attempt has been made to develop an understanding of the concept of employee engagement. Further it also aims at identifying the key drivers and few models of employee engagement. The Institute of Employment Studies (IES, UK) has suggested a diagnostic tool which has been used to find out which of the factors have the highest influence in creating a feeling of valued and involved in an organization and hence leads to employee engagement. For this purpose a survey was conducted among the executives of MNCs' in Delhi and NCR and the findings have been presented.

KEYWORDS

Drivers of employee engagement, engagement, involvement, satisfaction.

INTRODUCTION

The concept of employee engagement is rapidly gaining popularity in the workplace. In the 21ˢᵗ century many companies and research firms see engagement as a powerful source of sustainable competitive advantage. Organizations today are increasingly dependent on knowledge creation and human development for their optimal and sustainable growth. To meet the challenges resulting from global competitiveness, they need to demonstrate world class performance and re-examine the drivers of organizational performance employee engagement.

Employee engagement is about building a truly great relationship with the workforce.

(Sahoo and Sahu, 2009). HR practices such as staff retention and talent management are always centered on this. Employee is one of the key assets of the organization and today's 'employee' in the organization is treated more than an 'employee' **(Rajgopal and Abraham, 2007).**

Engaged employees do not look for organizational support in each and every step of their way. They are self starters, and believe in supporting the organization in all its endeavours. It is all about giving an employee a bonded eco-system to work in, wherein he shares a common goal, belief and values with the team, with each member having a clear understanding of the goals. Employees should get an opportunity to put their knowledge, skills and abilities (KSA) to prove themselves. It's about giving employees a work culture where they are free to take up initiatives.

SIGNIFICANCE

'You must make the choice to be engaged with your employees every day – for engagement is a decision before it is an action.'

(Michael J Hart)

Repeated research has shown that there is a direct correlation between the level of employee engagement in a company and the company's overall financial and operational performance. High levels of employee engagement depicts more productivity, less absenteeism, lower turnover, long term organizational affiliation, higher job satisfaction, better client servicing and happier customers, high levels of motivation, higher work morale, team spirit, loyalty and commitment to organization and a high level of energy and enthusiasm.

An engaged employee is aware of the business context, and works with the colleagues to improve the performance within the job for the benefits of the organization. According to **Concelman (2005)** engaged employee tries harder, contributes more, speaks positively about the organization and stays longer.

Harter (2002) examined the relationship at the business unit productivity and employee engagement and noticed that the 'engaged employees' are satisfied employees which in turn leads to higher productivity.

Employee engagement pushes up the level of commitment, involvement and dedication that an employee has towards his job and organization. It is a two way concept; wherein organizations work hard to engage their employees and the employers in turn decide on the level of engagement they would offer their employees.

Gallup found that when companies focus on improving employee engagement, productivity improved in the range of 25% or more. Interestingly, Gallup also found that this often results from the existing top performers improving more than the lower performers, primarily because the top performers increase their engagement level, while the bottom performers remain unchanged. **Hewitt** in its study pioneered the measurement of employee engagement-shifting the focus from "employee satisfaction" to "employee engagement". Engagement is the energy and passion employees have for what their employer is achieving in the market that has a much stronger connection to business results. Ensuring that the employees are actively working towards company goals is a solid start.

According to another survey conducted by **Towers Perrin** on 86,000 employees around the world all of whom were employed full time by midsize to large organizations in its **Global Workforce Study 2007-2008,** 'Closing the Engagement Gap: A Road map for driving superior business performance' states that "The companies with high employee engagement had a 19% increase in operating income and almost a 28% growth in earnings per share. Conversely, companies with low levels of engagement saw operating income drop more than 32% and earnings per share decline over 11%.

They also concluded "Engaged employee redefine the job to improve efficiency, effectiveness and results. Willing employees do what's necessary, but often no more. Engaged employees seek opportunities to go beyond- to try new approaches, test boundaries, challenge the status quo, achieve personal or teams bests- because they find it stimulating, challenging and satisfying. Willing employees are solid "B" or "C" performers while engaged employees always seek to deliver "A" performances".

The research conducted by **Triple Creek** established the well documented link between retention, productivity and company performance with increase in employee engagement.

In a study of professional service firms, the **Hay Group** found that offices engaged employees were up to 43% more productive. **Blessing White** concluded in its **State of Employee Engagement Report, 2008** that "Engaged employee are not just committed. They are not just passionate or proud. They have a line of sight on their own future and on the organization's mission and goals. They are enthused and in gear, using their talents and discretionary effort to make a difference in their employer's quest for sustainable business success".

Development Dimensions International (DDI, 2005) states that a manager must do0 five things to create a highly engaged workforce. They are:

- Align effort with strategy.
- Empower

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- Promote and encourage teamwork and collaboration
- Help people grow and develop
- Provide support and recognition where appropriate.

LITERATURE REVIEW

The concept of employee engagement has been defined in many ways by the academicians as well as corporate research agencies. Hence in this section an attempt has been made to incorporate both the aspects. Some of the practitioner oriented definitions are given below:

The publication of the **Conference Board of USA (2006)** describes employee engagement as a heightened emotional connection that an employee feels for his or her organization that influences him or her to exert greater discretionary effort to his or her work.

According to the **Institute of Employment Studies (IES)**, employee engagement is defined as a positive attitude held by employees towards the organization and its values.

The **Corporate Leadership Council (CLC)** defines engagement as the extent of employees' commitment, work effort, and desire to stay in an organization.

Hewitt Associates defines 'employee engagement' as 'the state in which the individuals are emotionally and intellectually committed to the organization's goals. Apart from these above mentioned definitions an attempt has been made to include some of the academic researcher oriented definitions also. Accordingly, Engagement at work was characterized by **Kahn, (1990)** as 'the harnessing of organizational members' selves to their work roles. In engagement people employ and express themselves physically, cognitively and emotionally during role performances.

Employee engagement is a combination of organizational aspects like individual commitment, organizational citizenship behaviour (OCB) and employee motivation. It is a real challenge **(Wash, 1999).**

Stockley (2006) defined 'engagement' as an extent that the employee believes in the mission, purpose and values of the organization and demonstrates their commitment through their actions as an employee and their attitude towards the employer and the customers.

Miles (2001) described it as intensively involving all employees in high-engagement cascades that create understanding, dialogue, feedback and accountability, empower people to creatively align their subunits, teams and individual jobs with the major transformation of the whole enterprise.

It is making employees to work with not only their minds and body but also with 'hearts'. Engaged employees and organizations will "go the extra mile" for each other because they see mutual benefits of investing in their relationship. **(Tripathy, 2007)**

According to **Mc. Bain (2006),** employee engagement is a recent concept, which describes inter-alia employees' commitment, job satisfaction and involvement. The performance level of employees at every stage in the organization can be improved as a result of this**. (Atwateret.al 2006; T&D, 2006).**

Employee engagement is the extent to which people enjoy and believe in what they do, and feel valued by doing it. It is the degree of commitment towards the hub which an employee performs and till how long the employee remains with the organization as a result of their commitment **(Mahendru et.al, 2006)**

KEY DRIVERS OF EMPLOYEE ENGAGEMENT

Identifying the key drivers of employee engagement in organizations will help to create a roadmap for achieving organizational effectiveness. This will help to drive value and optimize resources and contribute to organizational success.

Empirical studies aimed at discovering the predictors of employee engagement have investigated the role of both personal attributes of the employees as well as situational factors having a bearing on their work experience.

ANALYZING THE ROLE OF SITUATIONAL FACTORS

One of the indicators of employee engagement is internal communication. A study conducted by **Finney (2006)** found that companies with highly effective communication practices have 19% higher market premium, 57% higher shareholder return over five years, and a level of employee engagement that is 4.5 times higher than that of the competition. It has been also seen that the organizations are trying to use training as a methodology to address the issues related to values that are affecting employee engagement. **Vogel (2006)** believes that companies' policy on 'benefits package' reduces the burden of family members which improve employee engagement and thereby productivity of the organizations. An institution's ability in providing psychological safety such as good support from the supervisors and rewarding system has a positive relation with employee engagement. Job enrichment and work role are all part of this. **(May et. al, 2004).** According to **Glen (2006)** value of assessment and taking feedback of employees have been followed as practical strategy for employee engagement. He further says that work environment is a better predictor in this direction. Moreover, organizational policies pertaining to employees are an important component in determining employee engagement. **(Rajgopal and Abraham, 2007).**

Saks (2006) has identified the following three factors that have a bearing on employee engagement: (a) relationships, (b) work life balance, and (c) values. **May et.al (2004)** found (a) meaningfulness, (b) safety, (c) availability, (d) rewarding co-workers, and (e) supportive supervisory relations to be positively related to employee engagement. **Sharma and Sharma (2003)** have found (a) job content and (b) scope for advancement to be the critical determinants of organizational commitment. In another study, **Sharma and Joshi (2001)** found job and performance appraisal to be the critical determinants. **Schaufeli, Bakker and Van Rhenen (2009)** found that job resources (i.e. social support, autonomy, opportunities to learn, and feedback) predict work engagement among telecom managers.

ANALYZING THE ROLE OF PERSONAL FACTORS

Apart from studying the role of situational factors, some studies have also examined the role of personal attributes of employees in influencing their level o0f engagement. The personal factors that are most commonly studied are the demographic variables such as gender, marital status, age, length of work experience, level of education and/or grade of the employee. Thus, according to **Kumar and Giri (2009)** there is a positive correlation between commitment and both age and length of experience. Some other studies have also indicated a relationship between age and commitment. **Kassahun (2005)** reports a significant positive correlation between organizational commitment and various HRM practices such as justice autonomy and competence development. He found that commitment was positively related to tenure but negatively related to the level of education. **Kumar and Giri (2007)** also found a strong positive correlation between commitment and an overall measure of organizational climate.
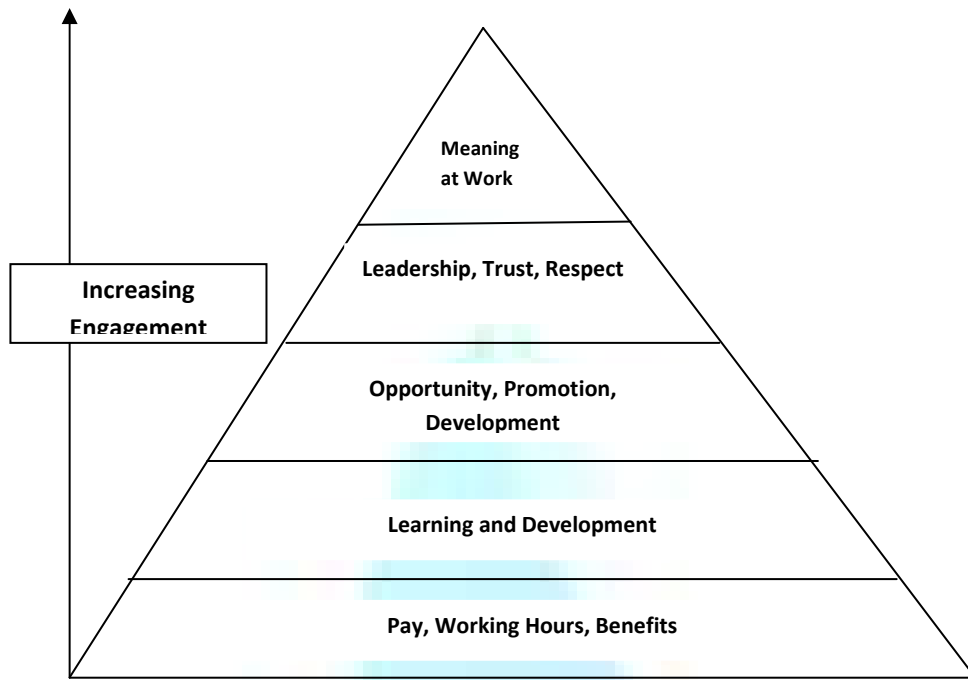
Practitioners of management and consulting firms claim that employee engagement is positively related to organizational health and performance. In this paper employee engagement has been considered to be similar to organizational commitment.

MODELS OF EMPLOYEE ENGAGEMENT

In this section an attempt has been made examine some of the models of employee engagement so as to determine the key drivers of engagement and to determine what motivates employees to perform above and beyond expectations and compels them to actively promote the interests and goals of the organization.

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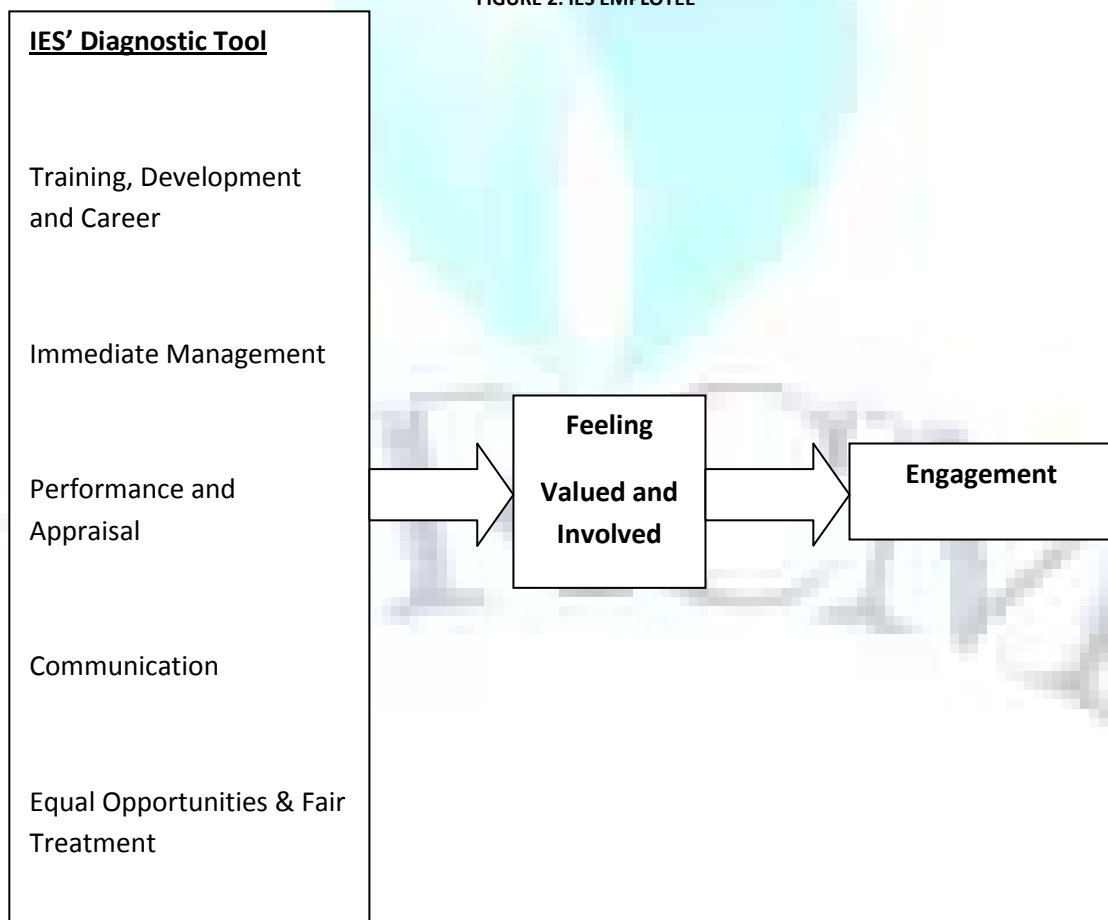**FIGURE 1: MODEL OF HIERARCHY OF EMPLOYEE ENGAGEMENT**

Source: Penna (2007)

Penna (2007) presents a hierarchical model of engagement factors (figure 1). In this model as the hierarchy ascends and the organization successfully meets each of these engagement factors, the organization becomes more attractive to new potential employees and becomes more engaging to its existing staff.

The **Institute of Employment Studies (IES, 2003),** developed an IES 'employee engagement model' to illustrate the strong link between 'feeling value and involved' and 'engagement'. This model focuses on the organization-specific drivers of employee engagement and also tries to answer the question, what drives engagement?

It further elaborates that many of the drivers of employee engagement will be common to all the organizations, regardless of sector; though some variability is likely. The following is the employee engagement model given by IES, 2003.

FIGURE 2: IES EMPLOYEE

Source: IES Survey, 2003

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In the above model some of the factors are very fundamental (hygiene factors), such as pay, and benefits and health and safety; whereas others are the areas where the organization must 'go the extra mile' to ensure effective communication, proper management and cooperation. A detailed description of these factors is given below:

Training, development and Career - It relates to providing diverse training opportunities, leadership programs, workshops, designing career paths, etc.

Immediate Management – It means the overall philosophy of the management of the organization and their attitude towards employees.

Performance and appraisal - Any company that follows an appropriate performance appraisal technique (which is fair and transparent) will have high levels of employee engagement.

Communication – Communicating employees about what is going on in and with the company plays a crucial role in building employee engagement.

Equal opportunities and fair treatment to all the employees irrespective of gender, age, designation or level ensures employee engagement.

Pay and Benefits – The companies should have a proper pay system so that the employees are motivated to work in the organization. The employees should also be provided with certain benefits to boost their engagement levels.

Health and Safety – Research indicates that the engagement levels are low if the employee does not feel secure while working. Therefore, every organization should adopt appropriate methods and systems for the health and safety of their employees.

Cooperation - Employees will be engaged if teamwork is a virtue that the company values. If the leadership and employees focus on team goals instead of individual goals, it goes in a long way to engage employees.

Family friendliness – A person's family life influences his professional life significantly. If an organization creates a healthy work-life balance and provides time and benefits to the family; the emotional attachment with the organization increases.

Job Satisfaction – It has been indicated that employee satisfaction is a key antecedent to employee engagement. Hence it is important for an organization to see to it that the job given to the employee matches his career goals which will make him enjoy his work and he would ultimately be satisfied with his job.

According to **ISR's (International Survey Research) 3-D Model** of employee engagement, employee engagement is a three dimensional concept comprising of following three components:

1. **The Cognitive or "Think" component – what do employees think about their organization?** Is there an intellectual fit between each employee and the organization? Do employees believe in the organizations goals and objectives and support the values for which the organization stands for?

It basically relates to employee's logical evaluation of a company's goals and values.

2. **The Affective (Emotional) or "Feel" component – what do employees feel about their company?** Is there an emotional bond employees and the organization which makes them proud to be a part of the organization? Would each employee recommend the organization as an employer?

It taps into whether the employees have a sense of belonging and pride in the company.

3. **The Behavioural or "Act" component – how do employees act in relation to their company?** Here are two aspects to how employees act in relation to their company. One is whether employees exert the maximum effort in their work. Do they go the extra mile?

The other is whether each employee intends to stay with the organization through successes and setbacks.

So it relates to retention and willingness to **"go the extra mile"**

On the basis of research **Mercer** has identified a **four stage model of employee engagement**. These four stages represent increasing levels of engagement within the organization and correspond to particular psychological states namely – **Satisfied, Motivated, Committed, and Advocate stage. (Sanchez, 2008)**

1. **Satisfied employees** enjoy doing their jobs and are not dissatisfied with the terms and conditions of employment. Generally they are content to the work alone, reliably, without requiring a great deal of management oversight. At the same time they are not necessarily team players and tend not to go "above and beyond" in their efforts. Optimizing the working relationship of satisfied employees requires adequate work tools, resources and equipment.

2. **Motivated employees** occupy the next stage on the employee engagement continuum. In addition to sharing the attributes of satisfied employees, motivated workers contribute energetically and are highly focused individual contributors to the enterprise. Motivated employees respond best when meaningful work is delegated to them; fair performance goals are established; job expectations, priorities and feedback are clearly communicated, obstacles to optimal performance are removed; and skill development is provided.

3. **Committed employees** have thoroughly internalized the values and behaviors represented by the earlier stages of the engagement model but have also forged a strong identification with the organization. They are loyal to the company and optimistic about its future. They are also openly ambitious and believe the organization will enable their best performance.

4. Employees who have reached the **Advocate stage** have a vested interest in the organization's success. They freely contribute discretionary efforts in executing projects and their regular duties. They are motivated to perform to the highest standards and apply creative energy to their work and the work of their teams. They proactively seek opportunities to serve the mission of the organization.

METHODOLOGY

OBJECTIVES OF THE RESEARCH

Few of the objectives are as follows:

- Determine the key drivers that affect the engagement level.
- To test the application of IES tool in which a link has been established between 'feeling valued' and 'engagement'.
- To identify which of the factors in the IES Tool has highest influence in creating value to the employees and hence employee engagement.

RESEARCH PLAN

- Research Design: Descriptive Research has been used in the research as engagement as a subject and its parameters are known.
- Data Collection Method: Both primary and secondary data has been used to fulfill the above mentioned objectives.
- Research Instrument: Structured Questionnaire was designed to convert each of the factors of IES Tool into a question.
- Measurement Scale: A five point Likert's Scale was used to gather responses to the questions. Five was give as the highest value and one as the lowest value.

Here three was considered as neutral. Any score above three is considered as a favourable response and below three is unfavourable.

SAMPLE PLAN

- Sampling Technique: Simple random sampling was used to select the respondents for the purpose of the survey.
- Sample Size: There were 72 respondents.
- Sample Location: Delhi and NCR
- Sample Units: Executives of MNCs'.

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RESULTS AND DISCUSSION

TABLE: 1 BACKGROUND PROFILE OF THE SAMPLE (N=72)

Demographic Variable	Number	Percentage
1. Gender		
Male	48	66.67%
Female	24	33.33%
Total	**72**	**100%**
2. Marital Status		
Married	32	44.44%
Single	40	55.55%
Total	**72**	**100%**
4. Age		
Upto 25 years	20	27.78%
26 to 30 years	28	38.89%
31 to 35 years	16	22.22%
36 to 40 years	4	05.56%
Above 40 years	4	05.56%
Total	**72**	**100%**
		(mean = 27.33 years)
5. Total Work Experience		
Upto 2 years	16	22.22%
2 to 4 years	8	11.11%
4 to 6 years	24	33.33%
6 to 8 years	4	05.56%
8 to 10 years	12	16.67%
Above 10 years	8	11.11%
Total	**72**	**100%**
		(mean = 5.64 years)
6. Experience in the present Company		
Upto 2 years		
2 to 4 years	24	33.33%
4 to 6 years	32	44.44%
6 to 8 years	16	22.22%
8 to 10 years	--	--
Above 10 years	--	--
Total	--	--
	72	**100%**
		(mean = 2.58 years)

It was observed that more than half of the sample i.e. around 67 percent of the sample comprised of males and the rest of them were females. It was also observed that 55 percent of the sample is still unmarried. Nearly three fourth of the respondents covered in the study are post graduates. If we look at the age profile we can see that around 28 percent of the respondents belong to the age group of less than 25 years, approximately 39 percent are belonging to 26 to 30 years, a little less than one fourth are in the age group of 31 to 35 years and the remaining are above 35 years. The average age of the sample is around 27 years which indicates that the population covered is relatively younger. If we consider the average total work experience of the sample, it is around five and a half years which is quite consistent with the young profile of the executives being covered. The average experience of the respondents in their present job is 2.6 years as in **table 1.**

TABLE 2: OPINION OF RESPONDENTS REGARDING THE FACTORS OF IES TOOL WHICH HAVE AN INFLUENCE ON CREATING A 'FEELING OF VALUED AND INVOLVED' IN AN ORGANIZATION

Factors in IES Diagnostic Tool	Highly Influenced	Influenced	Neutral	Low Influence	Very Low Influence
Training, Development and Career	16 (22.22%)	28 (38.89%)	24 (33.33%)	-	4 (5.56%)
Immediate Management	18 (25.00%)	22 (30.56%)	23 (31.94%)	9 (12.50%)	-
Performance and Appraisal	19 (26.38%)	25 (24.72%)	13 (18.06%)	10 (13.89%)	5 (6.94%)
Communication	8 (11.11%)	52 (72.22%)	8 (11.11%)	4 (5.56%)	-
Equal Opportunities & Fair Treatment	32 (44.44%)	12 (16.67%)	16 (22.22%)	12 (16.67%)	-
Pay and Benefits	15 (20.83%)	23 (31.94%)	14 (19.44%)	7 (9.92%)	13 (18.06%)
Health and Safety	4 (5.56%)	24 (33.33%)	24 (33.33%)	8 (11.11%)	4 (5.56%)
Cooperation	9 (12.50%)	47 (65.28%)	10 (13.89%)	6 (8.33%)	-
Family Friendliness	14 (19.44%)	18 (25.00%)	33 (45.83%)	7 (9.72%)	-
Job Satisfaction	24 (33.33%)	20 (27.78%)	20 (27.78%)	4 (5.56%)	4 (5.56%)

From **table 2** it can be interpreted that the response of most of the respondents towards the various factors of IES Tool is positive. This indicates that most of the executives strongly believe that these factors do have an influence in creating a feeling of being involved and valued in an organization.

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In most of the responses from **chart 1** it can be observed that more than 50% of the respondents have a favourable response towards all these factors. This indicates that it is a general belief that these factors do have a positive impact on employee engagement in an organization.

CHART: 1

Chart showing the opinion of respondents on various factors in the IES Tool in creating a feeling of being valued and involved among the executives of MNCs'.
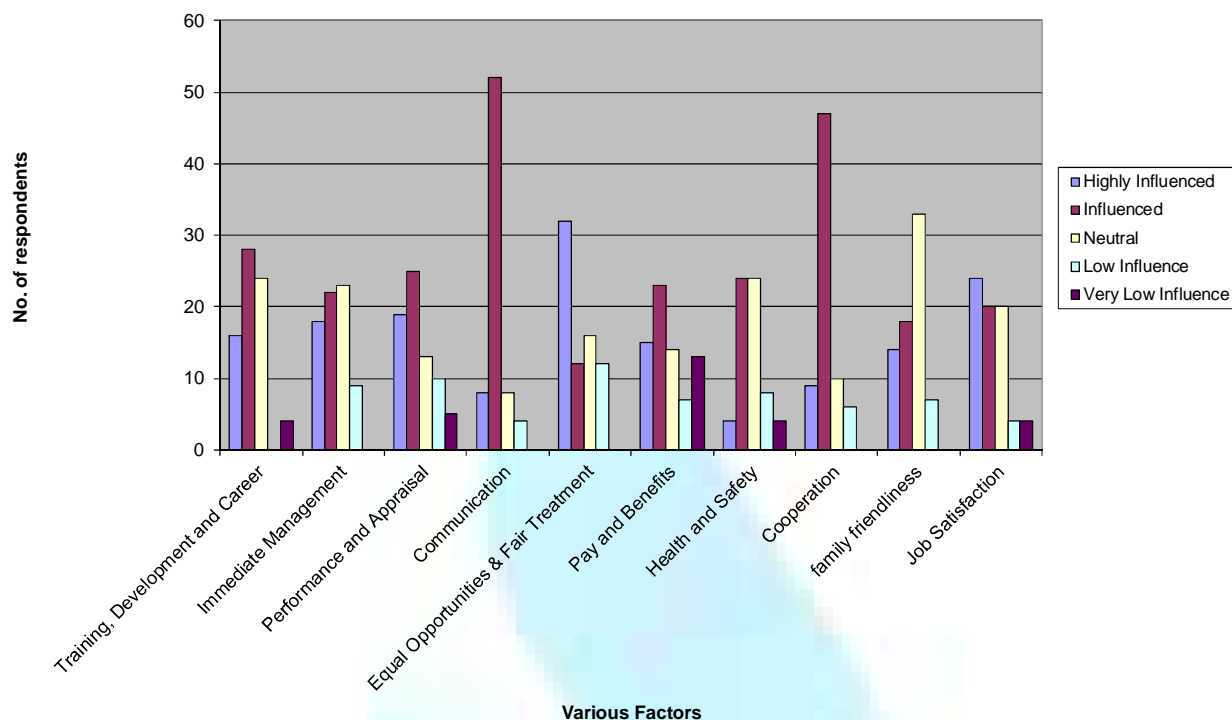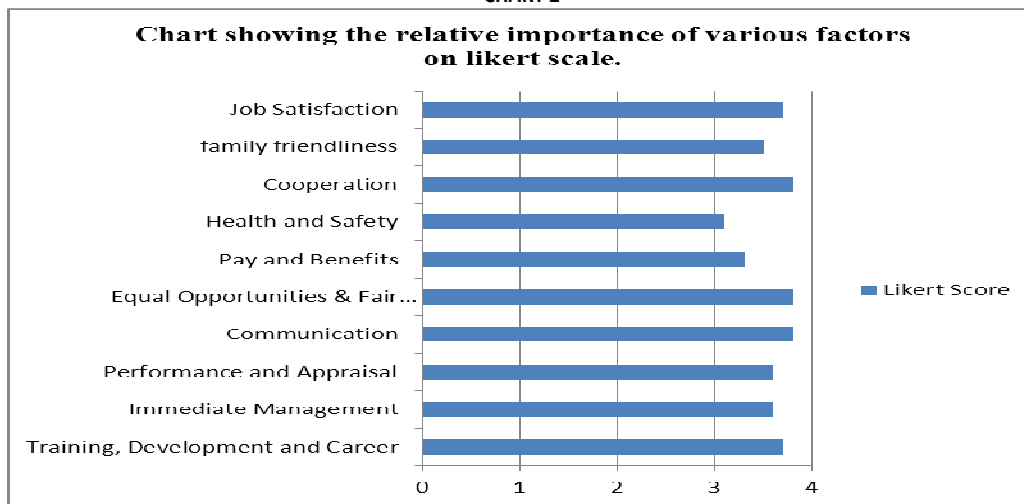

Various Factors

TABLE: 3 OVERALL ATTITUDES OF RESPONDENTS TOWARDS DIFFERENT FACTORS OF IES TOOL USING LIKERT SCALE

Factors	Likert Score
Training, Development and Career	3.7
Immediate Management	3.6
Performance and Appraisal	3.6
Communication	3.8
Equal Opportunities & Fair Treatment	3.8
Pay and Benefits	3.3
Health and Safety	3.1
Cooperation	3.8
Family Friendliness	3.5
Job Satisfaction	3.7
Total	**3.6**

From **table 3** the analysis of likert scale measurement of the attitude of respondents towards different factors of IES Tool indicates an overall favourable response because the total score is 3.6. A comparison of the likert score of all the factors indicate that; factors such as communication, equal opportunities and fair treatment and cooperation have the highest influence in creating a feeling of valued and involved among the executives. After these the next set of factors that have an influence are training, development and career and job satisfaction followed by immediate management, performance appraisal and family friendliness. It is also evident that health and safety and pay and benefits have least influence on feeling valued and involved.

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CHART 2

Chart showing the relative importance of various factors on likert scale.

From the above chart 2 it can be said that although all the factors are important in building employee engagement in an organization and creating a feeling of being involved and valued because all of them lie on a score range above three on the likert scale but still it can be said that factors such as cooperation, equal opportunities and fair treatment, communication, job satisfaction, training and development opportunities etc. are relatively more important than some other factors.

So, it can be concluded that IES Tool can be used for designing an employee engagement programme in an organization. The various factors mentioned in this can be incorporated in the organization so that the employees may feel a greater sense of engagement for the organization and are willing to put their head and heart into their workplace.

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PSYCHOGRAPHIC APPERCEPTION AND PURCHASE RESONANCE OF FOREIGN BRANDS IN THE INDIAN MARKETING SECTOR

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ABSTRACT
The premise of marketing is based on prevailing trends in Brand Management and tends to gauge their importance both from companies and consumer point of view. The goal of companies is to create customer retention, by repeat purchase, brand referrals and increase in purchase frequency and volume purchased. This is quite possible through crediting right emotional appeal in brands. The focus of this research paper is to explore the perceptual domain of consumer's buying behavior and to measure its effect on post purchase dissonance. Owing to globalization, companies need to strive for psychographic brand positioning through satisfaction of customer's emotional quotient. The study also stresses upon positioning with respect to consumer's perspectives, image of symbols, visual, metaphysical domain to create value differentiation among like variants. This paper begins by explaining the relevance of global brands and thereafter focuses on the psychographic apperception in relation to localization strategies for global brands. Globalization is imperative in the new millennium and branding becomes an imperative when identity is lost due to homogeneity, for branding in its simplest form is a differentiator. The etymology of the word "brand" has its origin in the old Norse word "brandr". It means to burn. In the 21st century, the brand has assumed the notion of corporate umbrella.

KEYWORDS
Purchase resonance, Foreign Brands, Brand Management.

ORIGINATION OF FOREIGN BRANDS
In fact, the identity of the producer was reflected by brand names. For instance, foreign brands like Smirnoff vodka takes its name from the Smirnoff's family which went into the vodka business in the year 1818, Ford automobiles proudly displays the name that belongs to Henry Ford – I the founder of the company.

Many other foreign brands that took the names of their creators include Rolls-Royce, Sears, Waterman fountain pen, Mercedes Benz, Ponds, Bakers, Bugatti Cars (after the founder, Ettore Buggati), Morris,Edison Phonograph, Levi's (after Levi Strauss, the founder).The names of produces began to get replaced by names of places (Polar, Artic, Burma teak) famous people. (Hilton, Tommy Hilfeger) and even animals (Kangaroo, Cobra).

Our emotions play an important role throughout the span of our lives because they enrich virtually all of our waking moments with either a pleasant or an unpleasant quality.Cacioppo and his colleagues wrote that " emotions guide and enrich our life, they provide meaning to everyday existence; they render the valuation placed on life and property ".Cacioppo et.al.2001) which also illustrates that the relationship with our physical world is emotional.It therefore doesn't come as a surprise that consumer researchers have found that emotions evoked by products enhance the pleasure of buying, owning and using them.

RESEARCH AREA –MARKETING MANAGEMENT
Products do have an emotional value associated with it which means the ability of the product or service to satisfy the customer by giving rise to feelings like joy, love, respect etc. A brand is more than a product – incorporates an invisible aura – a layer of images, symbols and feelings. The perceptual aspect of brand exists in the psychological space of the consumer.

Branding is actually burning the physicality of product and going into its core vis-à-vis consumer's physical benefits and going to the perceptual domain. In fact, it is converting to abstract of product with that of consumer's mind, the very subtlety.

Brand imagery assumes an important role in the consumer's life because brands perform "badge" or value expressive functions. They define a person. Possessions play an important role in establishing a person's identity. Our possessions move up in the hierarchy and become part of ourselves." We are what we have (which) may be the most basic and powerful fact of consumer behavior"

Consumers want to personify themselves through possession of brands. When these brand names happen to be of French, German or Italian language, he feels, yes this is matching with his image, prestige. The manufactures, marketers, retailers are also well aware about the emergence of this "new age consumerism" which is GLOCAL i.e., he has global exposure and has stayed to his very roots. This trend of GLOCALISATION, which is a product of globalization fine-tuned to local market needs, is the very reason that markets are flooding with foreign brands. Versace, Gucci, Lactose, Elle18, Gillette, Legrand, Skoda Octavia, Cartier, Tag Hauer, Rolex, Renault, Bellmonte, Mont Blanc, Louis Philippe, Van Hausen are classic examples in this respect.Owing to the impact of foreign brands on the consumer's psychology, some national level manufacturers and marketers are following the trend and are purposefully using Foreign Language words to name their brands like "Madame", "Belle", "Enchante", "Jolen", "Alto", "Numero Uno", "Encore", "Senor" to boost their sales.

STATEMENT OF PROBLEM
The problem is stated as "A study of Foreign Language words effecting the purchase decision of consumers and how theses words are used by marketers in Brand Names."

INTRODUCTION
The globalization is the most happening scenario at present. Neither of industry can escape from its benefits and it has to be accepted. With the flurry of international brands entering market place, are the customers ready for them especially when these brands names are words of French, Spanish, Italian and German languages. Are the marketers are themselves clear and knowledgeable about the exact pronunciation, meaning of these very brand names, the channels of supply and distribution viz. wholesalers, C & F agents, stockiest, retailers, are they really clear about the philosophy behind the brand names, that they are selling to their customers.

Huge budgets are earmarked and spent upon promotion of these brands. We all consume these brands daily, we see them in newspapers, television, hear their soothing jingles.

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When there is an advertisement like; "Elle 18", "Be Yourself", "Louis Philippe", "Upper Crest", "Lacoste – Be what you are", "Nescafe – The Taste that Gets You Started" , "Alto – The Hottest Little Car in Town", "Mont Blanc – Art of Writing" , the marketers are imbibing a symbolic value addition in these brands, and consumers are purchasing and consuming them for two basic reasons. One the brand meets the basic physical product need and want, that he decides through the left brain, i.e. which is rational and logical and helps him to decide due to its quality, reliability, price, service, credibility etc. But words of French, Spanish, Italian and German are being purposefully used for brand names to create distinctiveness and uniqueness in the consumer psyche, and through the brand names like Pajero, Lebon, Garnier, L'Oreal , Chevrolet, Cicada de Goa, elf, Madame, Gucci, Senor, Jolen, Numero Uno, Mont Blanc, Pierre Cardin, (the list is enless), they are relating to the feelings , social approval, self-respect and personality traits of consumers who in turn derive the required self – image, prestige, identity and self expression through the brands.

Real boost to branding came in the middle of 20th century with industrialization and growth and income, competition consumers goods industry, especially non-durables were the first ones to be influenced by this dynamic process.

In early times farmers used to burn a mark of symbol on their animals to identify their livestock from those of others – a process called branding. This is common even today, output was craft based. Branding in its simplest form is a differentiator. One can trace the etymology of the word " brand – it means to burn".

Branding is actually burning the physicality of product and going into its core vis-à-vis consumer's physical benefits and going to the perceptual domain. In fact, it is converting to abstract of product with that of consumer's mind, the very subtlety.

In 1890s, a variety of brand names were used by the marketers. These could be reclassified into four different categories. First, were the names of investor, parent holder shopkeeper like Baker's Cocoa .Second, derived from the places where they were invented, developed or sold e.g. Columbia Bicycles. Third, scientific names based on Latin or Greek like "Cuticura Soap". Fourth, derived from English words indicating status like Regal Shoes"

There are following distinctive perspectives of brand; that are crucial:

VISUAL/VERBAL PERSPECTIVE

This emphasizes upon logo, trade mark, package design. Some brands are identified by their symbols. Three pointed star (Mercedes), 'K' yellow sign (Kodak), Golden Arches (McDonald's). These create identity and differentiation. There is a strong connection between colour and brands that helps in brand recognition and recall. Red connects with coke and Colgate, blue is associated with Pepsi.

WHAT IS A BRAND?

A brand is a name, term, sign, symbol or design or a combination of them intended to identify goods or services of one seller or group of sellers and to differentiate them from those of competitors.

POSITIONING PERSPECTIVE (DIFFERENTIATOR)

Through this a position or a place is created in prospect's mind in a coordinated manner due to over crowded brands and clutter in their promotion vis-à-vis competition. This calls for a distinctive and unique word. IBM is to 'Computers' what Xerox is to 'Photocopying'

VALUE PERSPECTIVE

Through this, brand offers – functional, expressive and central. Functional refers to performance aspect. There is no scope of differentiation here. ThumsUp, Coca Cola and Pepsi have a common functional value of cola drink. The expressive value projects the customer angle of brand. Though this differentiation is created in brand by imbibing affiliation and esteem. 'Marlboro' is not a cigarette, but an attitude. This central value at their purest are embodied in religious, national or political persuasion.

BRAND IMAGE PERSPECTIVE

These days , foreign language words especially that of French are used to differentiate the brand psychologically rather that physically brands define a person we are what we have which may be the most basic and powerful fact of consumer behavior. Only symbolism is not enough for a brand; it has to have functional satisfaction by its very possession.

ADDED VALUE PERSPECTIVE

A brand is a product, a commodity that has added values to make it more acceptable to consumers. These values might be intangible but are still very real as they are considered vital and additional attributes. This sums up in the form of reliability, consistent quality, confidence and credibility. "Gucci", "Chevrolet", "Pierre Cardin", "Nescafe", "Le Meridian" , Audi, Volkswagen, Legrand are perfect examples to cite.

PERCEPTUAL APPEAL PERSPECTIVE

The three appeals corresponding to senses, reason and emotions are noteworthy here. Marketers resort to it to create a perceptual connectivity about their brands, that will create the right brand equity in consumer's psychographic profiles. When a footwear manufacturer and marketer launches a range of shoes for men and brands it "Senor" (which means Sir / Mr. in Spanish, Italian and Portuguese) rather than, keeping the name as in English ; "Sir/Mr." he has already created a positive and forceful perception in his target market's psyche as something distinctive.

Similarly, when Mitsubishi launched its vehicle for Spanish market it termed it as

"Pajero". Liberty footwear have created a perceived value towards its ladies designer footwear by branding it as "Madame" (this means Mrs. / madam in French).

PERSONALITY PERSPECTIVE

"Personality is composition of those inner psychological characteristics that both determine and reflect how a person responds to his or her environment" . Here the focus of marketer is to create a conduit between the personality of consumer with that of brand(s) he chooses to purchase having the similar traits infused through brand names more so by using different and unique names other than those offered by competitors, which could be visual projections of a person(s) as "sophisticated", "masculine", "dependable" or "friendly". Pepsi and Thums Up are projecting youth, daring, happy go lucky type of, whereas "Coke" personifies everything that is America, what America is all about symbolically.

RESEARCH OBJECTIVES

The research problem – " A critical study of French , Spanish, Italian and German words viz referred as foreign languages that are used in brand names," will focus on the following objectives:-

➢ Analyze the trends of brand management followed by corporate.
➢ Gauge the impact of foreign language words in branding strategies by companies
➢ Deluge into the intricacies of consumer behavior towards final purchase of brands.
➢ Split- brain theory, functioning of consumer mind vis-à-vis brands to decide for a final product purchase.
➢ The most common global brands in the market place, their brand names uniqueness, the foreign languages they have been picked from and reasons for these brand names.
➢ To forecast the future trends and changes in brand management foreign language words of philosophy of conception.
➢ Exploring the various perspectives of branding viz image visual /verbal positioning and perceptual to plug the perception of consumers through creating right emotion conduct between companies and largest market.
➢ Studying and investigation the benefits accruing to companies vis-à-vis foreign language words in their branding strategies.
➢ Exploring the benefits of brand names of foreign languages from consumer's point of view.
➢ How the industry and society is benefited and will be benefited from foreign languages in marketing.
➢ Understand and explore, the lacunae in foreign language brand names knowledge from both companies and consumers point of view.

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➢ To develop system (s) and measures for the up-gradation and improvement of knowledge of foreign languages, so that ban names could be understand as per their philosophy of conception.

IMPORTANCE OF RESEARCH

This research is important due to the following mentioned aspects:

➢ The prevailing global market place is like a village that is connected with the entire communication network thanks to convergence. The foreign languages have crossed the academic and intellectual boundaries and have become a part of our daily life.

➢ Foreign languages have come to stay in every field whether it be Marketing Engineering, Information Technology, Medicines, Law, Accountancy, and more so all the disciplines are interconnected in one way or the other.

➢ Due to onset and expansion of liberal business economic policies embarked upon by India and other developing nations, French, Spanish, Portuguese, Italian and German have really made their inroads and marketers of consumer durable goods, FMCG (Fast Moving Durable Goods) and services products have resorted to their words to be used as brand names. This has happened as the maximum multinational companies are French, German, Italia and Spanish. These MNCs have retained their global brand name(s) but have adopted local strategies. They have made inroads to India, owing to middle class that is the largest in world. There are joint ventures, subsidiaries and franchising unity.

➢ Moreover, due to increase in disposable income, increase in literacy rate and higher per capita income, standard of living have further increased the size of high value consumer products market especially automobiles, jewelry, fashion apparels accessories, leather products, tourism etc. Due to this, market place is flooded with global brands, and the best way indigenous marketers have found to make their presence felt is by giving French, Spanish, Italian and other foreign language words for their brand names. Examples are "Madame", "Senor" footwear introduced by Liberty and Bata. "Encore" luggage by VIP, "Jolen" cosmetics.

➢ The Foreign Language words create the uniqueness, differentiation emotional appeal, the feel factor, the fantasy that a consumer is looking over and above the functionality of brand.

"The Psychological processes affecting consumer behavior"

Four key psychological processes influence consumer behavior that companies study evaluate and accordingly finitude their products and approaches:

MOTIVATION: A motive is a need that is sufficiently pressing to drive the person to act. Some needs are biogenic and physical or basic e.g. thirst, hunger, sex. Others are psychogenic like need for recognition, esteem, fame, and belonging. A need transforms towards a motive when it is aroused to a sufficient level of intensity.

PERCEPTION: It is the process by which an individual selects, organizes, and interprets information inputs to create a meaningful picture of the world. In marketing perceptions are more important than reality because consumer's behavior varies due to different perceptions based upon three perceptual processes – selective attention selective distortion and selection retention.

LEARNING: Learning is simply "Changes in an – individual's behaviors arising from experience. Marketers study learning theories to build demand for their brands through association with drives motivation cues, and positive reinforcements.

MEMORY: - Memory is classified by cognitive psychologists as (STM) Short Term Memory and (LTM) Long Term Memory. Brand associations consist of all brand related thoughts, feelings, perceptions, images, experiences, beliefs, attitudes et al. that becomes linked to the brand node. LTM consists of a set of nodes and links which is a kind of network including information that is verbal, visual, abstract or contextual. Marketers make sure that right brand knowledge, structures are created and maintained in memory and for this they makes sure that consumers have the right types of product and service experiences.

This is crux of our research paper. French, Italian and other words are used as brand names, so that emotional and prestige chord is established with the consumer. A spreading activation process from node to node determines the extent of retrieval and what information can actually be recalled in any given situation. When a node becomes activated because of external information is being encoded (e.g. when a person reads or hears a word or phrase) or internal information is retrieved from LTM (e.g. When a person thinks about some concept) other nodes are also activated if they are sufficiently strongly associated with that node.

This study investigates and introspects that reasons behind the usage of foreign language words, terms of French, Spanish, Italian and Germany brand names used by the manufacture and marketers, whether it be consumer durables, fast moving consumer goods or services. Through a descriptive and exploratory research, this study tends to carve out a distinctive retrospection and introspection in the area of brand management, which is noteworthy from all the focus dimensions; viz. marketers, consumers industry and society. Moreover it will have global ramifications as well.

The brands have two dimensions functional and emotional or symbolic. Through this study, an attempt is made to dig out the intangibilities of the brand that complements its tangible aspects that affect the consumer behavior in buying a brand and create brand loyalty.

Reasons and emotions are two halves of a consumer's mental setup. According to neurologists human brain has two halves; left brain and right brain. This constitutes split-brain theory and consumer's purchases are influenced by these two halves only. The left brain drives cognitive abilities like speaking, reading and attributions, and the right brain drives non-verbal, pictorial and holistic information. This idea is consistent with hemispheric lateralization or the split brain theory.

This study approaches the issues and perspectives that are incorporated by marketers to connect the corresponding emotional components of consumer's brain frame of mind in a manner that it becomes consistent and post purchase dissonance is minimum. Plus, from consumer point of view, how the right brain complements left brain through emotions, feelings, and whims and fancies and a purchase is made.

Moreover, the leaflets brochures and flyers (bills) printed in Hindi of these brands have wrongly the brand phonetically. This will affect the brand perception in consumer mind and is not in accordance with global parameters of the multinational companies.

IMPLICATIONS OF RESEARCH

• The goal of companies is to create customer retention by repeat purchase, brand referrals and increase in purchase frequency and volume purchased. This is quite possible through creating right emotional appeal in brands.

• The study has important implications as to know prevailing trends in brand management and gauge their importance both from companies and consumers' point of view.

• Due to enhanced competition there is a strong need to create brand loyalty for the companies and this could be done by creating a bridge of feelings and emotions with the customers.

• Customer relationship management is practiced by adhering to brand expectations of customers, and awareness of foreign languages will enable companies to meet this and advent of multinational companies have lead to the foreign language words/terms to be used as brand names. This constitutes an important aspect of customer's personality traits.

• The study has 360 degree implication and rationale. It will benefit marketers as their brands will be pronounced correctly by customers to gain the desired association and credibility.

• The customers will be convinced about their purchase and their post purchase dissonance is removed and they will thus reduce the expected personification when brand names are pronounced correctly by them. This is a very new concept and it is related to consumer buying behavior, and psychographic parameters i.e. emotions, feelings, sentiments and spirituality, it goes beyond the physical attributes towards meta physical domains.

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- The companies will be benefited as the brands names are crowned after a lot of research activities and knowledge of foreign languages will be an innovative tool to justify it.
- Presently, companies are imbibing personality to their brands through emotions and fantasies.
- The above aspects relate to the emotional aspect of consumer buying behavior. The feelings and emotions are a subject of right brain, and due to ever increasing competition, this happens to be a crucial point to create brand differentiation from company's point of view and purchase decisions from consumers point of view. This point is further crucial considering the fact that the products have the same functional attributes by and large; it is through branding that the positioning is created in consumers' psyche.
- Marketing has become more dynamic than 4Ps of product, price, place, promotion and further of people, packaging, public; emotions and feelings are the decisive factors, especially when impulsive buying is on the escalation mode.
- Consumers want to personify themselves through possession of brands. When these brand names happen to be of French, Spanish, Italian and German languages, he feels "yes this is matching with his image and prestige".
- The manufacturers, marketers and retailers are also very well aware about the emergence of this new age consumerism which is **GLOCAL** i.e., he has global exposure and has stayed to his very roots. This trend of **GLOCALISATION** that is a product of globalization fine tuned to local market needs is the very reason; they are flooding the brands names with foreign language words. Versace, Gucci Lacoste, elle18 ,Gillette, Legrand, Skoda Octavia, Cartier, Tag Hauer, Rolex, Renault, Belmonte, Mont Blanc, Louis Philippe, Van Hausen are classic examples in this respect.
- Some national level manufacturers and marketers are following this trend and are purposefully using French, Spanish, words to name their brands, like "Madame" "Belle" "Enchante", "Encore" "Alto", "Numero Uno", "Uno"
- Even fake products are being sold just through foreign language brand names. Since a particular segment of consumers, which can't go for the original brand, or in case he can afford to buy a foreign brand, it has a **MYOPIC VIEW**. This means, it is just looking for a brand, and has a short sighted approach, and does not plan its purchase, rather it just goes for it and doesn't indulge into any sort of comparative analysis of other brands. This segment's purchase decision is just based upon Brand Name(s), i.e. a foreign language word(s).

HYPOTHESIS

NULL HYPOTHESIS

➢ **HYP 1:** Emotions especially triggered through thoughts and feelings are vital in brand management and educational background has no role to play in this context.
➢ **HYP 2:** Although French, Spanish, Italian and German words are used widely as brand names, but there is inadequate awareness among marketers, distributors and retailers about them and the branding strategies are not balanced.
➢ **HYP 3:** Target Market is aware of the foreign languages and hence the right perception of brands is created.
➢ **HYP 4:** The brand names are not pronounced rightly, resulting to mismatch in creating right emotional appeal between companies, channel partners, end consumers and brands at the core level.
➢ **HYP 5:** Foreign Languages have a very significant role in brand management that effect marketing strategies of company's vis-à-vis product line and psychographic segments of market.

METHODOLOGY

Type of research design: The research is descriptive in nature. The objective is to determine the shortcomings related to knowledge base and awareness levels of foreign language words as brand names, consumers, channel partners and marketers are exposed to.

DATA COLLECTION:
Data collection is through Primary and Secondary sources.
SAMPLE DESIGN:
It consists of Random Sampling.
SAMPLING FRAME:
It will be done through discussions with consumers (especially those studying at undergraduate and post graduate levels in the age group 17 – 24 years) , their parents, friends, relatives, neighbours, retailers, executives, officers working in companies with an annual incomeof 4 lac per annum. Plus teachers, lecturers, professors, teachingforeign languages and management subjects, school students of sixth to tenth standards, between 11 – 15 years, learning French, Spanish, German, Italian.
SAMPLE SIZE: 100
Method of data Collection:-
Interviews as field process, observation.
Instrument/Tool: Questionnaire.
Questionnaire designed is structured and non – disguised type, so that respondent is aware of the purpose of the survey and the nature of the questions.

- There will be little room for interpretations.
- Questions are objective.
- There are some open ended questions.
- Approximately 40 questions are there.
- Simple language is used.
- Encouragement to reply is there for the respondents.

The study on effectiveness was carried out on the unsegmented sample (s) in general as well as the sample segmented by the demographic variables (education, age, sex, and income) and psychological variables (need priority) by tabular analysis. Random samples of T.V. viewers, metropolitan newspaper readers were selected from NCR.100 copies of the questionnaire were distributed out of which 88 could be retrived after they were answered. Further, the sample(s) in general and sample segmented in the above manner were statistically analyzed by using Z-Test.

RESULTS AND DISCUSSION

TABLE 1: RESPONDENTS REACTION TO EMOTIONAL APPEALS USED IN TV AND NEWSPAPER ADS

Reaction to commercials	Response	%
Such ads are interesting	289	55.79
Such ads are not interesting	229	44.21
Total	518	100

From the above data it was seen that out of the 518 valid respondents in the state, 55.79% of the respondent react to emotive ad in positive way giving an opinion that such ads were interesting to watch, while 44.21% of the responded felt such ads were not interesting to watch.

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TABLE 2: RESPONDENTS OPINION REGARDING COMPREHENSIVE CAPACITY OF EMOTIVE ADS

Comprehensive capacity of Emotive ads	Response	%
No	218	42.08
Yes	300	57.92
Total	518	100

The above table shows that 57.92% of the respondent were of the advertisement using predominately emotional appeals create confidence and a positive attitude in their mind to wards the advertised brand making the ad message appear more convincing, while 42.08% of the responded were not of such opinion.

TABLE 3: RESPONDENTS RETENTION OF EMOTIVE AD MESSAGE

Retention of Emotive ad	Response	%
Not at all	49	66.60
A bit of the advertisement	252	48.65
Major part of the advertisement	134	25.87
The complete advertisement	83	16.02

From the tabular analysis it was quite clear that 48.65% of the respondents remembered ad messages dominated by emotional appeal to some extent, 25.87% of them remembered such ad messages to a large extent, 16.02% remembered it completely while 9.46% of the respondents hardly remembered such ad messages.

TABLE 4: RESPONDENTS PREFERENCE FOR APPEALS USED IN TV AND NEWSPAPER ADS

SCORE	EMOTIONAL APPEALS		RATIONAL APPEALS	
	Response	%	Response	%
Score 1	170	32.82	345	66.60
Score 2	21	4.05	38	7.34
Score 3	327	63.13	135	26.06
Total	518	100	518	100

(Score 1 stands for least preferred, 2 for undecided &3 for most preferred)
From the table it was quite evident that the percentage of the respondents who had strong preference for ads using emotional appeal was 63.13 while the percentage of the respondents who had strong preference for ads using rational appeals was 26.06.

TABLE 5: RESPONDENTS OPINION REGARDING EMOTIVE ADS (DESIRE GENERATING CAPACITY). ARE RESPONDENTS / ABLE TO ASSOCIATE PRODUCT VIS-A-BRAND (FOREIGN / INDIAN)?

Emotive ads desire generating capacity	Yes	%	No	%	Total	%
Mont Blanc	313	60.42	205	39.58	518	100
Louis Vuitton	313	60.42	205	39.58	518	100
Louis Philippe	303	58.49	215	41.51	518	100
elle	268	51.74	250	48.26	518	100
Garnier	281	54.25	237	45.75	518	100
Cartier	180	34.75	338	65.25	518	100
L'Oreal	136	26.25	382	73.75	518	100
Pierre Cardin	160	30.89	358	69.11	518	100
Chanel	217	41.89	301	58.11	518	100
Van Haussen	181	34.94	337	65.06	518	100

Products like fashion apparels, cosmetics, watches and perfumes were chosen for high involved product category.
The above table shows that in case of FMGC products 60.42%, 58.49%, 51.74 and 54.25% of the respondents felt that ads dominated by emotional tone played a positive role in creating a want or desire for (products like fashion apparels, cosmetics, watches and perfumes.

TABLE 6: INFLUENCE OF EMOTIVE ADS OF FOREIGN BRANDS IN TERMS OF ACTION

Influence of Emotive ads in terms of Action	INQUIRED		TRIED/PURCHASED		TOTAL	
	Response	%	Response	%	Response	
Mont Blanc	165	31.85	353	68.15	518	100
Louis Vuitton	185	35.71	333	64.29	518	100
Louis Philippe	196	37.84	322	62.16	518	100
elle	301	58.11	217	41.89	518	100
Garnier	222	42.86	296	57.14	518	100
Cartier	399	77.03	119	22.97	518	100
L'Oreal	324	62.55	194	37.45	518	100
Pierre Cardin	358	69.11	160	30.89	518	100
Chanel	359	60.31	159	30.69	518	100
Van Haussen	238	45.95	280	54.05	518	100

The above table shows the effect of ad messages using emotional appeals in terms action either in the from of inquiry or in the form of trial/ purchase for the advertised brand. Separate scores were calculated for answers relating to inquiry and trial/purchase. The percentage of inquiry was 31.85% for Mont Blanc, 35.71% for Louis Vuitton, 37.84% for Louis Philippe, 58.11% for elle, 69.11% for Pierre Cardin, 60.31% for Chanel and 45.95% for Van Haussen.
The percentage of trial or purchase was 68.15% for Mont Blanc, 64.29% for Louis Vuitton, 62.16% for Louis Philipe, 41.89% for elle and 57.14% for Garnier while the % of purchase was 22.97% for Cartier, 37.45% for L'Oreal, 30.89% for Pierre Cardin, 30.69% for Chanel and 54.05% for Van Haussen.
The percentage of inquiry was more in case of consumer while the percentage of trial/purchase was more in case of FMCG products with the exception of chocolates, soft drinks and four wheelers.

TABLE 7: MOST PREFERRED APPEAL ACROSS LIFE STAGES AND PRODUCT TYPES

STAGE OF PRODUCT	Rational	%	Emotional	%	Total	%
New Expensive product	453	87.45	65	12.55	518	100
New Less Expensive product	182	35.14	336	64.86	518	100
Established Less Expensive product	178	34.36	340	65.64	518	100
Established Expensive product	171	33.01	347	66.99	518	100

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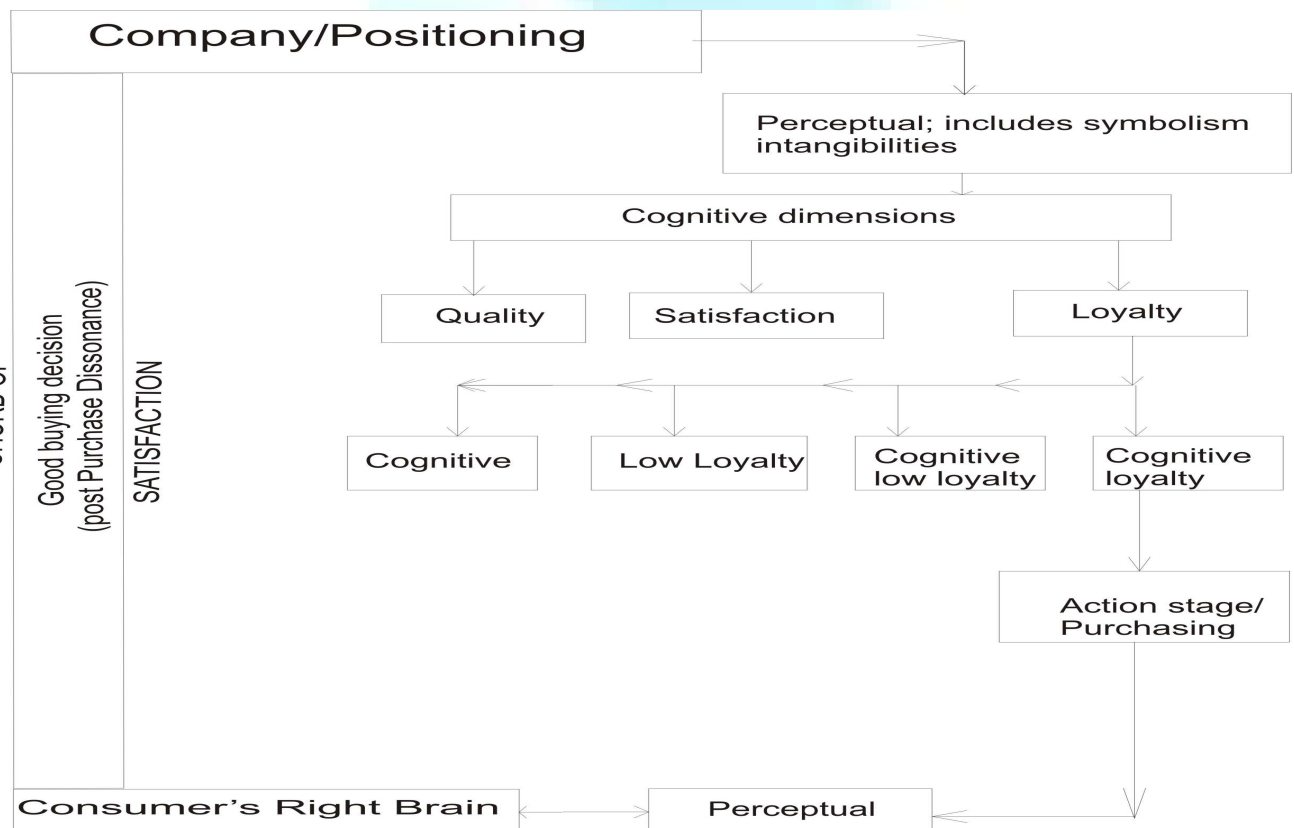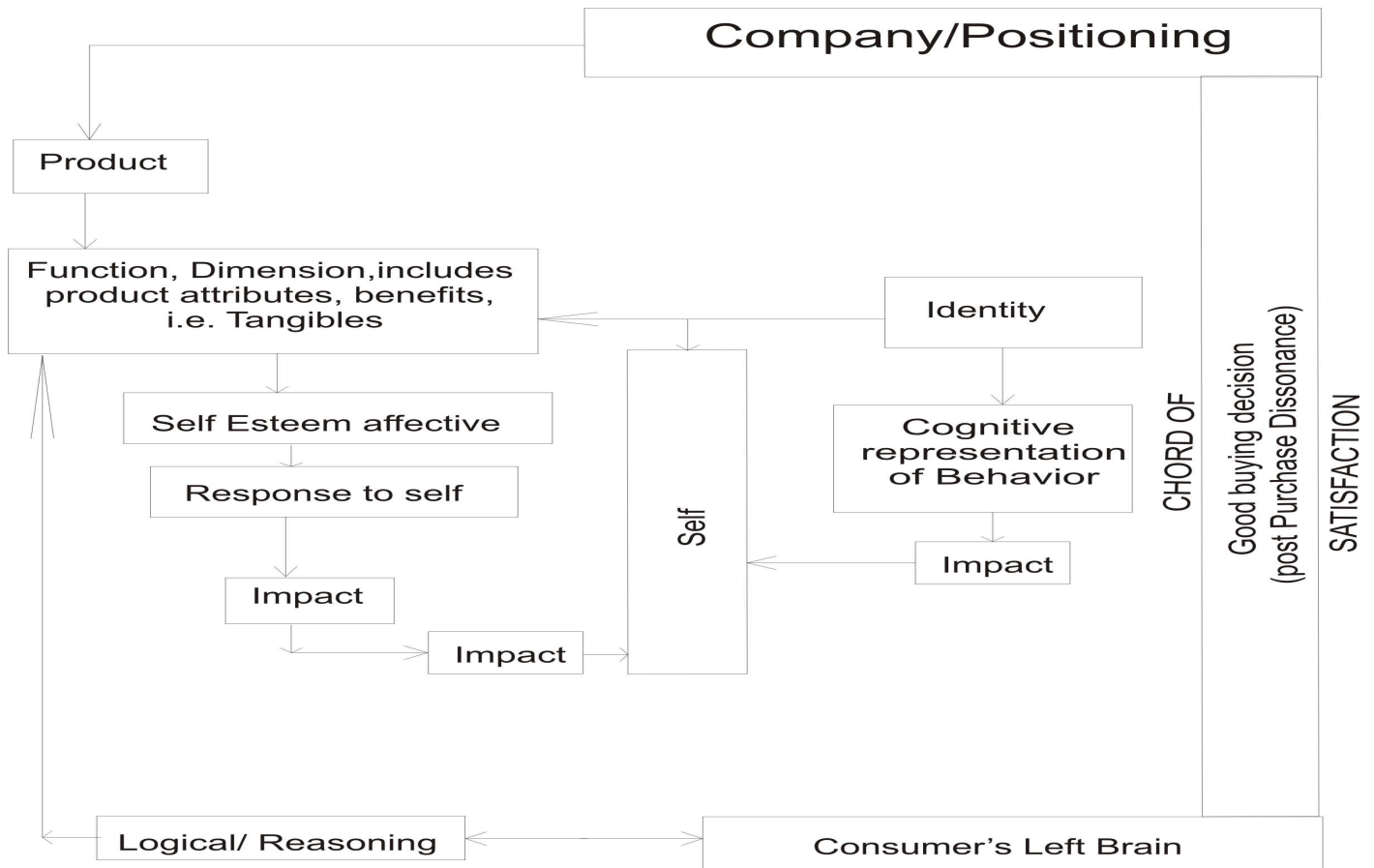www.ijrcm.org.in

87.45% of the respondents preferred ads dominated by rational appeals for new and products, 64.86% of the respondent preferred ads dominated by emotional for new and less expensive products,65.64% and 66.99% of the respondents preferred ads dominated by emotional appeals for established and less expensive products and established and expensive products respectively.

➢ Z (calculated) 0.14 < than Z (tabulation) at 5% level of significance. The null hypothesis (HYP 1) was accepted. There was no significant difference in preference for emotional appeals among respondents from different educational background.

➢ Z (calculated) 2.32 > than Z (tabulation) at 5% level of significance. The null hypotheses, (HYP 2) was rejected. There was significant difference in preference for emotional appeals among respondents for foreign brands and thus proves although French, Spanish, Italian and German words are used widely as brand names, but there is a dearth of awareness among marketers, distributors and retailers about them and the branding strategies are not balanced.

➢ Z (calculated) 2.13 > than Z (tabulation) at 5% level of significance. The null hypothesis (HYP 3) was rejected. There was significant difference in preference for emotional appeals among respondents of different sex. Females strongly preferred emotional appeal as compared to males. Target Market is exploited through emotional appeals only and are unaware of the foreign languages and hence the right perception of brands is not created.

➢ Z (calculated) 1.12< than Z (tabulation) at 5% level of significance. The null hypothesis was accepted. There was no significant difference in preference for right emotional appeals of foreign brands among respondents of different income group and the brand names are not pronounced rightly, resulting to mismatch in creating right emotional appeal between companies ,channel partners, end consumers and brands at the core level.

➢ Z (calculated) 1.94 < than Z (tabulation) at 5% level of significance. The null hypothesis is accepted. There was no significant difference in preference for emotional appeal among respondents for foreign brands and thus foreign languages have a very significant role in brand management that effect marketing strategies of company's vis-à-vis product line and psychographic segments of market.

CONCLUSION

• 55.79% of the respondent reacted to emotive ads in a positive way giving an opinion that such ads were interesting to watch.

• 57.92 of the respondent felt that advertisement of foreign brands dominated by emotional appeal creates confidence and a positive attitude in their mind towards the advertised brand, thus making the message appear more convincing.

• More that 50% of the respondents had a good retention of ad messages in context of foreign brands dominated by emotional appeals.

• 63.13% of the respondents strongly preferred the use of emotional appeal rather than right perception in TV ads relating to foreign products.

• More than 50% of respondents felt that ads dominated by emotional tone play a positive role in creating a want or desire more so in the case of FMCG products.

• Foreign Brand Ads dominated by emotional appeals resulted in higher percentage of trial and purchase in case of FMCG products while they resulted in inquiry in case of consumer durables with the exception of chocolates, soft drinks and four wheelers (the results were next to negligible) .

• There was significant difference in preference for emotional appeals regarding foreign brands among respondents of different age groups , sex and with different need priority. Lower age group, females had stronger preference for foreign brands as compared to higher age group and males. Preference for emotional appeals was significant for respondents with higher need priority.

• There was no significant difference in preference for emotional appeals among respondents of different educational groups and different income group.

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PROPOSED MODELS FOR UNDERSTANDING PSCHOGRAPHIC APPERCEPTION AND PURCHASE RESONANCE

DEDUCTIONS BASED ON DRAFTED MODELS

➢ Emotions and feelings constitute the most significant element of purchase decision from consumer behavioral aspect.

➢ Perception, personality and individuality, prestige, value addition, fantasy, image symbolism, all these are personified by brand possession and brand names is the import aspect to create brand reinforcement and recall. What product is to market; brand name is to individual consumer. It complements to split brain theory

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- Unless an innovation is branded, there is the risk that the innovation could fade into the crowded market place, see its life shortened, thus explaining cognitive brand loyalty in a psychographic view.
- Split- brain theory, functioning of consumer mind vis-à-vis brands to decide for a final product purchase.
- Dissociation from the product category, pushing brand to non-rational plane. This is exactly the positioning aspect including user imagery, thoughts and pattern.

SUGGESTIONS

In accordance with the theory that consumers choose brands to fulfill both rational and emotional needs, it is not surprising to discover that ads of foreign brands, which evoke notions of personal enhancement, have been found to be highly effective (Kover, Goldberg and James, 1995).

In order to capture audience for foreign brands, one needs to find out what really appeals to them, one has to capture the emotional buyer inside them. What works for one group may not work for another. Teens often require one ad campaign, while a more mature audience might require another. It's very rare to find an ad that can move across all audiences successfully and with the same impact. One needs to know the target audience, find out the look and feel that will best appeal to them, the concept that will grasp them, the vision that will bind them to be company, once that is known, it becomes easy to go forth and capture or captivate the emotional buyer within them.

The parent companies are not aware that their subsidiary companies should work on the correct pronunciation of brand names. The premier management institutes should teach foreign languages to their students. The executives of the companies should take initiatives to learn the foreign language concerned to the parent company's country they are working for. The industry / association should make an endeavor to bring this point forth.

"Advertisements catering to foreign brands should provide pictures of reality and define the kind of people and the kind of lives they could lead". Foreign brand advertisements should offer not only a product, but also a 'lifestyle'. The effect of an advertisement largely depends on finding to be assured of not only their worth (self-esteem), but also their need to feel special. Advertisements should therefore, persuade by promising that the product will make them distinguish, special in addition to providing right perceptions. In order to effectively persuade, foreign brands should often associate certain values, such as love, friendship, neighborliness, pleasure, happiness, sexual attraction and sense of power, thereby transferring these values or attitudes to the product(s). "Advertising has a particular function in evoking emotions and feeling through the promise of pleasure and then connecting them to the purchase or possession of a product." People buy not only the product, but also the image that comes with it. Therefore, an image of emotion with confidence and power is what should be portrayed in the advertisements of foreign brands.

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ANNEXURES

RELATED ASPECTS

SYSTEMS OF LANGUAGE (A BRIEF REVIEW)

Following are the main terms with respect to any language and these are crucial from brand names perspective too.

- **Phonology:** It is the study of systems and patterns of sounds that occur in a language.
- **Morphology:** It deals with the formation of words
- **Syntax:** It refers to the study of the combination of words into phrases, clauses and sentences.
- **Semantics:** This is the interpretation of words and sentences.
- **Pragmatics:** This study deals with sign languages and the users and how meaning is derived.

KEYWORD BRANDING INNOVATION CATEGORIZATION

Most firms believe that uniqueness will lead to growth and profitability. Innovation is; "to create differential in an unceasingly standardized world". There is however little discussion on how product innovation should be branded, given the fact, that clear branding strategy can create a long term impact.

Main theme of the paper:

Branded Innovations can help advance a business in 3 distinctive ways.

- By creating or improving an offering.
- By creating a new sub category.
- By affecting the perceptions of the organization or corporate brand.

Offering may be improved in terms of better performance, more features or greater commence of purchase. Branding can prevent the innovation from becoming just another commodity. Sliding innovations into the existing offerings can happen when the firms are not motivated enough and also if competitors are able to copy the new features quickly. Branding can change this by adding credibility, legitimacy, increase visibility and help communicate facts.

Firms have to take critical decision of whether an innovation needs branding or not. This decision can be taken based on whether it is significant advance, it is meaningful enough and it merits a long term commitment to building and managing the brand.

Innovations may move across the spectrum of incremental to substantial to transformational aspect(s). Branding a subcategory needs to be defined and positioned clearly. This makes the task of managing both the subcategory and the brand more feasible. Companies need to position brands as the leading brands, in terms of both sales and innovation. Also, a brand that is liked and has generated loyalty will tend to be preferred over another brand, when both have equal typicality. Evidence has indicated that the most influential examples will be the ones with the maximum exposure and finally, the brand should leverage its position by influencing the attributes associated with the subcategory.

Competitors may face a successful branded innovation by copying irrelevant attributes such as look or packaging. Therefore, while making a choice of whether to brand or not, companies may consider whether the offering is worth balancing and how much separation is devisable from the parent brand.

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CONSUMER COMPLAINT BEHAVIOUR: AN INDIAN PERSPECTIVE

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ABSTRACT

Today's Indian economy is indeed service economy. Given this paradigm shift there is a vital need for exploring this major facet of service quality i.e. complaint behaviour of consumers. In service marketing, consumer complaints are perceived as highly valued market data that can be used to measure service quality, systematically improve service design and delivery, develop a customer-focussed culture, and increase consumer loyalty. Complain behaviour is an emerging area in west but there have been few studies in the Indian context. This study was conducted with the aim to understand the main dimensions underlying the complaining behaviour using Factor analysis. The study revealed several factors that influence the complaint behaviour of Indians. The main factors were categorized as attitude towards the firm, consumer social responsibility, service characteristics, consumer characteristics, and complaint mechanism. The study showed that these factors mainly influence the compaint behaviour of Indian consumers.The Indian consumers were found to be passive with llittle trust in the firm's complaint redressals. In line with this similar studies can be carried out to examine the differences between complainers and complainers in emerging service sectors (like tourism, hospitality, etc). Thus, the paper significantly provides insights and directions for empirical studies in complaint behaviour for enhancing service quality creation and delivery.

KEYWORDS

Complaining Behaviour, Factor Analysis, Implications & Directions.

INTRODUCTION

Complaining is defined as "an expression of dissatisfaction, whether subjectively experienced or not, for the purpose of venting emotions or achieving intra-psychic goals, interpersonal goals or both". Complaining/complaints are one of the central concerns on which marketers have to pay attention. The 1st law of service productivity and quality might be "Do it right the 1st time", but service failures are inevitable. So service firms ought to develop effective service recovery strategies. A service firm and its staff must also learn from their mistakes and try to ensure that problems are being eliminated. To enable the firm in this endeavour a proper and effective compliant mechanism is required. Customer feedback systems should thus ensure that information originating from complaints, compliments and other feedback tools is systematically collected, analyzed and disseminated to derive service improvements. This is where complaints become a central concern of any service organization and especially in developing economies like India where not much emphasis is laid on complaint registering and redressals. Moreover the consumer is also not inclined and properly oriented for voicing complaints in various service encounters. Firms cannot ignore this aspect and need to devise strategies that encourage complaints from consumers and thereafter properly handling and providing solutions to their complaints for better satisfaction and patronage in the future.

Research on the nature and characteristics of customer complaints in service organizations has revealed that those consumers who bother to complain about the service that they receive tend to be the loyal users. Although, these complainers may represent only a small percentage of dissatisfied customers. Service providers are usually able to identify them and, more importantly, take some action to maintain their loyalty. As argued by (Lovelock, 1996), "The more complaints you can generate, the better." Indeed, in service marketing, consumer complaints are perceived as highly valued market data that can be used to measure service quality, systematically improve service design and delivery, develop a customer-focussed culture, and increase consumer loyalty (Fornell, 1987; Lovelock, 1996) .Thus, compliant handling/management has become a imperative for a marketer. Specifically, the highly profitable nature of defensive marketing has made marketers increasingly interested in compliant management. Allowing unhappy customers to express their dissatisfaction is useful not only as an effective source of valuable customer feedback, but also as a means of identifying and preventing the defection of potential switchers (Hirschman, 1970). On the other end, complaining forms an important part in the post-purchase behaviour of the customer when their expectations are not satisfied with the purchase. Lovelock explains that whenever a service failure occurs, consumers expect to be adequately compensated in a fair manner. When consumers feel that they are not treated fairly and did not receive adequate justice, their reactions tend to be immediate, emotional, and enduring. Many organizations encourage their customers to complain if not satisfied. In doing so, firms may resolve dissatisfaction, reduce negative comments to third party, obtain useful market information, and retain customers (Gilly, 1985). Moreover, (Reichheld, 1990) explains that the role of complaints takes on added significance, because firms can be expected to boost profit substantially by increasing retention rates by a small percentage. Hence, a considerable effort should be expected on scrutinizing the complaining behaviour of customers.

REVIEW OF LITERATURE

As defined by (Kowalski, 1996) complaining means "an expression of dissatisfaction whether subjectively experienced or not, for the purpose of venting emotions or achieving intra-psychic goals, inter-personal goals, or both". On the other hand, (Singh, 1990) has defined consumer complaining behaviour as "a set of multiple (behavioural and non-behavioural) responses, some or all of which are triggered by perceived dissatisfaction with a purchase episode". Further, as per (Blodgett, *et.al.,* 1993) there is no single, comprehensive theory of complaining behaviour. Barlow, 1996 presented the results of study done by the Case Western Reserve University, in which interviewed dissatisfied consumers fell into four clusters and were identified as voicers (37%), passives (14%), irates (21%) and activists (28%). Voicers will tell the company that something is wrong, passives will not say anything and will remain purchasing from their suppliers at least for a while, irates will not say a word to the firms but they will engage in negative word-of-mouth and activists\s more than redress, they look for revenge.

Most of the early studies were descriptive in nature and emphasized on inter-personal influences. Demographic variables, included age, income, occupation, and social class, had been used for these studies. One finding of consumer complaint study revealed that "complainers tend to earn higher incomes, have more education, have professional jobs, and are younger". Further, in depth studies to examine behavior of such consumers showed that consumers appeared to complain largely when they believed their efforts were likely to meet with success. In the eye of the customer, there are a lot of benefits of complaining. One benefit of consumer complaining behaviour is that it gives dissatisfied consumers the opportunity to express their unhappiness (Kowalski, 1996; Richins, 1985). In the study conducted by Alicke, 1992 it was found that the most common reason for complaining in social interactions was to vent negative emotions. However, Lovelock(2004) pointed that there are four main purposes of complaining, namely, obtain restitution or compensation, vent the anger, help to improve the service, and for altruistic reasons.

Complaining can manifest itself in different ways. Among the various taxonomies offered in the literature, exit, voice, and negative word-of-mouth behaviour are well known behavioural responses. Customer complaining behaviour is investigated by several researchers. According to them dissatisfaction is considered as a primary determinant of legitimate consumer compliant. The various actions that consumers take may be sub-divided into –no action, private and public action. A dissatisfied consumer never reacts in any manner and continues to behave normally towards the service is called as no action. Private actions include decisions

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to stop further purchases (boycott the service or brand) and warnings to friends, family and others through negative word-of-mouth. Public actions, on the other hand, include redress seeking efforts directed towards the seller, firm, manufacturer and complaints to third party, consumer affairs institution (Bearden Teel, 1983).Similarly, (Lovelock, 2004) explains the same scenario in context of services. This is better represented in the Figure 1, that portrays various types of customer responses to service failures. Further, he highlights that it is important to remember that the customer may pursue any one or a combination of these alternatives.

Regarding the variables that influence consumers complaining behaviour, several studies have shown that there is a relationship between complaining and demographic variables, psychographic variables (e.g. consumer personality and attitude toward firms).Demographic variables have been subject of attention and different conclusions have been obtained by different researchers. For instance, (Keng *et al.,* 1995; Heung, 2003) concluded that female consumers are more inclined to complain, while (Manikas, 1997) findings show totally the opposite. Relative to the role of education, research has shown that there is a direct relationship between level of education and complaining. Thus, it is evident that the dimensions of customer complaining behaviour are similar among previous studies. However, younger in age, better education and higher income consumers prefer to complain publicly (Warland, 1975). Bearden, 1984 explain that consumer complain behaviour is inversely related to age and positively linked to income and education was hypothesized. Further, (Moyer, 1985) found consumers with higher income, better education, professional jobs that are younger were significantly more likely to complain. (Singh, 1990) found in general, consistent result with respect to income, education, occupation and age. Some of the personality variables are also found to correlate with complaint behaviour. It was found that compliant is correlated with personality orientations including assertiveness, self-confidence and self-monitoring. Consumers who preferred to be different (do things the way other people don't or individualism) were more inclined to be complainers. Conversely, (Zeithaml, 2003) explains that those who are unlikely to often see complaining as a wastage of their time and effort. Sometimes they don't know how to complain – they don't understand the process or may not realize there are avenues open to them to voice their complaints. In some cases, non-complainers may engage in "emotion-focused coping" to deal with their negative experiences. This type of coping involves self-blame, denial, and possibly seeking social support (Zeithaml, 2003).

In relation to psychographic factors, such as personality and attitude (Heung, 2003) concluded that these factors re the major reasons of compliant behaviour. In the same line, other researchers have concluded that consumers who complain are more socially responsible and willing to take risks, such as the risk of embarrassment when complaining (Fornell, 1979; Keng et al., 1995). If differences between complainers and non-complainers are considered, non-complainers considered that complaining was done by people with little else to do and it would be futile (Keng et al., 1995). Concerning attitude towards firms, several researchers have concluded that there is a positive relationship between responsiveness and complaining (Keng et al., 1995; Richins, 1985). Sometimes consumers are discouraged from speaking up by negative compliant handling procedures, such as simple apologies and nothing more, rejection(verbal or non-verbal), promises that are not acted upon, no response at all, rude treatment, being passed onto someone else, employees who avoid personal responsibility or consumer interviews that turn into interrogations (Barlow, 1996).

With regard to the relationship between 'service characteristics' and complaining behaviour (Keng et al., 1995) concluded that that it is more likely for consumer to complain if the service is not performing as promised and this situation can have a negative impact on their image of the firm. It was also demonstrated that there is a direct relationship between price and complaining behaviour, meaning that consumer will engage in complaining behaviour if the service they are dealing with is more expensive.

OBJECTIVES OF STUDY

Today's Indian economy is indeed a service economy. Given this paradigm shift there is a vital scope for exploring a major facet enhancing service quality i.e. complaint behaviour of consumers. Complain behaviour is an emerging area in west but there have been few studies in the Indian context. This study was conducted with the aim to understand the main dimensions underlying the complaining behaviour of consumers in the NCR .The respondents were asked to recall any recent service encounter and report their level of dissatisfaction with the experience .Thereafter only the dissatisfiers were considered for further analyzing their complaint behavior using the technique of Factor analysis. The results were analysed using the SPSS software.

RESEARCH METHODOLOGY

For this study 'exploratory research' was conducted on a sample of nearly 250 respondents in the NCR. The usable information corresponded to 100 responses which is appropriate for the 21 variable/statements under study. At the very onset, the sample respondents were divided among those who were satisfied and dissatisfied with the service they have received in the past. Then the questionnaire was administered only to the 'dissatisfied respondents' who were either complainers or non complainers. The data were subjected to 'Factor analysis' to understand the main dimensions related to consumer complain behaviour. The scale items used in this study were adapted from other related research studies (Keng et al., 1995; Phau, 2004) and modified accordingly in the Indian context. To check reliability of each factor, it was further subjected to 'cronbach alpha' tests.

FINDINGS

In this study five factors resulted from Factor analysis. These were attitude towards the firm, consumer social responsibility, service characteristics, consumer characteristics, and complaint mechanism. Regarding reliability, the overall alpha score value was found to 0.096 and the total variance was 91.086% in the five factors so extracted using the Principal Component Analysis method. The Table 1 shows the % variance explained for the factors extracted and the respective loadings for each scale item.

The study revealed that Indian consumers complaining behaviour depends mainly on the three factors as - attitude towards the firm, consumer social responsibility and service characteristics. The last two factors (i.e. consumer characteristics and complaint mechanism) are not that important factor underlying their complaint behaviour. These are discussed as follows:-

1) ATTITUDE TOWARDS THE FIRM

As per the attitude towards firm, it was found that Indian consumers were mainly 'passive' and do not involve in complaint behaviour because they were uncertain that they will be fairly compensated (also the inconvenience caused in complaining). Moreover, they believe that firms will reject their complaints and the firms, as such, do not have a proper complaint mechanism (emails, feedback forms, etc) to enable the consumers to engage in complaint behaviour. At times its front line employees also make it difficult for the customers to register their complaints. Here, the firm must also reassure its customers about appropriate service recovery & communicate the same to them.

2) CONSUMER SOCIAL RESPONSIBILITY

The study showed that Indian consumers do not see complaining as a right or/and as an obligation. They are not inclined to engage in complaint behaviour mainly as a matter of 'distrust' that their complaint would be heard or they find it 'embarrassing' to complain. Moreover, majority of consumers attribute 'service failures' to themselves (self-blame) so, they feel that they should not complain. It was also found that those consumers, who often complain, do so because they do not want other consumers to experience the same problem (altruist motive).

3) SERVICE CHARACTERISTICS

It was seen that Indian consumers were more likely to complain when the service/services that is involved in the complaint situation had attributes that were important for the consumer, such as high price, long-term expectancy life, or a service/service they use often. This finding was consistent with the study conducted by Keng et al., 1995 who concluded that that it is more likely for consumer to complain if the service is not performing as promised and this situation can have a negative impact on their image of the firm.

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4) CONSUMER CHARACTERISTICS

It was found that Indian consumers believe that since firms usually do not care for complaints so, it would be wastage of time to engage in complaint behaviour. Another reason for non-complaining behaviour is that they do not consider complaining as a part of their duty/moral obligation.

CONCLUSIONS

The study shows that Indian consumers are passive and do not show much inclination to complaint. There are several aspects that negatively influence their complaint behaviour. These are mainly related to 'trust' in firms that their complaints would be adequately registered followed by an effective service recovery. So, firms ought to encourage consumers to engage in any kind of complaints (both verbal and non-verbal) through establishing a well-defined complaint handling procedure known to its customers. Here, the front line staff can play a key role in enabling consumers to complaint and providing solutions to the same in an effective manner.

Indian consumers feel somehow embarrassed when complaining, and if these characteristics are added to the fact that complaining behaviour is not regarded as their right/duty/social responsibility, it might further lead to 'low rate' of consumer complaints. Moreover, they are not willing to speak up, when dissatisfied with the service/service, because they consider it a waste of their time and energy. So firms have to especially see that service failures are minimal and in case of failures there are well established mechanisms of registering complaints and moreover a proper compensation for the loss/inconvenience. As in services marketers have to remember that the service is as important as its delivery and that service failures are inevitable, here. The entire service organization and its marketing mix elements are exposed to the consumers in each encounter and subsequently in the series of encounters to build up loyalty and patronage.

IMPLICATIONS

All these conclusions have very important managerial implications. Service firms for gaining a competitive advantage must keep their complainers happy so that they don't switch over to other competitors. Moreover they should try to encourage their consumers to complain when they are dissatisfied for improving the scope of service improvements. In fact Customer feedback systems should ensure that information originating from complaints, compliments and other feedback tools is systematically collected, analyzed and disseminated to derive service improvements. Some important implications from this study are as:-

Focus on consumers who are complainers and understand their demographic profile (age, gender, education, social class, etc). The reason for this is because it would be more likely to achieve a greater impact from these consumers, because they would have a positive attitude towards complaining.

Have in place mechanisms for handling complaints; otherwise the consumers will increase their negative perception regarding the attitude that firms have to solve complaints.

Firms should be extra cautious of service/service deficiencies when the consumer is highly involved or the perceived risk is greater. They should have proper service recovery mechanism to amend any such inefficiency.

Since it is difficult to avoid service failures, it is imperative for firms to come up with effective service recovery strategy to minimize service defections on part of consumers.

In service context, the service provider can instill trust and confidence in the consumers through a series of interaction wherein each interaction is a 'moment of truth' for the service firm.

LIMITATIONS

This study has been conducted in the Delhi (NCR) so ant further generalizations of its findings in other areas can be restricted and may be used after suitable adaptations. Moreover; the study has in general taken all the services into account without further specifying the various aspects of service creation and delivery.

FUTURE DIRECTIONS

This study has examined the major factors behind complaining behaviour. In line with this study, similar studies can be carried out to examine the differences between complainers and complainers in context of emerging service sectors (like retail, tourism, hospitality sector, etc). This will provide useful insight to the marketers to understand reasons for complaining/non complaining and thereby evolving effective complaint handling and recovery strategies for increased patronage. Further a relative comparison of the various factors can be discussed which will make marketers understand the factors important for complaining behavior and reduce them considerably .Other studies can also be carried out to establish the relationship between the various demographic aspects (like age, gender, occupation, income, etc) of respondents on consumers complaint behavior Still other studies can be conducted to examine the relationship between the complaint behavior and switching behavior of consumers for a specific service.

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TABLES

TABLE 1: FACTOR ANALYSIS: CONSUMER COMPLAINING BEHAVIOUR CONSTRUCT

Factor	Factor Interpretation (% variance explained)	Loading	Variables included in the Factor
F1	Attitude Towards Firm (27.313%)	.883 .932 .893 .982 .853 .966	Uncertain that I will be fairly compensated Firm rejects any kind to complaints Firm encourages its customers to complain Firm has a well-defined complaint mechanism (emails, feedback forms, etc) Its front line employees make customers feel comfortable in complaining Firm reassures customers about service recovery & communicates it to them
F2	Consumer Social Responsibility (21.497%)	.994 .818 .914 .962 .938 .970 .880	I find it embarrassing to complain I am responsible for the failure so should not complain I fear that the complaints may turn into interrogation Firm will provide repairs/replacements for faulty services I would not like other consumers to experience the same problem Firm will not respond to my complaints Front line employees rude in taking the complaints
F3	Service characteristics (16.910%)	.931 .971 .971 .689	Service is not performing as promised Service is high-priced Service has long-term life expectancy For services that I regularly buy/use
F4	Consumer Characteristics (12.718%)	.943 .910	It is a part of my duty to complain Complaining wastes time and energy
F5	Complaint Mechanism (12.648%)	.829 .901	Don't possess knowledge about the complaint procedure I find it difficult to complain

Source: Result of Factor Analysis

FIGURE 1: CUSTOMER RESPONSE CATEGORIES TO SERVICE FAILURES
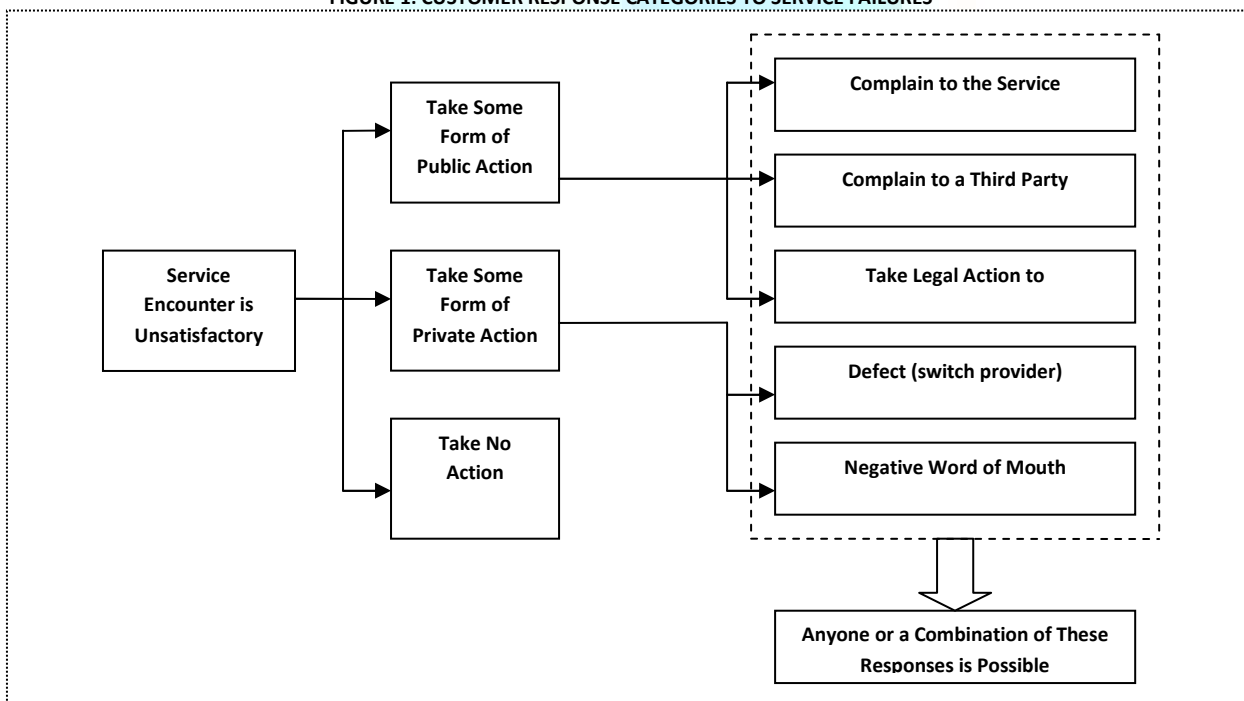
Source: Lovelock C.H. (2004), "*Services Marketing: People, Technology, Strategy.* " Prentice-Hall of India, New Delhi.

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A STUDY OF EXPECTATION OF B-SCHOOL STUDENTS FROM MANAGEMENT INSTITUTES WITH REFERENCE TO B –SCHOOLS IN PUNE

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ABSTRACT

Business Schools are the most important educational institutes, which deals primarily with the degrees in business administration. The demand for good business schools in India has risen with the rise in popularity of the MBA degree and diplomas in both government as well as private sector of India. These business schools are facing the double challenge in India the challenge of meeting the demands of students as well as industry and sustain its growth. Students are looking into various factors like the quality of the school, the brand name it has in the marketplace, the rank it holds, an active placement cell, Alumni Strength, quality faculty, good infrastructure, the accreditations and recognition held by the institute. For this purpose business schools must equipped itself with all the latest technology and expert academic staff.

KEYWORDS
Business Schools, Quality Education, Challenges, Student's expectations.

INTRODUCTION

A business school is a university-level institution that confers degrees in Business Administration. It teaches topics such as accounting, administration, finance, information systems, marketing, organizational behaviour, public relations, strategy, human resource management, and quantitative method With the perpetual growth of the Indian economy, the importance of business schools in India has increased tremendously over the years The popularity of the MBA degree and diplomas has increased demand for good Business Schools in India and both the government of India and the private sector are actively participating in increasing the number and quality of education of these management colleges in India.

OBJECTIVES
This research paper has following four objectives:
1) To study the concept of business schools.
2) To study the business schools in India & its challenges
3) To study the students expectations from B schools before joining the B-Schools and after joining the B-Schools
4) To suggest the various measures that B schools should take in order to satisfy the need of students.

CONCEPT OF BUSINESS SCHOOL

A business school is normally a university-level institution. Which gives degree called MBA or PGDM. Master of Business administration is awarded by University and Post graduate of Diploma in Management is awarded by particular institution which is approved by AICTE. It teaches topics such as accounting, finance, marketing, organizational behaviour, strategic planning, quantitative methods, etc. These include schools of "business", "business administration", and "management". It must also make students aware of application software such as ERP, POS, Simulation, SCM & logistics. In addition to this they must also get to learn of the actual running of an enterprise. A business School is an entity by itself and cannot be run as a department of a technical school now. Business school must have a branding and that can come from the quality of teaching and their richness. The alumni bring prestige to the school. Placement is a sequel to quality of teaching staff and education provided in the school. Business Schools in India The burgeoning Indian economy is creating a serious demand for high quality managers to oversee the nation's growing businesses. That makes acquiring an MBA a valuable proposition that ensures a quick return on investment. Management education has grown considerably over the last 45 years to keep pace with the growing demand.

There are over 1,250 approved business schools, 1,25,000 full-time and 1,00,000 distance MBA students and nearly 2 lakh MBA aspirants take the Common Admission Test and in Maharashtra Common Entrance Test conducted by Directorate of Technical Education every year. In terms of growth, management education in India has followed global (read US) trends with some lag. Just like in the US, in India too, the two year MBA was followed by one year executive MBA and currently the focus is shifting to evening and part-time MBAs, often backed with distance learning. In India the business schools are largely dominated by IIM's. At present there are thirteen Indian institutes of Managements or IIMs. They are located in Ahmedabad, Lucknow, Kolkata, Bangalore, Indore and Kozhikode, Shillong, Ranchi, Rohtak, Raipur, Triuchirappalli, Udaipur and Kashipur.

Among them the IIM Ahmedabad has consistently topped the list of top business schools in India of various surveys and it has established as one of the best business schools in the world. the others prominent includes XLRI – Xavier Labour Research Institute, Jamshedpur, ISB – Indian School of Business, Hyderabad, FMS – Faculty of Management Studies, University of Delhi, Jamnalal Bajaj Institute of Management Studies, Mumbai (JBIMS),S. P. Jain Institute of Management Studies, Mumbai (SPJIMR), Shailesh J. Mehta School of Management, IIT Mumbai (Bombay),Management Development Institute, Gurgaon (MDI),14. Narsee Monjee Institute of Management Studies, Mumbai (NMIMS),Xavier Institute of Management, Bhubaneswar (XIM B),Symbiosis Institute of Business Management, Pune (SIBM),Symbiosis Centre for Management & Human Resources Development, Pune (SCMHRD), International Management Institute, Delhi (IMI), Bharathidasan Institute of Management, Trichy (BIM),Mudra Institute of Communications, Ahmedabad (MICA),Indian Institute of Foreign Trade, Delhi (IIFT),T. A. Pai Management Institute, Manipal (TAPMI),Loyola Institute of Business Administration, Chennai (LIBA),Institute of Management Development Research, Pune (IMDR). Present situation in India Private business schools in India are running, as departments of technical colleges and that must change. In Pune more than 122 B-Schools are there as per DTE Lists. The private education institutions must think seriously to make separate institutions imparting quality management education. Benefits of such reorganization and placement. The institutions will have a chance of getting higher fees from students for giving them such an ambiance. As I understand marginal utility of Management education is so high that students will be willing to spend their two years of expected income on such education. For Institutes to get good companies as clients branding should be a conscious effort of the institutions and that can be achieved by regular seminars and short courses conducted in association with the industry and industry associations. Challenges before business schools in India Today, the business world feels that the Management graduates lack in right kind of skills, which are needed for employable.

Now the time has come to realize the mismatch between the product and the demand. We have to adopt market orientation to our products to make them saleable.

Intense global competition has catapulted management education into an increasingly central role in the success of individuals, business and corporations. Management education has become a big business across the world. The global management market is estimated to be around US $ Billion 22. This part gives an overview of the emerging scenario of management education. Accreditation is being used as a major tool for ensuring quality of management education. The major change one can observe is that learning is becoming student centric. Branding has make inroads into management education. Top schools are

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continuously changing the content and delivery modes. Whereas, in the Indian context, it is imperative that B-schools strive continuously to make management education context specific. A mechanism for monitoring the content and delivery of business school offerings is perhaps long overdue. (Ref - Management Education in India: It's Evaluation & some contemporary issues — B .Bowonder & S. L. Rao (Chairman, AIMA-CME)

There is an urgent need to overhaul the existing business education system to cope up with the dynamic world.

THE CHALLENGES FACED BY BUSINESS SCHOOLS CAN BE LISTED AS FOLLOWS

1) A rapid increase in competition.
2) Supply of B-School is more compare to demand.
3) A significant decrease in funding from government sources & Greater government scrutiny.
4) A growing consumer rights' movement.
5) Bagging Corporate Consultancy assignments and to deliver them successfully with the highest degrees of customer ecstasy.
6) Retention of quality faculty members who are the right blend of academics, research and consulting.
7) Managing the best placement avenues for the students.
8) Managing Digital libraries and collaborative access of library resources is becoming a big challenge in the currents scenario.
9) Brand positioning of the B-School is a big challenge among over one thousand Indian B-schools.
10) Proper system of accreditation (NBA).

RESEARCH METHODOLOGY

A questionnaire based survey was conducted in Six B-Schools with 200 respondents who is studying in Pune B-Schools. Convenient sampling method used for the respondents.

FINDINGS

It is clear to all who work in business schools those students expectations have changed over the last three decades.

1. **Before coming to the B-Schools students have following expectation from B-Schools. They want to join the B- Schools who have following facilities and also have brand of B-Schools**.
(a)   To get Management Knowledge
(b)   Good Placement
(c)   Good Faculty
(d)   Industry Exposure

2. **After joining to the B-Schools students have following expectation from the B-Schools**.
(a)   Good Faculty who is excellent in delivery and subject knowledge.
(b)   Industry visits as per their specialisation so that they will exposure of current happening in the Industry.
(c)   Frequently Guest speakers' sessions from different parts of world.
(d)   Teaching Pedagogy should be of interactive session, case based learning and Role Playing.
(e)   Library should be open 24 x 7 , availability of books and e-library.
(f)   Placement should be excellent one.
(g)   Administrative staffs should be supportive and customer oriented.
(h)   Mess and Hostel facilities should be excellent. They say that food are more spicy and uneasy to digest.

CONCLUSION

In this paper, the attempt has been made to study what exactly business schools are and what is their status in India. What are the expectations of students from B-Schools?

Management educations have to focus on the topics to be taught (what has to be taught) and method of delivery (how it has to be taught). Management education has to give emphasis on making management education relevant to the Indian Context and suits the global need, the themes to be covered, and the way the topics have to be dealt with. Detailed coverage has to be developed for each subject. Since management is a practice oriented domain, management education has to incorporate an element of on-the-job training. This will need a mix of concepts, cases, exercises as well as simulations for themes such as business strategy, market planning, business negotiations, leadership, business ethics   and team work. The Management education has to be shaped into the needs of the industries today. Syllabus should be as per industry requirement. Faculty exchange programme and Guest faculty should be called from parts of world for guest session. Management educations must be backed by the proper excellence of academic staffs.

The vision and excellence of the faculty not just in terms of academic qualification but also in researches carried out, paper published, project undertaken, and the first-hand experience of the practicability of solutions juxtaposed with the experience of having done the real thing through the students makes for real leaning.

B-Schools should be accredited from NBA to maintain quality and Brand. Library and E-Library should be students and faculty focused to fulfil the requirement of them. Subscription of E-Journal and Journal should be there. Administrative staffs should be customers oriented.

Industry-institutions interface programmes should be there which will help in understand the industry requirement from the management students and as per that Placement cell organise Mock Interview, Group discussion and Aptitude Test and others activity which will add value to the students for selection and employability in the industry. B-Schools students should also have excellent communication skills, technical knowledge and Attitude to learn.

Mess owner to instruct to make food less spicy and it should be digestible food. Also food should be check by head of campus by food testing daily. A complain register should be available and it should be daily monitored and complain should be solved.

B-school placements are looked at with awe and expectation by the aspiring students year after year. It includes the number of companies that visited the campus, average salary packages offered by them, quality of the companies, the average number of jobs offered by the companies, and the number of overseas placements. Alumni strength should also be increased which give an ample evidence of the locus standi of the school. This goodwill or confidence gets translated into better placements.

Last not the least, B-Schools should have good infrastructure and maintain the discipline among students.

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CHANGING SCENARIO OF HUMAN RESOURCE MANAGEMENT IN THE 21ST CENTURY: FACTS AND CHALLENGES

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ABSTRACT

Change is the only unchanged law of the green planet which sometimes offers fascinating opportunities for growth and also poses threats to be triumphed over. In congruence with the changes in the global arena, HRM departments have gained more prominence and become strategic players in the organization. Today, the new HRM requires being strategic partner in the organization by aligning all the HR functions with the mission, vision, culture and strategies of the organization. The role of the HRM for the 21st century is viewed as strategically significant in business strategy implementation by supporting and developing the cultural and technical capabilities of the work force required for the growth of the organization. All around fast track changes in the era of Globalization has posed a heap of challenges to HR professionals around the globe which are rather seen as opportunities for further growth and development in the Human Resource Management only if they are handled scientifically and triumphed over. Fascinatingly, it seems that Human Resource Management has become now, 'Management of Challenges' that demand adequate think over and actions. Currently, HR strategies should necessarily incorporate burning issues unique to 21st century like Talent Management, growing numbers of women and minority ethnic workers, management of Cross-Cultural Dynamics, growing need for worker's moral education, balance work life management and advent of robots and machines at work place so on and so forth. The present paper makes an effort to provide an overview of Human Resource Management. Moreover, it also makes an attempt to summarise some current challenges faced by HRM under changed environment of the 21st century.

KEYWORDS
Employer Brand Management; Leading Innovation; Human Resource Management; Talent Management and Workers-Loathsome.

BACKGROUND OF DISCUSSION

Changes is the only unchanged law of the green planet- Earth that poses both, challenges and more fascinatingly opportunities for development to a higher level than ever before when challenges are triumphed over. Changes are no exception and universal phenomenon to man, earth, animals, societies, institutions and technology etc. In fact, managing changes are seen as the inevitable task of every organization whether business, service, social or political organizations and so on and organization confirm its survival only through Change Leaders in the face of rapid structural changes and Globalization. In the context of Human Resource Management, the fact that rapid economic, legal, social, attitudinal and technological changes are posing totally new problems making current strategies proved inadequate, necessitate through understanding of emerging challenges in Human Resource Management. Anticipating possible changes and new requirements in Human Resource Management and making prior preparations are always better strategy than waiting for the changes to catch a organization unaware, or remaining in complacency or involving in what is termed as *'fire fighting'*. Undoubtedly, the roles and responsibilities of Personnel Manager are becoming more dynamic, urgent and complex for a simple reason that it undergoes systematic changes to meet the present and future requirements as the approaches or strategies that worked well in the past lost functionality in the present and present operationally effective strategies may need adequate realignment to cope with future needs. In addition, in order to understand the emerging challenges in the Human Resources Management, personnel manager have to scientifically survey, understand, analyse and predict changes in the current sub-environments of the total environment within which an organization operate.

Since ever the evolution of HRM function and department (in 1920s), there have been considerable changes in both theory and practice of HRM. Managing people, the human participants in organisations are becoming more important today than other sources of competitive success like materials, machines, economies of scale and technology, etc. Experts today believe that organizations can gain competitive advantage by their valuable, rare and inimitable internal resources. It is now accepted that high qualified employees in the organization and the way how they are managed is very important to gain competitive advantage. However, the key challenge emerging today is that HRM must change as the business environment and the world in which it operates changes with respect to technology, globalization and dynamics of labour market. Environmental factors such as uncertainty, technological innovation and demographic changes also continuously affect human resource strategy. Driven by a number of significant internal and external environmental factors, HRM has progressed from a largely maintenance function to the source of sustained competitive advantage for organizations operating in a global economy (Ferris et al., 1999: 385). HRM managers have moved from handling simple personnel issues to making a strategic contribution to the future directions and development of the organization. With the evolution of HRM function from traditional to strategic, its roles and importance has gained more attention. This strategic approach to HRM has led this function to be involved in strategic planning and decision making processes by coordinating all human functions for employees. Aligning the strategies of the organization with the HR functions has become the essential part of gaining competitive advantage. The need for managing the employees strategically in the 21st century also requires the management and the organization structure to be more flexible. The work system in organisations has therefore, started to change with autonomous work groups with high qualified workforces, outsourcing some of the operational HR functions, downsizing, delayering, employee participation to the decision systems, high wages for the high qualified human resources and so on. So, in the arena of Human Resources Management the practitioners should be futuristic, visionary and a change leader.

OBJECTIVES OF PAPER
This paper endeavour to:

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1. Discuss general outlines on HRM.
2. Identify emerging facts and challenges in HRM.

DISCUSSION

One has to admit for sure that, the current roles and responsibilities of HR professional are changing from a less administrative role to more of a strategic role whereby, they are to prove of their effectiveness and presence. HR professional must have to feel and understand international business practices and promote cultural diversity at work place. Now, they have to assimilate the core business of the organization in becoming partners with line managers. They are to prove that their initiatives and programs are result-oriented, providing specific measurable results in terms of business competitiveness that contribute positively to the bottom-line of the organization. Time has deep matured for HR personnel to restructure their attitude, strategies and practices towards men, machines, technology, organization and general public if, Human Resource Management has to book for its continued survival and significance in the realm of rapid changing environment of 21st century. All around fast track changes in the era of Globalization has posed a heap of challenges to HR professionals around the globe which are rather seen as opportunities for further growth and development in the Human Resource Management only if they are handled scientifically and triumphed over. Fascinatingly, it seems that Human Resource Management has become now, *'Management of Challenges'* that demand adequate think over and actions. Current challenges and facts that demand well preparedness and changes in the strategies of Human Resource Management are thrash out under following broad dimensions.

A. **TALENT MANAGEMENT:** The theory of '*survival of the fittest'* set a direct example in the Human Resource Management as focus of today's HR Manager is on strategic personnel attraction, retention and talents development of human resources otherwise, may find themselves in dire consequences, as their competitors may be outplaying them in the strategic employment of their human resource which is the very core of an organization's strength. The success of any organizations is equally proportional to the degree talents of human resources are managed as diverse body of talent bring innovative ideas and respond to business opportunities more rapidly and creatively. Infact, losing one talented workers to competitor may likely to bounce back in a form of potential threat to an organization.

B. **GROWING NUMBERS OF WOMEN AND MINORITY ETHNIC WORKERS:** Growing numbers of women and ethnic minorities in the total workforce is the outcome of various legislations pertaining to women and minority groups. Enactment of various labor laws, Government resolutions and mandate around the world keeping special reservations for women and minority ethnic groups in the field of employment have been consistently reshaping the labor mix and structure of organizations. This change has made HR manager to necessarily understand, accommodate and tackling special problems arising out of it at present which invite pronto and adequate realignment of HR strategies. Growing rape cases, physical assault of women workers and indiscriminate treatments of minority ethnic workers by overriding group at workplace may be offshoots of these changes which may get up manger's nose from time to time.

C. **HANDLING PROBLEM OF LOW BIRTH RATE:** In developed countries wherein birth rate is on decline which signal declining numbers of workforce is of paramount issue to be addressed through Personnel managers at present. It is understood in two ways firstly, shortages of baby boomers' workforce and secondly, growing numbers of older workforce in the organizations. In this turmoil, HR personnel are to focus more on older but knowledge workers through developing new strategy and outlook so that, they are attracted and retained in gaining significant competitive advantages. It may so happen that HR personnel are to advocate on adopting late retirement policy and recruitment of retired workers in different capacities owing to ever declining numbers of workforces especially in the context of developed nations.

D. **EMPLOYER BRAND MANAGEMENT:** Today, in the most companies where still workers are perceived as a mere commodity practicing quick replacement, relocation and termination of employees resulting into an anguish feeling of demoralization, progressive disengagement and lost of motivation of employees at work place have a profound and detrimental impact over employee's productivity. Moreover, increasing rate of employee's attrition affect the whole company's productivity for the long term. This is the reason that justifies the progressive adoption of Employer Branding Practices. Infact, global organizations under the leadership of HR personnels should develop Employer Brand Management practices. It is promoted through generating multicultural workplaces where an employee can take pride in and have sense of belonging to his organization where their aspirations and wishes are considered, respected and recognized.

E. **MANAGEMENT OF CROSS-CULTURAL DYNAMICS:** Multi-cultural workforce congregations have become today's workplace realities. In the era of Globalization, there has been rapid mobility of labor across the world posing a new challenge to HR practitioner. Workplaces have increasingly symbolized multi-cultural villages, resulting in a growing need for cross-cultural intelligence. At present, in multinational business houses, the composition of labor has taken a new shape in the form of workers committed to organizational goals from different countries and backgrounds which has necessitated HR practitioner to have knowledge over cultures, languages and aspirations of varied workforce. In addition, this phenomenal change in the labor composition has also made managers to understand even business practices of the countries from where workers hailed from. Now, managers have to develop and manage an international workforce, maintain written and unwritten corporate polices for transportability to other cultures and keep top management informed of the costs of not paying attention to this transnational issues. The future competitiveness of corporations will depend on their ability to attract and manage diverse talents effectively. Cross-cultural training will give managers on international assignments the cultural understanding essential to accomplish their tasks. Cross-cultural differences are the cause of failed negotiations and interactions, resulting in losses to the firms. The strategic role of HRM in strengthening and sustaining corporate growth has assumed paramount significance, the world over. Fascinatingly, HR managers will either have to learn new languages or else they will certainly have to recruit foreign speakers for foreign workers in order to knock down barriers in communication. HR managers must be familiar with and understand other cultural norms to promote organization diversity in and around the organization because an organization that recognizes and promotes cultural diversity will only attract and retain a strong client base. Now, HR professionals have the additional responsible to provide cultural sensitivity training for the employees of their organizations. Therefore, HR manager are to be empowered and enlighten to become influential leader who could homogenize those differences mushrooming from workforce diversity so that unity of action is assured and organizational vision is achieved.

F. **TECHNOLOGICAL CHANGES AND NEGOTIATION:** As a result of technological revolution over the years, rapid growth in size and complexities of organizations has been witnessed due to automation, computerization and mechanization. HR personnel has got lot to think, analyse and address the impact of techno-changes on personnel recruitment, selection, job analysis, job evaluation, compensation plans, appraisal systems and task structuring. It seems that fast track changes in technology and rapid innovation has increased workloads as well as responsibilities of Personnel Managers e.g., rapid changes in technology has necessitated rapid need of training and retraining of workforces under the leadership of Personnel Managers. Moreover, under rapid techno-changes situation, HR personnel has to develop and advocate a new strategies in making sure that, workforce have zero resistance to rapid technological changes and productivity of the workforce is not affected.

G. **ECONOMIC CHANGES AND NEGOTIATION:** The economy of 21st century exhibit myriad of features like, acute scarcity of raw materials, power and fuels with spiralling inflation, growing momentum in consumerism, ever decreasing purchasing power of money, ever increasing aspirations of workers for higher wages and other material benefits and import of foreign technology negatively affecting balance of payment status and suppression on growth in indigenous technology. The phenomenal economic changes is responsible for escalation in unit cost of production which is likely to increase in coming days than what is it today arouse keen interest of HR managers to utilize the human resources in judicious combination with other physical resources, particularly when the human factor is singularly potent in making the other inputs work realizing the fact that, at the end of all the technological innovations, the factors that make or mar productivity shall be the human factors which assumes strategic position in any range of productivity development program.

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H.   LEGAL CHANGES AND NEGOTIATION: Fast track changes in the compositions of work force in terms of their education, social background, expectation, attitude and value orientations have been making governments to enact plethora of labour laws and legislations to foster healthy industrial relation and better labour welfare. Now, HR personnel are to very cautiously handle every grievance with deep focus that workers enjoy every possible provisions and facilities conferred through myriad of labour policies and laws or else organization get FIR, RTI or other forms of legal suits from workers whose eyes of mind have wide opened through education in one way or other. It is now very true that responsibility of HR personnel has become more sensitive and delicate and needs of hour is project and fully prepare to face any music off possible legal blows from conscious workforces apart from being ensuring complete implementation of labour welfare and workers' rights packages.

I.   LEADING INNOVATION: Innovation is widely recognized as an important change process that can sustain organizational development in increasingly dynamic business environments. The prime role for innovation is to enable the organization to renew itself in critical competitive areas to ensure continued success for survival. Radical innovation is only made possible through the invention of new ideas, systems, packages and products. A recognized feature of many markets is the different propensity of firms to innovate within their business. A prime focus therefore appears to be on the human resources of the firm in acting as focal agents for change or the initiator of innovation within the organization. The competency of HR professionals may be a key success factor in developing innovative preparedness which creates receptivity to new ideas, recognize opportunities and assemble resources to create and deliver competitive solutions. Infact, HR managers have to initiate and lead innovations through his workforces to gain utmost competitive advantages in the current century. These may include - Crafting creative business strategies, Organizational restructuring, Creating social networks, Invoking new challenges, Enabling companies to go global leading to superior performance, Creating knowledge work force, etc.

J.   INTEGRATION OF HRM WITH BUSINESS STRATEGY: Integration refers to the involvement of HRM in the formulation and implementation of organizational strategies and the alignment of HRM with the strategic needs of an organization. It is desirable to integrate human resources management and business for some reasons. Firstly, integration provides a broader range of solutions for solving complex organizational problems. Secondly, integration ensures that human, financial and technological resources are given consideration in setting goals and assessing implementation capabilities. Thirdly, through integration organizations must explicitly consider the individuals who comprise them and must implement policies. Finally, reciprocity in integrating human resources and strategic concerns limits the subordination of strategic considerations to human resources preferences and the neglect of human resources as a vital source of organizational competence and competitive advantage. In 21st century, degree of integration between HRM and organizational strategies undoubtedly determine the level of organizational success and failure. However, the one who is responsible to initiate integration is no other than HR manager himself.

K.   LOW LEVEL WORKS- FEW WORKERS SITUATION: In the contemporary situation, most of the workers are reasonably literate. They have knowledge over industrial laws & labor legislations and keep on updating of latest trends and developments in this direction. The handy tools of electronic gadgets and mass media have been a perennial source of their information. Excruciatingly, they are more focused on the benefits or their rights than their roles and responsibilities. The employees are also looking for flexible work schedules, comfortable working conditions and greater autonomy, opportunities for training and development, and performance-related financial incentives. In addition, they are more conscious about their self-dignity, self-esteem and self-egos which snowballed into more intensive expectations and demands. They also become more depended on technology and prefer white-colored job that closely match up with their vocational and academic qualifications. Under this ferment condition, it may so happen that, a few workers offer to work at lowest level of the organization who might mostly work under dusty, dirty, putrid, sunny, rainy or risky conditions. Therefore, organization might experience dearth of manpower at lowest level of management which may be termed as *'Worker Loathsome'*[26] in the management literature. Now, it is the HR manager who has to redesign personnel policies and practices pertaining to recruitment, selection, training, motivation and determination of employees' remuneration etc in the light of this new feature especially experienced in developed economies.

L.   WORKERS AND MORAL EDUCATION: Technology is catalyst of information generation. It may have substantive impacts on the behavior of the workers at work place both, constructive and destructive. At this age of information superhighways and high technologies, most of the workers have mobile phones and get access to internet or other means. They may use mobile porn or pornography over internet which may result into chasing, molestation, and even rape and murder of female workers at work place. Infact, at present, worker demand more for leisure and entertainment than get focused on increasing their working capacity and organizational commitment. To this menace, HR manager may put restriction on carrying mobile phones or other electronic mass media by workers at workplace. In addition, a continuous monitoring mechanism has to be evolved for office staffs who make use of computers and internet so that, it is used for the noble cause of the organization only. On the top of these, timely moral education program for workers is felt of paramount important at present to make sure that workers' behaviours is not only economically productive but, also ethically and socially.

M.   ADVENT OF ROBOTS AND MACHINES: The supremacy of Man in the Earth is one of the well accepted 'Truths'. Man nearly takes control of both, animate and inanimate world. However, it seems like the reign of Robots and Machines has set in motion replacing men at work. Organizational activities like production planning, control, marketing, financial analysis and so on are managed through myriad of numerically controlled précised machine tools and computers replacing the traditional type of human operations. Surprisingly, lifeless robots are entering industry in a big way which would increase production but don't have emotion or common sense or accountability as man do. It poses questions like, what should be there share at work place and what type of work should be kept reserved for it etc? Horrendously, this situation has squeezed the roles and responsibilities of Human Resource Management which is of great and grave concern questioning on continuation of this important branch of management in this century.

N.   BALANCING WORK AND LIFE: Competition and commitment for quality and speed at work place is becoming more intensive making life ever more stressful for workers. At this turmoil, organization to family life of workers approach deemed imperative so that equilibrium is established between work and life of the workers. In doing so, programs like childcare at or near the workplace, job sharing, care for sick children & employees, supervisors' training to respond to work and family needs of employees, flexible work scheduling, sick leave policies, variety of errands from dry cleaning, dropping children at schools, making dinner reservations, organizing cultural and sport activities and picnic have assumed great significance. In this century, HR managers should endeavor to make work place in such a way, it appear like homes of the workers. So, HR personnel have to make every possible attempt to coordinate work with the family affairs so that, healthy work-workers relationship is built and organization has not only highly paid employees but, also most happy workers.

CONCLUSION

In the 21st century, the workplace has changed in more ways than one could have ever imagined, resulting from the increase in technology, innovation and globalization and employees' education and expectation. In the era of liberalization, the competitive scenario in the business environment has changed a lot. The next decade is likely to bring even greater change, impacting all facets of the workplace which may demand major changes in the structure of HR department and qualifications of HR managers. The management of Human Resources has now assumed strategic importance in the achievement of organizational growth and excellence. As globalization advances and we move into the information age, organizations need to adapt to the changes in technology and the changing issues in management of people. In order to respond to the demands of globalization, HR managers will require new skills and competencies relating to language & culture and technology capabilities to facilitate overseas communication, methods to measure and quantify effectiveness and evaluate strategies and return on investment. Evidently, these new skills and competencies will result in an emerging new roles for HR managers, requiring them to be strategic business partner and supportive of the overall corporate strategy. Personnel functions are going to be all-pervasive and touch upon all levels of human interaction such as at the shop floor level, union management level and within and between groups. Wherever people work together for a

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[26] Workers' tendency of Reluctance to work at lowest level of management in various capacities as sweeper, gardener, gatekeeper, luggage carrier etc. A new innovation made by the authors.

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common goal, the personnel people will have to play a role in cementing human relationships. The personnel people in discharging their functions may have to do a *'tight rope walking'*, because they have to convince their top bosses about the need for changeover of the organizational culture from pyramidal to one of participation. This in the short run appears to erode their privilege to manage, and hence they may not be hostile to the idea. Sometimes, the Personnel Managers may have to incur their wrath unless the situations are handled wisely.

Human Resource Management has evolved considerably over the past century, and experienced a major transformation in form and function primarily within the past two decades. Driven by a number of significant internal and external environmental forces, HRM has progressed from a largely maintenance function, with little if any bottom line impact, to what many scholars and practitioners today regard as the source of sustained competitive advantage for organizations operating in a global economy. The traditional functions of HRM now need to be strategically directed towards developing and sustaining organizational capabilities, through activities that overlap with traditional business functions such as finance, marketing, and non-traditional activities, such as knowledge management. The role of the Human Resource Manager is evolving with the change in competitive market environment and the realization that Human Resource Management must play a more strategic role in the success of an organization. With the increase in competition, locally or globally, organizations must become more adaptable, resilient, agile, and customer-focused to succeed. And within this change in environment, the HR professional has to evolve to become a strategic partner, an employee sponsor or advocate, and a change mentor within the organization. In order to succeed, HR must be a business driven function with a thorough understanding of the organization's big picture and be able to influence key decisions and policies. HRM has the responsibility to maximize efficiency and profit, but in the emerging scenario, the role of HR manager is changing rapidly due to changes in government policies, unions, labour legislations and technology. The trends have taken place in the organization, human resource planning, job design, motivation, recruitment and skill development and employee relations. In general, the focus of today's HR Manager is on strategic personnel retention and talents development. HR professionals will be coaches, counselors, mentors, and succession planners to help motivate organization's members and their loyalty. The HR manager should also promote and fight for values, ethics, beliefs, and spirituality within their organizations, especially in the management of workplace diversity. The new human resources management for the 21st century should play a strategic role by contributing the strategy formulation process and being a strategic partner during the implementation of these strategies. Strategic human resources management has gained more importance for the organizations in recent years because human resources are seen as the most valuable assets of the organizations for gaining competitive advantage. The HR practices should be designed consistent with the strategies of the organization taking into consideration the essential HR needs. In parallel with these, organizations can be able to be more flexible, flat and agile in order to struggle with the changes in the competitive environment by gaining competitive advantage with their HR assets. HR professionals need to play a lead role in organizations by encouraging individuals to exercise more initiative, autonomy and accountability by providing tools and techniques that improve their effectiveness and by enabling the acquisition of critical competencies through continuous learning opportunities. Human resources departments have started to play a strategic role in the organizations and all HR functions are integrated with the mission, vision and strategies of the organizations. The new HRM perspective for the 21st century requires HRM to be strategic partners of the organization that coordinates all functions and supporting the strategies by attracting and retaining the essential qualified employees. These challenges can be faced by HRM effectively, if proper strategies are implemented. As globalization advances and we move into the information age, organizations will have to   adapt to the changes in technology and the changing issues in management of people. Hence, the role of HRM will be more significant in future due to the changed business scenario.

Thus, to meet various challenges unique to 21st century, redesigning strategies of Human Resource Management is felt of utmost urgency to fit into 'Changed Business Environment' in order to retain its supremacy into the deep future.

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CHANGE: TO BE ACCEPTED WITH OPEN ARMS RATHER A THING TO BE RESISTED

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ABSTRACT

The only thing which is constant in this world is change. Change is the law of life and those who look only to the past or present are certain to miss the future. Change is dynamic and alarming thing and has to be managed positively, so that employees give their proper support and the positive goals are worked towards with enthusiasm. Despite the need for and pressure to change, any change initiatives in organizations are often met with resistance .So it becomes a challenge for the management to overcome resistance to change and manage it effectively. The global pressure on organizations to stay competitive initiates this demand. Typically the objective is to maximize the collective benefits for the people involved in the change process and minimize the risk of failure of implementing the change. At the much offset, change is so uncomfortable for any person that it seems this is the end of the life or why this happens to "me" only. For any person to flexible enough to absorb the change, it is the mental transition i.e. inner strength to not to get weaken by change but let the change be that fire which will bring best out of one. Another important thing to let change bring in us is to control the reaction we give to it and control the change rather than change controlling us. There are different ways one can handle changing situation.

KEYWORDS
Change, dynamic, implementation, management, transition, and risk.

INTRODUCTION

Change is part of life. Its not the change that do you in, it's the transition. Change is not same as transition. Change is external whereas transition is internal. Change Management is a structured approach to shifting /transitioning individuals, teams, and organizations from a current state to a desired future state. It is an organizational process aimed at helping employees to accept and embrace changes in their current business environment. The various forms of changes that can happen in an organization are:
A) Mission changes
B) Strategic changes
C) Operational changes
D) Technological changes
E) Changing the attitudes and behaviors of personnel.

Organizational change should begin with a systematic diagnosis of the current situation in order to determine both the need and capability to change. Change is situational, the new site, new boss, new team, the new policy etc. but transition is the psychological process people go through to come to terms with the new situation. Unless transition occurs, change will not work. But still there is resistance from the people to resist it as most of the people prefer predictability and stability in both their personal lives as well as professional lives. Typically those situations are avoided by the people, which involve some kind of risk or increase stress, threaten their self interest and upset order. This resistance or avoidance of the situation continues and at times increases also, till they realize the benefits of change or perceive the gains to be worth more than risk or threat to their self interest. Leaders should anticipate resistance to any change effort, prepare for it and make special efforts to assess and deal with individual reactions to change. The job of the leaders was still more difficult in situation where some change has to be initiated on job front or any new policy in the system. I remember, once there was a colleague of mine who was laid off. He said with an agitated tone, "I knew this was happening. I could see the writing on the wall four years ago." Being considerate to him and feeling the pain at being laid off, only one thought crossed my mind, as he carried off his tirade. The thought that clicked me was, if he was able to see this coming for four years, what the hell he was doing all this while? He sat and waited for four years to have his fate decided for him. He chose not to change and sadly he was changed. He could have upgraded his skills or looked for job change instead of cursing or praying.

It is rightly said that, "*Change happens. Though most of us cannot control the change that happens to around us but we can surely control the way we respond to it.*" It is easier said than done. Most of the people are very quick to point out others resistance to change but generally fail to admit or recognize their own change resistance.

Here a big question comes to the mind is that Is Change necessary? Why do many of the people amongst us resist change? A common observation regarding the same is that some people call change a continuous process and progress and cherish & celebrate the improvements it brings. There is other segment, who curses the same changes and long for same good old days. Here I remember old days of my elementary school, where once a guy came in to talk about the future. He said that there will be so many changes in our way of living and we would not be carrying any money in our pockets and there will be new system of exchanges. We all thought he was crazy. How can we get rid of money? What is this new system of exchange? He is just flaunting. Many years later, I never carry cash. All the money and purchases are made through cards or online payments through net. He was right. It was if it happened overnight? Change will occur and sometimes it happens faster than we expect. The same change brings about different responses. A simple conclusion can be drawn from this that there are two kinds of people in this world. "Those who bring about change, drive change or at worst accept it graciously and those who yearn for predictability and stability. The latter are the ones who are likely to be sitting themselves up to be victims of change.

There are **SIX PHASES** of **PERSONAL and PROFESSIONAL CHANGE:**
1. **Anticipation:** The waiting stage. They really don't know what to expect, so they wait, anticipating what the future holds.
2. **Confrontation**: People begin to confront reality. They realize that change is really going to happen or is happening.
3. **Realization:** Post change. Realizing that nothing is ever going to be as it was once again.
4. **Depression:** Often a necessary step in the change process. This is a stage where a person mourns the past. Not only the change has been realized intellectually but also efforts are being made to comprehend it emotionally as well.
5. **Acceptance:** Acceptance of change emotionally. Although still you are some reservations but they are not fighting the change and have started looking for the benefits at this stage.
6. **Enlightenment:** In phase 6, people accept the new change. For many the old ways became like "how we managed dear" without this change. In short, they feel good about the change and accept it as the status quo from here forward.

An important thing to note here is that, different people have different rates of speed to pass and accept the different stage of change process. One person can be more comfortable and flexible to accept the change and may require just a month or so to reach phase 6 while other may take longer time, may be 12 months to complete the same process. More complexity arises from the fact that this cycle is not linear. In simple words, a person doesn't necessarily complete phase 1 through 6 in order. It's a jump like situation. A person may go from phase 4 to phase 5 and then back to stage 2.This makes it more difficult to ascertain that how long a change will take to be implemented.

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Let's take an example of implementation of some new software in an organization. if the management initiates and implement the change , but employees feels that the same was not needed (i.e. they are not aware of the fact that any change is required) , then the reactions will be such like:

a) "This is mere time wastage."
b) "We were not informed before what's going on "
c) "Why change? Everything is working perfectly fine"
d) " If it isn't broke, don't fix it"

Everybody's natural and initial reaction to change is to resist it, even in the best circumstances. Awareness of the business need to change is a critical ingredient of any change and must come first. Under the same situation, discussed above, if the need for the change was well explained before to the employees that the new software is to meet the needs of the customers and the old one will not be supported by the vendor also then the reactions could be:

a) "How soon will it happen?"
b) "How will I be impacted by the same?"
c) "Will training be given to all for how to use it?"

Moving one step more forward, assume we made all the employees aware that the change was required, but employees have no desire to participate or support the change. Then the reactions will as follow:

a) What's good for me in it?"
b) I doubt whether they are really serious about it."

Now, here, you will be labeled as inflexible, unsupportive and difficult by individuals in your organization. The tables have turned and you have become the target of the emotional response from the organizational members. They may take this as your lack of initiative or vision and consider you as pessimistic. So the change model gives us its two critical components: **AWARENESS** and **DESIRE.**

5 WAYS TO HANDLE CHANGE

As not all changes are sudden, and most of the changes that happen in our lives, professional or personal front are slow and can be predicted with not much difficulty. A well known saying comes to my mind at this point is, "Ghost of the crisis yet to come and is predictable as the summer sun rising at 6 a.m." so we have to skill ourselves to sense the same. There are most popular 5 ways to handle the change. They are as follows:

a) **Getting used to it**: It is much easier to embrace the change and enjoy its ride. As change is bound to happen, so why to cry for same and look foe its advantages or merits and enjoy it. Who had though out life would have been much easier and technical 10 15 years down the line. The change from typewriters to Computers and still further to laptops and ipad; change from carbon paper to Xerox machine, change to digital cameras etc. All these things are the positive changes and now we are so used to it.

b) **You must control it and not allow change to control you:** Being proactive with change allows you to be the part of the process and create change. If you fight change, you are bound top be thrown anyway, but if you embrace it you are able to gain a better handle over it. You can help it to move in right direction and right pace too and moreover then the transition through change is much comfortable also.

c) **Focus**: during the change process, two things should be kept in mind- focus on one area at a time and relax. Although, change is bound to make you panic as if you are loosing complete control over it .at this stage of change, multi tasking will be of no use during the change process. All we need at that point is focus or goal set for one by one, area wise.

d) **Cherish and enjoy your success**: Momentum is great friend at each step when we are dealing with change. One should always cherish even the small achievements instead of waiting for the end to celebrate. if we celebrate along the way, it will keep us moving forward and achieve better results.

e) **Helping others through their change process**: one of the best ways to learn how to handle change is to learn by helping others through change. If you are able to support and cheer fro other people, during their phase of change in their lives, relationships, etc , you will realize and achieve what it take to accept a change, in addition to this learning one also develops good personal relationships with the people thorough your support.

CONCLUDING WORDS

Continual growth process prepares us for change. It is not a miracle or a tablet to be taken for a day or so. It is similar to preparation for the final exams. We know well in advance they are coming, or they are bound to come, so with daily practice, self discipline and good preparation, there is no need to cram for the big event. Even for the professional lives, the leaders must develop proper attitude towards resistance to change and realize that it s neither good nor bad. It is just a matter of ones way of thinking. Infact, resistance can serve as s signal that there are ways in which efforts should be modified and improved. There is no better way to minimize resistance to change than to involve those responsible for implementing it and those affected by it.

JUST WHEN THE CATERPILLAR THOUGHT THE WORLD WAS OVER, IT BECAME A BUTTERFLY.

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AN EMPIRICAL STUDY OF SUPERIOR-SUBORDINATE CONFLICT MANAGING STYLES INFLUENCING CORPORATE DECISION-MAKING

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ABSTRACT

Planning in organization is aimed towards progress while conflict promotes regress path. Conflict between Superior-subordinates has been a main issue which affects decisions in organization. Traditionally, conflict has been considered to be an avoidable issue, the origin always traceable to trouble makers in the organization. The modern management addresses the whole problem from a different perspective by defining roles and goals of individuals clearly. Though modern management perceives conflicts to be inevitable and are integral part of organization, superior-subordinate conflicts are very high. This paper presents the strategy chosen by superior/ subordinate depending on his conflict management styles, either of them not aware of others strategy on the prisoner's dilemma principle. The results indicate that conflict occurs in the organizational system and cannot be removed. Education and Experience has some effect apart from cognitive behaviour in choosing the conflict management style. Good decisions are not made when there is interpersonal conflict except where both superior and subordinate chooses a low risk strategy. When both superior and subordinate chooses a high risk strategy, both would stick to their conflict management style. In a high risk strategy for superior or subordinate, there may be a tendency to change their conflict management styles.

KEYWORDS

Cognitive behaviour, Conflict Management Styles, Decision-making, Prisoner's Dilemma.

INTRODUCTION

rganizations are open systems and face uncertainty in several areas, uncertainty resulting from the gap between what is known and what needs to be known to make correct decisions. One of the chief determinants of such uncertainty is conflict which is perceived in different manner by individuals or groups depending on the perception of the individual or group and the environment in which they work. Thus conflict connotes hostility, rivalry or disagreement between individuals or groups. Pondy (1967) pointed that conflict is used in four ways in literature to describe i) antecedent conditions of conflict behaviour as scarcity of resources or policy differences ii) effective states of individuals involved iii) cognitive states of individuals and iv) conflict behaviour ranging from passive resistance to overt aggression.

Intra-individual, Interpersonal, Inter-group and organization conflict are varied forms of conflict arising in the same hierarchical order progressing from micro to macro level. Though hierarchy may be seen from intra-individual to organization conflict, there are no established principles that support the view that every organizational conflict is as a result of intra-individual conflict. In instances of intra-individual conflict an individual's frustration may result due to restricting the person's motivated drive before the desired goal is reached and the individual's reaction may be overt (outward) or covert (inward). When opinions of co-worker differ on a high degree, interpersonal conflict arises and superior-subordinate is a classical example of this type of conflict. Every plan may not be workable because it was set by a superior. If ideologies are lacking, superior having misconception or lacking skill and concept about activities they are not workable. Excessive thrust on activities of unworkable plans imposed on subordinate by superior may result in conflict, sometimes resulting in retrogression. Inter-group conflict arises due to groups being interdependent; goals being incompatible; or even distrust between groups. Whetten and Cameron (1991) proposed that i) Personal differences ii) Information deficiency iii) Role incompatibility and iv) Environmental stress are the four major sources of interpersonal conflicts. Further, Whetten and Cameron suggest that a disagreement about who is factually correct easily turns into a bitter argument over who is morally right. Such issues become highly emotional and take moral overtone leading to conflict. The type of the strategy chosen by the superior/subordinate may be dependent on the conflict management styles they possess. Integrating style; Obliging Style; Dominating style; Avoiding style; and the Compromising style are the five methods conceptualized in handling conflict in organizations (Follett 1940) and many authors have used this method in understanding conflict management.

Management, in earlier times considered conflict as an important topic and provided equal importance to planning and conflict. This was based on the premises that conflict could be avoided as they were caused by trouble makers. Scapegoats were considered and were accepted as inevitable (Kelly, 1975). Though work has been carried out in this field, most of the literature dates old, the research work relating to superior-subordinate is very limited (Swaminathan & Rajkumar, 2010, Lee, 2008). In most developing countries strategic planning is given more importance. In India, consequent to liberalization in 1991, there has been tremendous growth in both manufacturing and service sectors and there has also been higher attrition rate. Though higher attrition rate may not be directly attributed to conflict alone, the economies of demand and supply of human skills & talent being harmonious, much thought has not been given to address conflicts in organization, thus its impact on corporate decisions. Many organizations have the policy of exit interview wherein the individual's feelings are heard. Though this may throw some light on addressing potential similar conflicts in future, focus is not given to conflicts occurring between superiors and subordinate. Thus modern management by changing the roles and goals have perceived that certain amount of conflict is inevitable and are integral to nature of change.

OBJECTIVE

The study envisages the conflict management styles chosen by the superior/subordinate in addressing conflict and situations that affect corporate decision making through application of the prisoner's dilemma principle.

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METHODOLOGY

The study covers five conflict management styles that affect the superior and subordinate relationship identified by Follett (1940) and these are considered to understand if they have any influence in choosing a strategy by collecting responses of 20 superiors and 20 subordinates, all studying management course (MBA) drawn on random sample using a five point Likert scale with the scale ranging from strongly agree to strongly disagree. The analysis is made in consonance with the objective and hypotheses.

HYPOTHESES

Two propositions are formulated to understand the move by the superior and subordinate in case of conflict. While one proposition is related to the subordinate's style of managing conflict, the other is related to the superior's style of managing conflict.

Proposition 1 (P1): The subordinate's desire to remain in the organization and the extension of cooperation given to the superior is not dependent on Subordinate's style of managing conflict.

Proposition 2 (P2): The Superior's desire to retain the Subordinate and the cooperation expected by the Superior is not dependent on Superior's style of managing conflict.

DISCUSSION AND RESULTS

The subordinate in order to manage conflict may choose a strategy to remain in the organization. Such a strategy is driven by the reality that the superior has the power, either legitimate or coercive (French & Raven, 1959) to determine the continuance of the subordinate in the organization. The subordinate may also understand the difficulty in finding an equally suitable alternative job. The superior may ignore sporadic conflict and may choose a strategy to retain the subordinate understanding the difficulty of getting an equally potentially good candidate for the job and thus may continue with the subordinate. Expectation is always futuristic and expecting future action in line with the desires of the superior is a risky option for the superior as the subordinate may or may not extend cooperation. The subordinate may choose a strategy to remain in the organization and the superior may choose a strategy to expect cooperation from the subordinate. This would be a high risk strategy for the subordinate as superior may demand a high cooperation that may lead to intrapersonal conflict for the subordinate. Where a superior expects full cooperation and subordinate prefers to extend no cooperation, this would be a dominant strategy involving high risk for both superior and subordinate. The dominant strategy implies the rule – expect the worst from the other(s) leads to worse position (Koutsoyiannis, p.413). The four strategies are abbreviated as SS1; SS2; SS3 and SS4 and the various strategy positions are indicated in Table 1.

Given that in none of the four situations, the superiors and subordinates are not aware of others strategy, this problem takes similar characteristics of the "Prisoner's dilemma" dealt in Theory of Games. Though in Economics, prisoner's dilemma is used to represent situations under oligopolistic markets, the analogy is identifiable with conflict. Thus, an attempt has been made to understand individual's choice by studying the nature of their conflict management styles and the situations where it affects decision making. The four strategies viz., SS1; SS2; SS3 and SS4 are analyzed in the following paragraphs. The propositions 1 and 2 are associated with strategies SS2 and SS3respectively and these propositions are tested using chi-square. The results are presented in Table 2 and 3.

TABLE 1: TABLE SHOWING SUPERIOR – SUBORDINATE OPTION IN CHOOSING A STRATEGY

		Superior's Option	
		Superiors Desire to Retain Subordinate	Superiors Expectation of Cooperation from subordinate
Subordinate's Option	Subordinates Desire to Remain in the organization	Low risk strategy for both (SS1)	High risk strategy for subordinate (SS2)
	Subordinates Extending no Cooperation to Superiors	High risk strategy for superior (SS3)	High risk strategy for both (SS4)

SS1: LOW RISK STRATEGY FOR THE SUPERIOR AND SUBORDINATE

Under a low risk strategy for both superior and the subordinate conflicts are minimum (SS1). Under this strategy, a harmonious relation exists between superior and the subordinate irrespective of the conflict management style of the individuals and business decisions taken may be good. Reuver and Woerkom (2010) in their study indicate that non-confrontation strategy is negatively related to commitment. The superior and the subordinate may possess integrating style of conflict management. This strategy though is good and ideal; it is rarely seen in all spheres of management. Since the relation is harmonious, the subordinate or the superior would not change their nature conflict management style.

SS2: HIGH RISK STRATEGY FOR THE SUBORDINATE

The proposition 1 is rejected (p>0.05) and it is concluded that the subordinate's style of managing conflict has significant effect in choosing to remain in the organization and to extend cooperation as expected by the superior, it would be a high risk risky strategy for the subordinate (SS2). This is because a higher desire to remain in the organization may be associated with a higher cooperation demanded from the superior. As the gap between superiors and subordinates will increase as a direct consequence of punitive procedures, the subordinate tend to avoid participation (Lee, 2008). The subordinate may at a stage be overburdened with work and when the desire to stay is intensified the gap between the superior and subordinate would be narrowed down and in extreme situation inter-personal conflict may turn out to be an intra-personal conflict, the subordinate being under stress is unlikely to take good decisions. From the employees perspective job pressure was more where the boss was low on consideration and boss playing favourites and taking advantage of situations (Swaminathan & Rajkumar, 2010). In order to cope up with the situation, the subordinate may even change the nature of his conflict management style from dominant to obliging.

TABLE 2: TABLE SHOWING CHI-SQUARE RESULTS FOR PROPOSITION 1

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	11.867	12	.456
Likelihood ratio	14.507	12	.270
Linear by Linear Association	0.124	1	.725
N of Valid Cases	20		

SS3: HIGH RISK STRATEGY FOR THE SUPERIOR

The proposition 2 is also rejected (p>0.05) and it is concluded that the superior's style of managing conflict has significant effect in choosing to retain the subordinate by seeking cooperation. This is a high risk strategy for the superior (SS3). This is because a higher desire to retain subordinate without getting cooperation puts the superior under stress. The overburdened superior may fail to take good decisions and when the results are not promising, the superior is likely to lose the job. In order to safeguard the position, the superior may come out with some incentives to the subordinate, at the same time avoiding conflict. Positive relationship exists between a manager's collaborating strategies and subordinates' experiencing interpersonal and performance rewards (Hatfield & Hatfield, 1996). The superior may change the nature of his management style from dominant to compromise.

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TABLE 3: TABLE SHOWING CHI-SQUARE RESULTS FOR PROPOSITION 2

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	11.348	12	.499
Likelihood ratio	14.314	12	.281
Linear by Linear Association	0.512	1	.474
N of Valid Cases	20		

SS4: HIGH RISK STRATEGY FOR THE SUPERIOR AND SUBORDINATE

A high risk strategy for both superior and the subordinate is generally characterized by Avoidance & Dominance conflict management styles. There would be sidestepping, buck-passing (Lee, 2008) or uncooperative (Blake & Mouton, 1964) move by the superior/subordinate. Under SS4, the power of the superior is met by the aggression of the subordinate. Buck-passing by superior is met by withdrawal of the subordinate. The decisions taken may not be collaborative and the rate of attrition may be higher. This is detrimental to the organization.

The high interdependence of subordinate and superior in carrying out tasks has a negative influence on corporate decision whenever conflict arises, irrespective of the conflict management styles followed by superior/subordinate. Thus, each of the two would not choose a strategy on their own while dealing with conflicts. They wait for the other to choose a strategy and may react according to the strategy chosen by the other. However, both may prefer to choose the low risk strategy avoiding the other strategies which may be detrimental to them.

There are several reasons that influence the style of functioning of superior-subordinate when conflict takes place. Experience is a potential tool that provides alternative employment and education supports it. The individual's knowledge about the subject domain and the skill to apply it in specific situations come from experience (Rangaraj & Thimmarayappa, 2011). The modern management is mostly about handling multitask for which multi-skill is required. Education provides the basic nuances about multi-skill and experience nurtures it and thus a person can handle multitask. Therefore even a subordinate who can handle multitask may remain in the organization for a longer period even though he is involved in confrontation because his decisions are vital for the organization and his style of conflict management would not be questioned. Thus it is likely that education and experience may have some influence on the conflict management style of the individual.

LIMITATIONS

A major limitation of this study is the position of an individual in the organisational hierarchy who would be superior to some and subordinate to others. This position is identifiable by both SS2 and SS3 and the individual may have to adjust his conflict management style quite often depending on his subordinate and superior's behaviour. This is not addressed in the study as 2 x 2 matrix permits only four strategies. Apart from this, the intensity of conflict from petty to serious that affect the superior-subordinate relationship is not made.

CONCLUSIONS

Notwithstanding the limitations, the application of Prisoner's dilemma principle in understanding conflict management style between superior and subordinate is unique and unearths the reason for an individual who may continue to work in the organisation despite a high level of conflict. The subordinate continually questioning the superiors move may lead to conflict, the former perceiving the latter to be inexperienced and harsh. Likewise, the acts of subordinate questioned by superior continually also leads to conflict, the subordinate perceiving the superior to be obdurate. In either case, the cognitive roles of the individuals are manifested. In a high risk strategy for either superior or subordinate there may be a tendency to change the conflict management styles. While several methods are suggested to resolve superior-subordinate conflicts, referring to a higher authority is generally considered to be a better method to resolve conflicts. Because organizations follow hierarchical structure, the conflicts are thought to be resolved better through an arbitrator taking a decision, which would be accepted by both the parties. However, the decision of the arbitrator is also questionable because of superior – subordinate relationship. Therefore, even with the intervention of arbitrator, conflict may continue to exist. Organizations are a collection of people with varied cognitive behaviours and thus conflict exists in any organizational system. The conflict management styles, experience and skills possessed by an individual determines the level of conflict in the organization. In essence, superior – subordinate conflict can never be removed from the system. At most, they can be reduced only through providing training in the organization so that there is uniformity in most of the common activities, the rules and procedures being made clear to both superior and subordinates.

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WORKING CAPITAL MANAGEMENT AND PROFITABILITY – A CASE STUDY OF ANDHRA PRADESH POWER GENERATION CORPORATION

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ABSTRACT

Working capital management is important component of financial management. Usually it is found that short term management of capital is ignored, consequently leading to failure of businesses. Thus the study focus to make item wise analysis of each component of Gross Working capital for APGENCO using percentages and examine the impact of Working capital on profitability by using statistical tool such as Correlation analysis for the study period of 2005 to 2010. In the analysis working capital ratios such as current ratio, Liquid ratio, working capital turnover ratio, Inventory turnover ratio, receivables turnover ratio, cash turnover ratio and Return on Investment ratio has been used. The study found that Debtor share a major proportion of gross working capital and cash balances has been ignored by the company. Further WTR and DTR showed a high degree of positive correlation and CR, LR, and ITR showed a high degree of negative correlation between variables and profitability. Hence, the study of the impact of working capital ratios on profitability showed both negative and positive impact.

KEYWORDS
Working capital, Current assets, Debtor, Inventory, Cash.

INTRODUCTION

The funds required either to pay for expenses or to meet obligations for goods or services Purchased by the firm are known as working capital. According to shubin "working capital is the amount of funds necessary for the cost of operating the enterprise." Managers can create profits for their companies by handling optimal level of cash conversion cycle and keeping each different component (accounts receivables, accounts payables, inventory) to an optimum level. According to Deloof "the way that working capital is managed has a significant impact on profitability of firms". This result indicates that there is a certain level of working capital requirements which potentially maximizes returns. Gill & et al, found that the management of working capital may have both negative and positive impact of the firm's profitability, which in turn, has negative and positive impact on the shareholders' wealth. Therefore there is a negative relationship between profitability of a firm and cash conversion cycle, thus it is possible to increase firm's profitability through more efficiency of working capital management. In case of the process of an asset-liability mismatch may occur which may increase firm's profitability in the short-run but at a risk of its insolvency.

ABOUT THE POWER INDUSTRY IN INDIA

India is the fifth largest electricity generation capacity in the world. The total installed capacity of India is -150,000 MW, of which the majority of generation, transmission and distribution capabilities lie either with public sector companies or with State Electricity Boards (SEBs). The overall power generation in the country has increased from 723.793 billion unit (BU) during 2008-09 to 771.551 BU during the year 2009-10. In the month of August 2011, the Total Installed Capacity of state, central and private sector is 181,558.12. The power is generating through various sources such as Thermal, Hydro (Renewable), Nuclear, Renewable Energy Sources, each contributing a percentage of 65.21, 21.04, 2.63, and 11.10 respectively.

ABOUT APGENCO

Andhra Pradesh Power Generation Corporation Limited (APGENCO) is the electricity generation company of the Government of Andhra Pradesh state in India. APGENCO came into existence on 28.12.1998 and commenced operations from 01.02.1999 after unbundling the activities relating to Generation, Transmission and Distribution of Power. The installed capacity of APGENCO as on 30.01.2011 is 8384.9 MW comprising 4382.50 MW Thermal, 3790.40 MW Hydro and 2 MW Wind power stations, and contributes about half the total Energy Requirement of Andhra Pradesh. It is the Third Largest Power Utility in India and Second highest Hydel Installed Capacity in India. Apart from operation & Maintenance of the power plants it has undertaken the execution of the ongoing & new power projects scheduled under capacity addition programme and is taking up renovation & modernization works of the old power stations. APGENCO has an equity base of Rs.2107 crores with 11,000 dedicated employees as on 30.06.2009. The company has earned a net profit of Rs.288.66 crores as against a profit Rs.246.46 Crores for the previous year 2008-2009.

OBJECTIVES OF THE STUDY

Working capital management is important component of financial management. Usually it is found that short term management of capital is ignored, consequently leading to failure of business. The study has the following objectives:
1.   To make item wise analysis of each component of Gross Working capital using percentages.
2.   To examine the impact of Working capital on profitability by using statistical tool such as Correlation analysis.

METHODOLOGY

In this paper an effort has been made to make an empirical study of Andhra Pradesh Power Generation Corporation. For this study the third largest power utility in India namely APGENCO has been purposively selected evaluating the impact of working capital on its profitability during the period of 2005 to 2010. The following are the methods and techniques adopted for collection of data and their analysis in this study.

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COLLECTION OF DATA

The data of APGENCO has been availed from secondary sources such as annual reports of the company and CMIE prowess database for the period of 2005 to 2010.

VARIABLES

In the study, working capital ratios such as current ratio, Liquid ratio, working capital turnover ratio, Inventory turnover ratio, receivables turnover ratio, cash turnover ratio and Return on Investment ratio has been used. The statistical test such as simple correlation analysis has been applied to explain the relation between working capital ratios and profitability. The Ratio used can be explained below:-

Current Ratio	= Current asset/Current liabilities
Liquid Ratio	= Quick asset/Current liabilities
Working capital Turnover	= Cost of Goods sold/Net Working Capital
Inventory turnover Ratio	= Cost of goods sold/ average Inventory
Debtor turnover Ratio	= Total Sales/Average Receivables
Cash Turnover Ratio	= Cost of Goods Sold (excluding depreciation)/Cash
Return on Investment	= Net Profit x 100 / Capital employed
Capital employed	= Net fixed assets + Working capital

DATA ANALYSIS AND INTERPRETATION: COMPOSITION OF GROSS WORKING CAPITAL

The variable wise analysis of gross working capital will enable to examine in which each element the gross working capital funds are locked in. The Table – 1 exhibit the share of each variable calculated in percentages for each year of the study period and the averages of the six year time period are calculated for each component of gross working capital.

FIGURE – 1: COMPOSITION OF GROSS WORKING CAPITAL
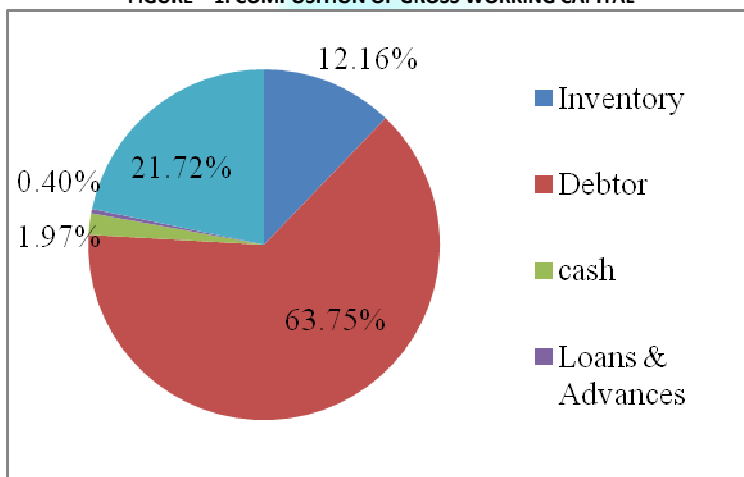
Note: Average percentages from 2005 to 2010.

The average inventory represents 12.16% of the gross working capital. The debtors contribute highest with 63.75% of the total current assets. The debtors have moved from 84.59% in 2005 to 63.75% in 2010. Excess funds in the debtor may lead to more bad debts and losses. This indicates that collection of debtors should speed up to increase efficiency. The most of the funds are locked in Sale of Power within State, Inter-state Sale of Power and O&M Contracts. The due from APTRANSCO represents 95% or more of the total debtors. Debtors for sale of power to DISCOMS are subject to review and reconciliation pending finalization of power purchase agreement as per APERC Orders. Therefore this may not give a correct picture of the financial position of the company. The cash balance was recorded a Minimum of 0.69% in 2005 and maximum is 2.90% in 2010 with an average of1.97% for the study period. The company has not maintained required level of cash balance during the study period and this may pose harm to the liquidity of the company. The Loans and advances contribute 0.40% of the gross working capital which is merely negligible part of the gross capital. It has showed a declining trend from 0.93 in 2005 and 0.09 in 2010 with an average of 0.40. Lastly other current assets contribute 21.72% of gross working capital.

TABLE – 1: COMPOSITION OF GROSS WORKING CAPITAL (IN CRORES)

Year	Inventory	Debtor	Cash	Loans & Advances	Other current assets	Total
2005	228.31 (10.51)	2031.61 (84.59)	16.81 (0.69)	22.43 (0.93)	102.42 (4.22)	2401.58 (100)
2006	288.85 (10.85)	1979.44 (74.36)	70.72 (2.65)	24.27 (0.91)	298.46 (11.21)	2661.74 (100)
2007	262.39 (10.66)	1656.65 (67.35)	37.08 (1.50)	9.29 (0.37)	494.00 (20.08)	2459.41 (100)
2008	393.88 (13.75)	1489.17 (51.98)	39.82 (1.39)	5.36 (0.18)	936.18 (32.68)	2864.41 (100)
2009	430.94 (12.51)	1698.27 (49.33)	69.74 (2.02)	4.75 (0.13)	1238.52 (35.98)	3442.22 (100)
2010	577.17 (14.05)	2578.60 (62.80)	119.32 (2.90)	4.08 (0.09)	826.78 (20.13)	4105.95 (100)
Total	2181.54 (12.16)	11433.74 (63.75)	353.49 (1.97)	70.18 0.40)	3896.36 (21.72)	17935.31

Source: compiled Annual Report of the firm

IMPACT OF WORKING CAPITAL ON PROFITABILITY

The co-efficient of correlation between selected ratios relating to working capital management and ROI of Andhra Pradesh Power Generation Corporation is presented in Table 2. The current ratio of APGENCO has declined from 2.08 to 1.36 from 2005 to 2010. The liquid ratio has also decreased from 1.87 to 1.17 for the same period. The mean of CR and LR is 1.7 and 1.5 respectively. These two ratios have been consistently decreasing throughout the study period. Except for 2005 and 2006 there values of current ratio was lower than the ideal value of 2:1. The relationship between current ration, liquid ratio and profitability showed a high degree of negative association of -0.949 and -0.954 respectively. This means that the increase in current asset will decrease profitability and vice-versa. The correlation between profitability and Working capital turnover ratio, debtor turnover ratio shows a high degree of positive association of 0.802 and 0.796

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respectively. It therefore denies the generally accepted rule that the higher investment and greater is the profitability conforms to principle larger the turnover, the lower is the relative investment and greater is the profitability. There is a moderate negative correlation between cash turnover ratio and profitability of -0.485.The high turnover of

TABLE - 2: SIMPLE CORRELATION ANALYSIS BETWEEN SELECTED RATIOS RELATING TO WORKING CAPITAL MANAGEMENT AND PROFITABILITY

Year	CR	LR	WTR	ITR	DTR	CTR	ROI
2005	2.08	1.87	2.29	12.95	2.14	154.69	0.51
2006	2.35	2.08	1.94	11.75	1.93	32.00	0.60
2007	1.73	1.55	2.89	11.62	2.31	67.28	1.27
2008	1.42	1.23	4.14	10.95	2.93	72.91	1.44
2009	1.26	1.10	6.80	9.83	3.90	60.00	1.53
2010	1.36	1.17	4.62	10.15	3.00	36.12	1.60
correlation	-0.949	-0.954	0.802	-0.883	0.796	-0.485	

Source: Compiled Annual Report of the firm

Cash is considered good for the business but at the same time it should be noted that relatively high turnover ratio may not be an indicator. It may indicate that the firm is maintaining a low level of cash. It also indicates that the firm does not possess enough amounts of cash for operational requirements. This explains that larger the cash turnover ratio the greater will be the profit. The association between profitability and inventory turnover ratio is -0.883. The higher the inventory level the lower the profitability, which indicates that that there is a high degree of negative relationship between the two. Thus, In the case of APGENCO WTR and DTR showed a high degree of positive correlation and CR, LR, and ITR showed a high degree of negative correlation between variables and profitability. Hence, the study of the impact of working capital ratios on profitability viewed both negative and positive impact.

CONCLUSION

The study has showed both positive and negative relationship between the selected ratios in the area of working capital management and return on investment used as proxy of profitability. The debtor ranged from 84.59% to 63.75% of gross working capital during the study period. Excess funds in the debtor may lead to more bad debts and losses. The Cash balances should be increased to improve liquidity position of the firm. WTR and DTR showed a high degree of positive correlation and CR, LR, and ITR showed a high degree of negative correlation between variables and profitability.

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CUSTOMER RETENTION THROUGH SERVICE RECOVERY

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ABSTRACT

In today's era of intense competition, it is very important for any service company to understand that merely acquiring customers is not sufficient because there is a direct link between customer retention over time, profitability & growth. In this respect, this research attempts to highlight the different service recoveries which a company must understand in order to succeed in retaining the profitable customers. Recovering from failures not only corrects the situation, in fact efficient service recovery strategies can lead customers to have more positive feelings and attitudes towards the organization than if the service had been performed accurately in the first place. Research reveals that, the best service recovery process can be computed through various methods. TQM practices are inherently used by manufacturing firms and hence need to be tailored sufficiently when used by service organizations due to the proven differences between services and manufactured goods. Complaints should not only be encouraged, they should also be anticipated and tracked. Also, it is necessary for the service firm to treat each customer fairly and equally. Another component of effective service recovery strategy is to learn from customers who decided to leave and conduct their business elsewhere. The first rule of service quality is to do it right first time. By following this method, service recovery can be deemed unnecessary. As today's customers are becoming harder to please, the challenge is not to produce satisfied customers as several competitors can do this, in fact, the challenge is to produce delighted and loyal customers.

KEYWORDS

Complaints, Customer retention, Service failure, Service recovery.

INTRODUCTION

In today's era of intense competition, it is very important for any service company to understand that merely acquiring customers is not sufficient because there is a direct link between customer retention over time, profitability & growth. Customer retention to a great extent depends on service quality and customer satisfaction. It also depends on the ability of the organization to encourage customers to complain and then recover when things go wrong. Complaints are a natural part of any service activity as mistakes are an unavoidable feature of all human endeavor and thus also of service recovery. Service recovery is the process of putting things right after something goes wrong in the service delivery. The service delivery company ideally takes action to ensure that the customer gets desired outcome anyway, and later rectifies its own process so that the failure doesn't reoccur. When a service failure occurs, a customer has to be compensated for the inconvenience in the form of any combination of refunds, credits, discounts or apologies. Research shows that it is considerably more profitable for a company to keep customers who have experienced failures than to try to find new customers. This research attempts to highlight the different service recoveries which a company must understand in order to succeed in retaining the profitable customers.

LITERATURE REVIEW

A customer becomes more profitable for service firms over a period of time. There are a number of reasons for this. To begin with, to acquire a customer a company incurs promotional costs like advertising, sales promotion etc. It is said that it costs five times more to attract a new customer than retaining one (Rackham 1988). The operating cost decreases when a customer stays. Services being rich in experience and credence qualities, customers take time to adapt to it and once they are accustomed to the service and satisfied with the service provider, they tend to purchase more over a period of time.

If customers are satisfied with the service provider they are likely to spread a positive word of mouth, which is very effective in case of services for attracting new customers. Longer the customer stays with an organization, more the organization knows about him, which enables it to offer customized services which make it difficult for the customer to defect. This may even provide opportunities to the organization to charge price premium by offering individualized services which may be difficult for the competitors to offer (Zeithaml and Bitner 2003).

Considering the importance of retaining customers in service business, Reichheld and Sasser coined a term 'Zero Defection'. They highlighted that companies can boost profits by almost 100% by retaining just 5% more of their customers. Further, it is also very important to understand the life time value of a customer. For example, if an average customer of BSNL pays Rs. 500 per month and stays with the company for 20 years., his average lifetime value will be Rs. 500x 12x 20=Rs. 1,20,000. Further, if by a positive word of mouth, he brings just one more customer to the organization, his value to the organization doubles. Therefore, it is important for all the employees in the organization to understand the life time value of their customers. Once they understand it, they will treat the customer accordingly and will focus on building relationship with the people who keep them in business (Chaturvedi 1999). When firms fail to deliver a service as promised, customers will generally be dissatisfied. Such customers will not likely do business with the company in the future. This is where the service recovery comes into place. "Service recovery can turn angry customers into loyal ones. Companies should take steps not only to provide good service every time but also to recover from mistakes when they occur" (Kotler 255).

Recently Toyota announced two safety recalls that cover some of its models. Both recall campaigns address conditions related to the accelerator pedal. Now Toyota is taking actions to recover and reassure its customers in company's future service quality. Though Toyota is a car manufacture, not technically "service" company, it is reasonable to assume that it not only makes car, but also provides services that result in safe driving experience. Toyota reassures customers that their safety is still a top priority, it admits the mistakes, and promises to learn from them (Palmeri 2008).

Recovery management is considered to have a significant impact on customer evaluations, because customers are usually more emotionally involved in and observant of recovery service than in routine or first-time service and are often more dissatisfied by an organization's failure to recover than by the service failure itself (Berry and Parasuraman 1991; Bitner, Booms, and Tetreault 1990). Keaveney (1995) finds that service failures and failed recoveries are a leading cause of customer switching behavior in service organizations. Therefore, well-executed service recoveries are important for enhancing customer satisfaction, building customer relationships, and preventing customer defections (Fornell and Wernerfelt 1987).

Every employee and every business in the world occasionally makes a mistake. What separates service leaders from the rest of the pack is how they handle those mistakes -- how they meet the challenge of turning a disgruntled customer into one who sings their praises and becomes a customer for life. This is called service recovery. It is apologizing, taking responsibility and giving customers something of value as a way of appeasing them and earning both their trust and their loyalty (Chase & Stewart 1994).

Failures occur in many service organizations, most customers having encountered service failure at some point. Therefore it is important for a firm to consider how service recovery can be provided to disappointed customers (Johnston and Fern, 1999).

Previous research on service recovery has focused on developing classification schemes (Bitner, Booms, and Tetreault 1990; Hoffman, Kelley, and Rotalsky 1995; Kelley, Hoffman, and Davis 1993) and providing correlational or anecdotal support for the effect of service recovery on customer satisfaction (Kelly and Davis 1994; Spreng, Harrell, and Mackoy 1995). Recently, Tax, Brown, and Chandrashekaran (1998) examined the influence of customers' justice evaluations on satisfaction, trust, and commitment after a service complaint experience.

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Bell and Zemke (1987) present five strategies for effective recovery, which involves, Apology, Urgent reinstatement, Empathy, Symbolic atonement, Follow –up. Kelley, Hoffamn and Davis (1993) identify seven strategies they believe embody efficient service recovery, Discount, Correction, Management/employee intervention, Correction plus, Replacement, Apology and Refund. Zeithaml and Bitner's (2003) have given a diagrammatic version of service recovery strategy. These authors combine the various combinations, proposed by other authors as well as the rule "do it right first time". This strategy implies the extremely interesting notion, if the service is performed correctly the first time round, there will be no need for recovery.

According to resource exchange theory, people prefer exchanges of resources that are "in kind." Satisfaction is greater when resources from the same or similar categories are exchanged than when resources from different categories are exchanged (Brinberg and Castell 1982; Brinberg and Wood 1983; Foa and Foa 1976, 1980; Foa and Foa 1974; Foa et al. 1993). According to mental accounting principles, people use various implicit methods to assign resources to different mental accounts (Benartzi and Thaler 1995; Thaler 1985). We believe that people assign economic and social resources to different mental accounts. Prospect theory suggests that, in individual decision making, resources are weighed differentially according to their utility (Kahneman and Tversky 1979). This theory asserts that people are more attuned to differences (relative to a reference point) than absolute amounts and that they are more sensitive to losses than gains (Kahneman and Tversky 1979; Tversky and Kahneman 1992).

All these theories predict that customers will place greater value on exchanges involving proximal (similar) resources than on those involving distal (dissimilar) resources. Therefore, it is expected that in service failure/recovery encounters, customers will prefer to receive, in exchange for the loss suffered, resources that match the type of loss (failure) they experienced. Thus, if a service failure leads to loss of an economic resource, customers will prefer to receive an economic resource as part of the recovery effort. If a service failure leads to loss of a social resource, they will prefer to receive a social resource as part of the recovery effort.

According to social exchange and equity theories, exchange relationships should be balanced; that is, resources should be exchanged in equivalent amounts (Adams 1965; Deutsch 1975; Walster, Berscheid, and Walster 1973; Walster, Walster, and Berscheid 1978). When a service failure occurs, the exchange relationship is thrown out of balance. The amount of the customer's perceived loss depends on the magnitude of the failure. To restore balance, the service provider must offer the customer a gain of an amount sufficient to cover the loss. Customer satisfaction will depend on the magnitude of the perceived loss and the amount of resources offered in the recovery effort. Therefore, the customers will seek balance and, in failure/recovery encounters, will prefer to receive, in exchange for the loss suffered, resources in amounts commensurate with the magnitude of the loss (failure) they experienced.

According to Zeithaml and Bitner (2003), the first rule of service quality is to do it right first time. By following this method, service recovery can be deemed unnecessary. Customers get what they expect, they are completely satisfied and the costs of performing the service a second time or of compensation are avoided (Zeithaml and Bither, 2003).

In order for consumers to be satisfied after each service encounter, firms need to employ strategies to ensure reliability. Total Quality Management has become accepted and often expected in service practice in order to achieve this reliability of performance. The most useful application of TQM is the fail-safing approach. This author states that, "the idea of fail-safing is to prevent the inevitable mistake form turning into a defect". Fail-safing or poka–yokes are particularly applicable to services although initially devised for manufacturing firms. In reality numerous poka-yokes, essentially quality control mechanisms, are already in place in service organizations (Chase and Stewart, 1994).

More importantly than fail-safing a service, is performing it right first time. If a culture of zero defects is utilized by a firm, each employee will fully understand the value of the customer and will aim to provide "quality service every time to every customer" (Zeithaml and Bitner, 2003, p. 199).

Though a lot of work has been done in this context the answers vary from researcher to researcher. Hence, I have taken up this topic so that I can delve into the real explanation on service recovery methods and objectives for which are included in the research methodology.

RESEARCH METHODOLOGY

Keeping in mind the various research studies done on service recovery methods, it can be assumed that the following objectives can be considered as important components for the study. In the research paper I have dealt with the following objectives:

- To carry out an extensive research to discuss the various service methods.
- To analyze and find out the best service recovery method out of the same.
- To associate a relation between the service recovery method and customer retention.

The research is mainly based on the secondary data. Secondary data was mainly collected from e-journals like Harvard Business Review, The Free Press, Review of Business, Journal of Marketing Research, Journal of Marketing, Journal of Retailing, The Service Industries Journal and Journal of Service Marketing.

DISCUSSION

Review of research done so far in this field of study has lead to the following discussion.

Recovering from failures not only corrects the situation, it has been cited that efficient service recovery strategies can lead customers to have more positive feelings and attitudes towards the organisation than if the service had been performed accurately in the first place. Service recovery effectiveness depends significantly on the level and type of failure. Therefore service recovery strategies play a crucial role in achieving customer satisfaction.

Although service recovery is recognized by researchers and managers as a critical element of customer service strategy, there are few theoretical or empirical studies of service failure and recovery issues. Studying service recovery is challenging because recovery is triggered by a service failure, making systematic empirical research difficult to conduct in either a laboratory or a field environment.

After going through the literature review the best service recovery process can be computed through the following methods:

FOLLOWING OF THE TQM

In order for consumers to be satisfied after each service encounter, firms need to employ strategies to ensure reliability. Total Quality Management has become accepted and often expected in service practice in order to achieve this reliability of performance. However TQM practices are inherently used by manufacturing firms and hence need to be tailored sufficiently when used by service organizations due to the proven differences between services and manufactured goods. Firms that fail to recognize the need to adapt this tool for use in service organizations often fail in their efforts. The most useful application of TQM is the fail-safing approach which is to prevent the inevitable mistake form turning into a defect.

WELCOME AND ENCOURAGE COMPLAINTS

The second component of a successful service recovery strategy as highlighted by Zeithaml and Bitner (2003) is to welcome and encourage customer complaints. Despite the fact firms may aim to have standards that warrant zero defects, failures do occur. In this instance an organisation must greet and encourage complaints. Complaints should not only be encouraged, they should also be anticipated and tracked.

Encouraging and tracking complaints can be done in numerous ways. Customer research can be conducted through the use of customer satisfaction surveys, critical incidents studies and lost customer research. Less formally, front line employees can be used to the firms advantage, as it is they who have customer contact and understand their needs, levels of dissatisfaction and service failures as they occur.

An element of encouraging complaints is to make it as easy as possible for customers to do so, as it is the customers who have the firsthand knowledge of failures in the service system. A method of ensuring this is through the use of technology. Technology has made is easier for customers to access sales and service employees. Technology can also be used to anticipate problems before they happen, therefore anticipating complaints and avoiding service failures before the customer recognizes they exist.

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ACT QUICKLY

According to Groonros (1978), dissatisfied customers tell twelve others about their negative experience whereas a satisfied customer tells much fewer. Therefore if and when customers complain, they want and expect a rapid response. If the company encourages complaints, they must be prepared to act on them as quickly as possible to avoid further customer dissatisfaction. In order to operationalise this, systems and procedures must be set in place as well as empowering employees.

Employees must be both trained and empowered to deal with service failures before they occur. Training gives the employees a better understanding of the situation and the role they play in service recovery. In many cases an employee can anticipate a problem before it happens and therefore surprise the customer with a solution. For service employee's specific training is necessary, so that employees have the skills, authority and incentives to involve themselves in immediate and effective service recovery.

A further opportunity for service firms to 'act quickly' is to allow customers to solve their own problems. This can typically be done through the use of technology and effectively customers can perform their own service recovery.

TREAT CUSTOMER FAIRLY

In addition to acting quickly, it is necessary for the service firm to treat each customer fairly and equally. Fair treatment is an extremely important aspect of effective service recovery. Customers expect to be treated fairly, and for the outcomes and compensation to be equal if not exceed their levels of dissatisfaction. Compensation many involve monetary payments for the inconvenience experienced and or free tickets, meal or drinks etc. It is also necessary for the firm to treat the customer fairly in terms of policies, rules and timeliness of complaints and the complaint process utilized.

LEARNING FROM RECOVERY EXPERIENCES

Service failures and service recovery experiences are important lessons and opportunities for the firm to learn from. According to Groonros, (1976 &1978) service firms must have systems in place from which they can learn from their service recovery attempts in a productive manner.

Problem resolution situations are sources of information for improving the service provided to customers. By tracking and following up on service failure point, management can learn for the mistakes and identify the problems in the delivery system that need fixing.

LEARNING FROM LOST CUSTOMERS

Another component of effective service recovery strategy is to learn from customers who decided to leave and conduct their business elsewhere. Research in this area can help identify the reasons why customers have left and allow the firm the chance to modify their systems to prevent failure in the future. This type of lost customer research typically involves in depth probing of customers to determine the true reasons behind their leaving. For this to be successful, it best carried out by skilled interviewers who understand both the business and the customers, such as top-level management. Although research of this kind has unearthed various reasons for customer deflection, a number of common themes have been observed in categories such as pricing, inconvenience, core service failure, service encounter failures, response to service failure, competition, ethical problems and involuntary switching.

DOING RIGHT THE FIRST TIME

Given the circular representation of the set of strategies outlined above, it leads directly back to the beginning again, "fail-safe your service and do it right the first time". According to Zeithaml and Bitner (2003), the first rule of service quality is to do it right first time. By following this method, service recovery can be deemed unnecessary. Customers get what they expect, they are completely satisfied and the costs of performing the service a second time and/or of compensation are avoided. This will in fact solve all the problems.

CONCLUSION

Today's customers are becoming harder to please. They are smarter, more price conscious, more demanding, less forgiving and they are approached by many more competitors with equal or better offers. The challenge is not to produce satisfied customers as several competitors can do this; in fact, the challenge is to produce delighted and loyal customers. If these customers are retained with the organization, they become really profitable by way of increase in purchasing, reduced operating costs, price premiums and through referrals. Too many companies suffer from customer churn i.e. high customer defection. It is like adding water to a leaking bucket. Various strategies such as measuring customer life time value, efficient complaint management system and service recovery strategies can be really helpful in retaining customers. The literature revealed significant relationships between: customer retention and quality of service as perceived by customers; the use of interactive communication skills by customer contact personnel and the perception of service quality by customers; and skills identified with success in sales and service tasks related to the customer retention function.

SUGGESIONS

The goal of service recovery is to identify customers with issues and then to address those issues to the customers' satisfaction to promote customer retention. However, service recovery doesn't just happen. It is a systematic business process that must be designed properly and implemented in an organization. Perhaps more importantly, the organizational culture must be supportive of idea that customers are important and their voice has value.

Research has shown that customers who have had a service failure resolved quickly and properly are more loyal to a company than are customers who have never had a service failure -- significantly more loyal. Service Recovery practices are a critical element in a Customer Loyalty Program. So one should find out the various and new ways of the changing the service recovery method. As all customers do not merit the same recovery efforts, managers should first understand how customers respond to service recovery quality and then, they should evaluate customer expectations and profitability to know which customers they want to keep.

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