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CUSTOMER SATISFACTION AND SUSTAINABLE FIRM PERFORMANCE: THE ROLE OF UNCERTAINTY

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ABSTRACT

Is it possible for a firm in a competitive industry to generate and sustain superior long-term financial performance? There are two directly opposing views on whether a firm can attain sustainable long-term superior financial performance: Classical microeconomics theory which says that competition, free entry and imitation by competitors mean that above-normal profits cannot exist in the long run; and the marketing strategy theory which says that a firm's marketing investments in customer satisfaction and retention efforts create sustainable advantages for brands and firms in the long-run. Using an analytical model of customer satisfaction investments and long-term financial performance, we demonstrate that, in the face of the uncertain nature of the outcome of such investments, firms can indeed sustain superior long-term financial performance. But the impact of these investments in customer satisfaction last only up to a point, beyond which such investments do not generate superior financial performance.

KEYWORDS

Customer Satisfaction, Uncertainty, Financial performance, Microeconomic modeling.

INTRODUCTION

There are two directly opposing views on whether a firm can attain sustainable long-term superior financial performance: Classical microeconomics theory which says that competition, free entry and imitation by competitors (reasonable assumptions for most industries) imply that (above-normal) long-term profits cannot exist in the long run. Such profits might exist in the short run for a variety of reasons (market power, barriers to entry) but will definitely be eroded away (Tirole 1988, Varian 1992); and the marketing strategy approach which says that a firm's strategic and marketing investments in customer satisfaction and retention efforts create sustainable advantages for firms in the long-run (Day 1994, Hunt and Shelby 1995, Srivastava et al, 1998). These two approaches, interpreted narrowly, are clearly at odds with each other.

The empirical evidence from academic research somewhat more conclusive (Ittner and Larcker 1998, Gruca and Rego 2005, Mittal at al 2005) and of course the real-world is full of examples of specific firms within industry who consistently perform better than their competitors For example, since the early 1980s to the mid-2000s, Japanese car makers have always rated higher on satisfaction than their competitors. Among service firms, firms like Geico and Met Life Insurance Company and more recently, NBC broadcasting company are further prominent examples. These firms (ex-ante) seem to be operating in very similar environments (for example in the same industry/product market) with access to the same resources, but they produce very different ex-post long-term results, seeming to support the marketing paradigm rather than the economics based ones.

UNCERTAINTY, MARKETING EFFORTS AND FIRM PERFORMANCE

Can we reconcile these two approaches? Yes, if we can illustrate that even in equilibrium, customer satisfaction affects a firm's performance levels. Are there reasons to expect that, under reasonable assumptions of firm and consumer behavior, certain firms will be able to build sustainable competitive advantages and hence obtain superior firm performance? We show that this is indeed possible. We draw on the modeling literature in economics, specifically those incorporating uncertainty in innovation and imitation (Lippman and Rumelt 1982, Telser 1982). This framework allows us to make a conceptual and analytical link between a firm's resources and actions, the outcomes of those actions (firm satisfaction levels) and its long-term financial performance.

It also captures two key features of marketing expenditures: *Its irreversibility and the uncertain nature of its outcomes.* While most models have treated marketing expenditures as being irreversible, they do not consider the uncertain nature of its outcome. What might be the consequences of such uncertainty? Firms make decisions involving expenditures on strategic and marketing variables, but the outcome of these expenditures is posited as being stochastically uncertain, in the sense that it is a random draw from some probability distribution. Over time, this uncertainty in the outcome of marketing and strategic innovations can lead to differences in customer satisfaction in several ways. Attempts to improve the quality of a service are fraught with similar uncertainties. High technology firms, for example, even with identical products might end up delivering them very differently to the market. Similarly, efforts to imitate the strategy of a successful competitor are also uncertain in terms of the result obtained. Southwest Airlines, for example, offers short-haul, low cost, point-to-point service between mid-sized cities and secondary airports in large cities. As a result, Southwest has consistently been rated highly by customers on satisfaction as well as service quality levels (Bowen and Headley 1998). Southwest Airlines is also been the most profitable airline in the industry over the long-term. Many competitors, for example Continental and Value Jet, have tried to imitate Southwest's strategy but have been able to do so with only partial success (Porter 1985). Thus, it is important that any modeling attempt to link marketing actions and performance consider the uncertain nature of all (and in our specific case satisfaction improving) marketing activities.

FIRM PERFORMANCE AND UNCERTAINTY: AN ANALYTICAL APPROACH

We propose a parsimonious singe-firm analytical modeling framework where the firm can either be thought of as one that faces competitive markets with access to similar resources or one that is in a monopolistic environment. A firm makes decisions on satisfaction improving marketing effort. We explore the effects of stochastic uncertainty in outcomes on achieved satisfaction levels and long-term firm performance. We discuss how such a framework might be extended to more than one firm.

A MODEL OF UNCERTAINTY, CUSTOMER SATISFACTION AND FIRM PERFORMANCE

We propose a similar modeling framework as Tesler (1982) to formally link uncertainty of outcomes, customer satisfaction and firm performance. The model depicts the evolution of a firm from the initial stage where the product has just been introduced. This is very similar to recent models in economics which describe evolution of firms over time (Reinganum 1985, Klepper and Graddy 1990, Cohen and Klepper 1996) and thus are more in the spirit of evolutionary economics than pure neo-classical microeconomics (Nelson and Winter, 1982). I first outline the model, its assumptions and distinctive features. I then set up the model and state and prove the propositions and results. Finally, implications of the model are derived.

A MODEL OF INNOVATION, UNCERTAINTY AND CUSTOMER SATISFACTION

In this discrete time model, a single firm introduces a product into the market at the beginning of the first time period. This product faces a standard, downward sloping demand curve. We can think of this as the demand for a basic product by heterogeneous consumers with different reservation prices. This situation typically describes a firm in a monopoly situation, but it can also be thought of as a firm in competitive situation with the downward sloping demand curve being the residual demand curve of one of the firms in the industry.

Clearly, the firm need not be content with this level of demand. The firm may choose to undertake satisfaction-improving marketing efforts that increase demand. By doing so, the firm can change this level of demand that it is facing i.e. the industry is such that there is clearly an incentive for the firm to innovate. This incentive depends on the level of demand the firm faces (following Dasgupta and Stiglitz, 1980; Shaked and Sutton, 1987).

Formally following Telser (1982), a firm makes a single product at constant marginal cost c. When introduced in the market, this product faces a downward sloping demand curve with a continuum of different consumers, each having different reservation prices. The initial aggregate demand can then be represented by a continuous inverse demand function

$$p = b(q) \qquad (1)$$

where *p is the market clearing price*
q is the quantity demanded and
b(q) is the Inverse demand function.

Further, the demand is such that above a certain maximum price, p_M , there is zero demand for the product. And even at zero price, the quantity demanded is finite, q_M. Thus, both (p_M, 0) and (0, q_M) satisfy Equation (1) i.e.

$$p_M = b(0) \text{ and } 0 = b(q_M).$$

Thus, the inverse demand function b(q) is a closed, bounded and continuous function.

A linear demand curve of the form

$$p = p_M - (p_M/\,q_M)\ q \qquad (2)$$

satisfies the above conditions. Let $p_M = B$ and $p_M/\,q_M = a$.

Thus Eqn. (1) can be rewritten as

$$p = B - aq$$

where B is the Y-intercept and a is the slope of the inverse demand function.

Let R(q, c) be the revenue function per period.

$$R(q,c) = q(B-aq)-cq \qquad (3)$$

The profit maximizing quantity is obtained in the standard way by setting the first derivative of (3) with respect to q equal to zero. The optimal values of q and R(.) are as follows :

$$q_A(c) = (B-c)/\,2a \quad \text{and} \quad R_A(c) = (B-c)^2/\,4a \qquad (4)$$

$R_A(c)$ would be the return that the firm would get in every discrete time period.

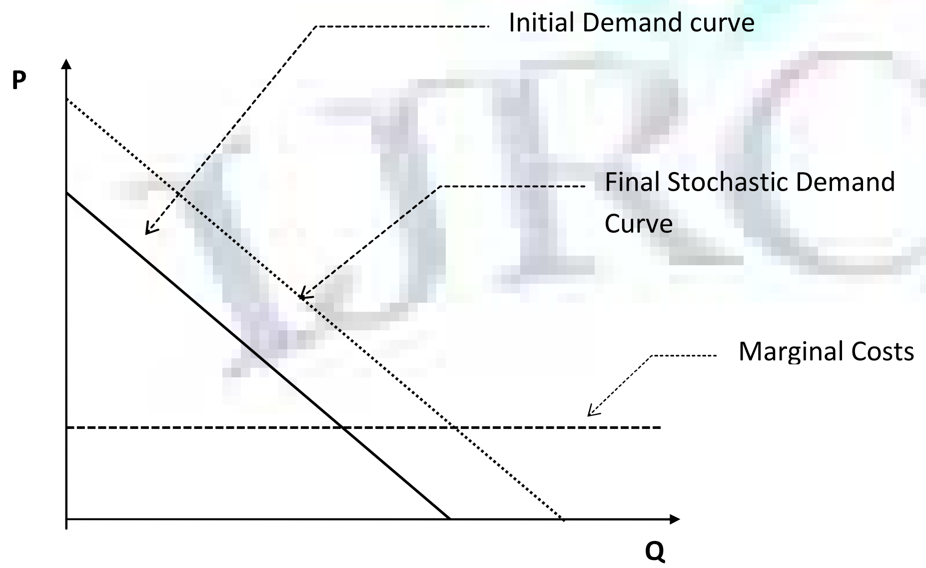
But, as pointed out earlier, the firm can do more. By spending money on marketing innovation, the firm can affect its level of demand by increasing the level of customer satisfaction. At the beginning of each period, the firm decides how much to spend on such customer satisfaction-improving marketing activity. This could include product improvement, increased service levels, better distribution and sales strategy, an attempt to gain a superior understanding of the service delivery process etc. The outcome of this expenditure is, however, uncertain. We posit the results of these marketing activities to be a customer satisfaction level, which, rather than being deterministic, is a random variable that depends on the level of expenditures.

By spending an amount x_t in time period t (t=1,2,3,……) the firm in return gets a satisfaction level which is a random variable S_t drawn from a cumulative distribution function $F(s_t,x_t)$. s_{t-1} is the satisfaction level at the beginning of time period t. Each of these draws is independent over time. (s_0 , the satisfaction level when the new product is introduced, is initialized, without loss of generality, to zero). The obtained satisfaction level of the firm of the firm s_t thus directly affects its demand for the product in the following way: it increases the reservation price that each customer is willing to pay. An increase in satisfaction shifts the demand curve to the right. This conceptualization of the effect of satisfaction is similar to what economists call product innovation expenditures which affect the demand for a product as contrasted with process innovation which is primarily presumed to affect costs of production (Cohen and Klepper, 1996; Klepper, 1996). It is also consistent with the effect of satisfaction on consumers' price-tolerance and willingness to pay (Anderson 1998, Fornell et al 1996)

In our model, increased satisfaction only affects reservation prices but not price elasticity. This implies that shifts in the demand curve are parallel and do not affect its slope. This assumption is made for purposes of mathematical exposition so that we can focus on the main issue i.e. the effects of uncertainty. In the main, the results of this section would not be affected by relaxing this assumption as long as increased satisfaction leads to weakly higher satisfaction levels for every customer. For example, our model corresponds to Fig. 1.

POSSIBLE SHIFTS IN DEMAND CURVES

FIGURE 1



Analytically, this new demand curve is represented by

$$p = (B + \tilde{S}_t) - aq \quad (5)$$

where $\tilde{S}_t$ is the satisfaction level at time t of the firm's product.
Once the new demand has been determined, the firm chooses its quantity so as to maximize its profits in each period.

Now the optimal quantity and revenue functions are given by

$$q_B(c) = (B + \tilde{S}_t - c)/ 2a \quad \text{and} \quad R_B(c) = (B + \tilde{S}_t - c)^2 / 4a \quad (6)$$

Thus, the firm's profit maximizing decision is a function of the realization of its satisfaction levels. The firm receives its revenues at the end of the period. In each period, the firm chooses its marketing expenditure so as to maximize the expected present value of its net profits.

But how is $\tilde{S}_t$ determined? Obviously, it is a function of the 's_t's, which are realizations of past satisfaction levels and in the most general case is given by

$$\tilde{s}_t = \frac{(\phi_1 s_1 + \phi_2 s_2 + \ldots + \phi_t s_t)}{t} \quad (7)$$

Where the ϕ's are weights attached to each level of satisfaction. The value of the ϕ's will depend on how we presume that the satisfaction draws are incorporated into the demand curve by the firm.

Here we consider the situation where $\tilde{s}_t$ incorporates persistence of satisfaction as follows. In every period, the firm compares this period's realization of satisfaction with the one in last period and if the new satisfaction level is higher, then it uses this level, otherwise the firm continues with the extant level of satisfaction. This rule is followed in every time period. While this is an assumption, this would be true if the firm can in some way observe the realizations s_t, through for example market research or accumulated managerial knowledge about the consumer and category or even satisfaction surveys along the lines of the ACSI. Alternatively, this would be true if the firm changes its strategy only when it gets a higher level of satisfaction, s_t.

In such a case the ϕ's are given by

$\phi_t = \phi_t$ **If** $s_t > s_{t-1}$;

$\phi_t = \phi_{t-1}$ **If** $s_t \leq s_{t-1}$;

and $\phi_1, \phi_2, \ldots, \phi_{t-1} = 0$ (8)

Recall that the probability of drawing a realization *s* is given by

$$P(S \leq s) = F(s, x) = \int_0^s f(z, x) dz \quad (9)$$

Where f(z, x) is the p.d.f. corresponding to F(s,x). Thus the probability of drawing a satisfaction level in period t that is no higher than the current satisfaction level is given by $F(s_{t-1}, x_t)$. This implies that the higher the current satisfaction level the less probable that the firm would surpass it, which is what one would expect intuitively too. For example, a firm trying to imitate a competitor which has a very high level of satisfaction is less likely to succeed.
We also make the additional reasonable assumption that the higher the amount of marketing effort x, the greater the chance that the existing satisfaction level will be improved. This can be represented by the expression

$$F_x(s,x) = \int_o^s f_x(z,x) dz < 0$$

The Expected Return for the firm in period t when it has a satisfaction level s_{t-1} at the beginning of the period and spends an amount x_t in that period is given by

$$ER_t(s_{t-1}, x_t) = R(s_{t-1}) F(s_{t-1}, x_t) + \int_{s_{t-1}}^{\infty} R(z) f(z, x_t) dz \quad (10)$$

Recall that R(.) is the revenue earned in that period and given by Eqn. (6). This revenue is received by the firm at the end of the period. The first term in (10) is the case when the satisfaction level that is obtained from the random drawing is lower than the current satisfaction. This can happen with probability $F(s_{t-1}, x_t)$ and the revenue of the firm is $R(s_{t-1})$ The second term is the expected revenue in the case where the satisfaction level obtained in the draw is higher than the existing satisfaction level.
If the firm does not spend any money on marketing innovation expenditures, then its expected returns in each period will be identical and will be equal to the $R_A(c)$ from equation (4). For notational consistency, denote this as

$$ER_t(s_0, 0) = R(s_0) F(s_0, 0) = R(s_0) \quad \text{for all } t = 0,1,2,\ldots \quad (11)$$

Given these expected returns, we now calculate the value of the firm.

In the case where the firm does not spend any money on satisfaction the value of the firm, computed as the expected present value of all future net returns, is given by

$$\overline{V}_o = \left(\beta R\left(s_o\right)\right) + \left(\beta^2 R\left(s_0\right)\right) + \ldots\ldots\ldots\ldots + \left(\beta^t R\left(s_0\right)\right) + \ldots\ldots\ldots \quad (12)$$

In the case where the firm decides to spend on satisfaction, the value of the firm is given by,

$$\overline{V}_o^s = \left(\beta ER_1\left(s_o, x_1\right) - x_1\right) + \left(\beta^2 ER_2\left(s_1, x_2\right) - \beta * x_2\right) + \ldots\ldots + \left(\beta^t ER_t\left(s_t, x_t\right) - \beta^{t-1} x_t\right) + .. \quad (13)$$

where β is the discount rate, or the present value of one dollar.

The firm's overall objective at any stage is to maximize its value. At the beginning of each period, the firm can either accept the satisfaction level it has and stop further marketing innovation expenditures or decide to continue its efforts to find a higher level of satisfaction. Recall that as the satisfaction level increases, it is harder to improve on it. The firm will make its decision based on the effects of its action on its value i.e. on $\overline{V}_o^s$.

Proposition 1 : The firm will invest in satisfaction efforts until a time period T with a satisfaction level s^* such that for all $s > s^*$ it is true that

$$\underset{x}{\text{Max.}}\left[ER(s,x) - \frac{(1-\beta)}{\beta} x \right] \leq R(s) \quad (14)$$

Proof : See Appendix A.

Proposition 2 : It is always optimal for the firm to invest in satisfaction i.e.

$$\overline{V}_o > \overline{V}_o^s \quad (15)$$

Proof : See Appendix B.

DISCUSSIONS AND LIMITATIONS

We find that, at least in the one-firm case, there is indeed an optimal level of satisfaction beyond which the firm will not make efforts to improve it. Equation (14) at which this optimal level is reached also has a nice intuitive explanation. The left hand side of (14) gives maximum expected return in a particular period when an amount ***x*** borrowed at a cost [((1-β)/β)***x***] is spent on improving satisfaction. (As β is the discount rate then (1-β)/β gives the interest rate at which money is borrowed). The right hand side gives the rate of return if the firm does not spend money in that period but rather accepts its satisfaction level. When this return is greater than the right hand side, the firm stops satisfaction improvement efforts. This is also the satisfaction level at which the firm's value $\overline{V}_o^s$ is maximized.

Thus it does not pay off continually to invest in satisfaction in the presence of uncertainty of outcomes. This corresponds to empirical and conceptual research, which we saw earlier, and which says that improving satisfaction has trade-offs involved and hence maximizing satisfaction might not always be the best strategy (Fornell 1995, Mizhik and Jacobson 2009).

Expenditures that improve a firm's satisfaction also increase its future firm value. Therefore it pays off for a firm to invest in satisfaction. The firm's incentive to do so of course comes from the fact that satisfaction increases demand for the product. The incentive to innovate is conditioned by the demand (and satisfaction level) that the firm faces in each period.

To summarize, we find that under these circumstances it is profitable for the firm to invest in marketing efforts that improve satisfaction. The firm will continue to invest until it reaches a stage where it is no longer marginally profitable to do so. At this point, firm marketing expenditures on improving satisfaction cease and both demand and profits are higher than they would have been in the case with no investment in satisfaction improving marketing efforts.

While the above analytical model described a single-firm case, it can also be interpreted as the partial-equilibrium analysis of a firm in a competitive market with the downward sloping demand curve representing the demand curve facing the firm in each period. However, a natural extension of our analytical model would be to consider the competitive dynamics of two or more firms involved in satisfaction-improving marketing efforts under uncertainty.

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APPENDIX

APPENDIX A

PROOF OF PROPOSITION 1:
Denote marketing efforts in time period 1,2,3,...,T,..... by x_1, x_2,.......x_t, ...respectively
And satisfaction outcomes of those efforts by s_1, s_2, ..., s_t, ... respectively
Let $x_t > 0$,
(i) $P(s_t \leq s_{t-1}) = F(s_{t-1}, x_t)$
If $s_t \leq s_{t-1}$, then the return in period t for the firm is given by $r = R(s_{t-1})$
(ii) Prob. $(s_t \geq s_{t-1}) = (1-F(s_{t-1}, x_t))$
If $s_t \geq s_{t-1}$, then the return in period t for the firm is given by $R(s_t)$
Thus the total expected return in any period is given by

$$ER(s_{t-1}, x_t) = R(s_{t-1})F(s_{t-1}, x_t) + \int_{s_{t-1}}^{\infty} R(z)F(z,x)dz \qquad \text{(A1)}$$

At the beginning of each period, the firm decides whether or not to invest in marketing effort x.
Consider a finite period T.
If the firm decides to stop investing in this time period then the stream of revenues in all future periods would be identical and given by $R(s_t)$.
If, however, the firm decides to invest an amount x for one more period and then stop investing in satisfaction then its expected revenue for one period is given by
$(ER(s_{t-1}, x_t) - x_t)$ and for all future periods is given by $ER(s_{t-1}, x_t)$, where $ER(s_{t-1}, x_t)$ is from Eqn. (A1).

The difference in present value between these two strategies is given by

$$\Delta = \Big(\big(\beta[ER(s_{t-1}, x_t) - x]\big) + \beta^2 ER(s_{t-1}, x_t) + \ldots\ldots\Big) - \big(\beta R(s_t) + \beta^2 R(s_t) + \ldots\ldots\big) \qquad \text{(A2)}$$

$$\beta + \beta^2 + \beta^3 + \ldots\ldots = \frac{\beta}{(1-\beta)}$$

Using the following the infinite sum
and dropping subscripts for notational ease, we can rewrite (A2) as follows :

$$\Delta = \frac{\beta}{(1-\beta)}\left[ER(s,x) - R(s) - \frac{(1-\beta)}{\beta} * x\right] \qquad \text{(A3)}$$

(A3) can be written as

$$\underset{x}{\text{Max.}}\Delta = \frac{\beta}{(1-\beta)} \underset{x}{\text{Max.}}\left[\text{ER}(s,x) - \frac{(1-\beta)}{\beta}x - R(s)\right] \qquad \text{(A4)}$$

Now, for it to be optimal for the firm to stop investing in marketing effort in period t, we need the expression in the brackets in (A4) to be positive i.e.

$$\underset{x}{\text{Max.}}\left[\text{ER}(s,x) - \frac{(1-\beta)}{\beta}x\right] \leq R(s) \qquad \text{(A5)}$$

APPENDIX B

PROOF OF PROPOSITION 2:
From Eqns (12) and (14) we have

$$\overline{V}_o = (\beta R(s_o)) + (\beta^2 R(s_0)) + \ldots\ldots\ldots + (\beta^t R(s_0)) + \ldots\ldots\ldots \qquad \text{(B1)}$$

$$\overline{V}_o^s = (\beta ER_1(s_o, x_1) - x_1) + (\beta^2 ER_2(s_1, x_2) - \beta * x_2) + \ldots\ldots + (\beta^t ER_t(s_t, x_t) - \beta^{t-1}x_t) + .. \qquad \text{(B2)}$$

Subtracting (A11) from (A12), we get

$$\overline{V}_o^s - \overline{V}_o = \begin{array}{l}\{(\beta ER_1(s_o, x_1) - x_1) + (\beta^2 ER_2(s_1, x_2) - \beta * x_2) + \ldots\ldots + (\beta^t ER_t(s_t, x_t) - \beta^{t-1}x_t) + \ldots\ldots\} \\ -\{(\beta R(s_0) + \beta^2 R(s_0) + \ldots\ldots\ldots + \beta^t R(s_0) + \ldots\ldots\ldots)\}\end{array} \qquad \text{(B3)}$$

Now, from Proposition will, there is a finite time period until which the firm invests in satisfaction and beyond which it does not. Let this time period be noted by T.

Therefore rewriting (A13) we have,

$$\overline{V}_o^s - \overline{V}_o = \begin{array}{l}\left\{\left(\beta ER_1(s_o,x_1) - x_1\right) + \left(\beta^2 ER_2(s_1,x_2) - \beta x_2\right) + \ldots\ldots + \left(\beta^T ER_T(s_T,x_T) - \beta^{T-1}x_T\right) + \ldots\ldots\right\} \\ -\left\{\left(\beta R(s_0) + \beta^2 R(s_0) + \ldots\ldots\ldots\ldots + \beta^T R(s_0) + \ldots\ldots\ldots\ldots\right)\right\}\end{array}$$

$$\overline{V}_o^s - \overline{V}_o = \begin{array}{l}\left\{\left(\beta ER_1(s_o,x_1) - x_1\right) + .. + \left(\beta^T ER_T(s_T,x_T) - \beta^{T-1}x_T\right) - \left(\beta R(s_0) + .. + \beta^T R(s_0)\right)\right\} \\ + \left\{\left(\beta^{T+1}\left(ER_{T+1}(s_{T+1},x_{T+1}) - R(s_o)\right)\right) + \ldots\ldots\right\}\end{array}$$

As expected revenue is Non-decreasing in s, we have

$$\overline{V}_o^s - \overline{V}_o \geq \left\{\left(\beta ER_1(s_o,x_1) - x_1\right) + .. + \left(\beta^T ER_T(s_T,x_T) - \beta^{T-1}x_T\right) - \left(\left(\beta R(s_0) + .. + \beta^T R(s_0)\right)\right)\right\}$$

$$= \left\{\left(\beta\left[ER_1(s_o,x_1) - \frac{1}{\beta}x_1 - R(s_0)\right]\right) + .. + \left(\left[\beta^T ER_T(s_T,x_T) - \frac{1}{\beta}x_T - R(s_0)\right]\right)\right\}$$

$$= \left\{\left(\beta\left[ER_1(s_o,x_1) - \frac{1}{\beta}x_1 - R(s_0)\right]\right) + .. + \left(\left[\beta^T ER_T(s_T,x_T) - \frac{1}{\beta}x_T - R(s_0)\right]\right)\right\}$$

$$= \left\{\left(\beta\left[ER_1(s_o,x_1) - \frac{1}{\beta}x_1 - R(s_0)\right]\right) + .. + \left(\left[\beta^T ER_T(s_T,x_T) - \frac{1}{\beta}x_T - R(s_0)\right]\right)\right\}$$

Now, ∀ t < T, from Proposition 1 we have,

$$\frac{1}{1-\beta}ER_t(s,x) - R(s_0) \geq \frac{1}{\beta}x_t$$

Hence,

$$\overline{V}_o^s - \overline{V}_o \geq 0$$

QED

MOVEMENT FROM EEE SYSTEM TO EET SYSTEM

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ABSTRACT

The Finance Minister in his Budget speech described the movement towards the EET system of taxation as best international policy of taxation of investment. The authors, while dealing with the system from every angles and comparing it with the present scenario in our country has made their own observation about its side effects towards investors interest and social security of lower and middle class assesses and hope that the law makers will take into account all the side effects of proposed system into account before moving towards the proposed system. The authors also examine the Budget proposals in the light of the recommendations of various committees and suggest that the shift will hurt the people falling in the lower income brackets.

KEYWORDS

EET, TTE, EEE, Exemptions, Economic incentives.

INTRODUCTION

Tax treatment for saving has been at the center of controversy for over a period of ten years. Several committees were constituted under the Chairmanship of Raja Chelliah, Dr. Shome and Reddy who gone into the matter and submitted comprehensive reports. The objective underlying the tax incentive schemes for savings is to encourage the flow of saving into specified financial assets, mainly those which are either directly sponsored by the Government or by public financial institutions. The EET system of taxation of investment proposed by the honorable Finance Minister for the coming years in our country is the major issue for the discussion and certainly it will decide the direction of taxation of taxation of investment in coming years. Tax treatment of saving is a complex issue but we can benefit from the best international practices in this regard. We have already introduced EET system of taxation in the defined contribution pension scheme applicable to newly recruited Government servants. Before we fully migrate to the EET system, it is necessary to resolve a number of administrative issues. Hence, without making any change for the present, I propose to set up a committee of experts that will work out the road map for moving towards an EET system. There are various systems of taxation of saving and superannuating investments in the economic scenario of the world but two of the same are most popular system and they are TTE and EET. There may be certain versions of these two but in most of the countries the whole system was hybrid before moving towards a particular system of taxation. But the basic systems were moving around these two. Let us try to understand the basics of these two.

EXEMPT EXEMPTTAX SYSTEM (EET)

In this particular system, described by the Honorable Finance Minister as the best international taxation policy regarding the taxation of investment. Under this system the investment made by the assessee will carry tax rebate with them at the time of investment, the interest income will be tax free and tax will be charged on the whole amount of withdrawal at the time of exit without making any difference between principle and interest amount. This is called EET system of taxation. According to the Government, the EET system eliminates the bias inherent against saving under the income tax law. Generally it is said that the existing system is distortionary resulting in economic inefficiency and inequity. The EET system defines that the contribution to the saving plan are deductible from income. Since the rebate method is inconsistent with the proposed new system. Section 88 is replaced by section 80C providing for income based deduction up to Rs.100000.

The example of EET system of taxation of investment has been given by the Finance Minister in his Budget Speech itself in the form of pension scheme of the certain Government employees but we can better understand this system by going into the history of the Income- tax Act and we will find a section 80CCA with respect to national Saving scheme

TAX TAX EXEMPT SYSTEM (TTE)

Under this system, the contribution to the saving plan are out of post- tax income that means contributions are taxable, the income accumulation is exempt from tax and the withdrawal of the contribution along with benefits in the form of interest, dividend, etc., is exempt from tax. According to the Kelkar Task Force, No strong empirical evidence exists, moreover, to support a hypothesis that tax incentives facilitate increased financial saving (by the private sector) at a macro level. There is, therefore, a strong justification, for taking an integrated view of fiscal concessions for financial instruments of all maturities. We have TTE system of taxation with respect to some investment but in case of some of them interest is tax exempt to certain extent but now when section 80L is abolished, most of the investment on which deduction under section 88 or in proposed section 80C is not available have been converted in to TTE investment. But during the continuance of section 80L, Kisan Vikas Patra was the perfect example of TTE system of investment. In case of Kisan Vikas Patra no deduction is available at the time of investment, the interest is fully taxable and naturally no tax is required to be paid at the time of exit. In the proposed tax system without deduction under section 80L all the bank FDRs will also be taxed under TTE system. National saving certificates without deduction under section 80L can be considered as different lot and they will be part of another unique ETE system where tax has been exempt at the time of investment, interest will be taxable but withdrawal will be tax-free. The proposed EET system is expenditure based system of taxation of investment and the receipt along with accruals will be taxable at the time of withdrawals. The investment are made year to year and tax rebates are also availed as per the slab in which the investor falls in a particular year but the withdrawals are made as per his requirement and in that case naturally a bigger amount in aggregate will be withdrawn and the tax rate may be higher than the originally taken rebate and it will create a hardship to the investor. It may be suggested that the tax on withdrawal should not be more than the amount of rebate or tax benefit taken at the time of investment but in that case a complex calculation is needed which in turn will have its own side effects. The present system of taxation has its own positive effects and is instrumental of saving of lower and middle class assesses. These are compulsory or tax pressurized investments, which in turn give them social security. The social security is most needed to this class of investors only. To give boost to the compulsory investment, these different schemes were introduced but the memorandum the lawmakers have described this system as distorted, economically inefficient and instrumental to inequity without considering the benefits attached to this system and further without considering the fact. In EET system the compulsory investment habit of the investors will get a jolt because one may think that if I have to pay tax at the time of exit when I will probably do not have any major source of income, then it will better for me to pay tax at present when I have viable and current source of income. The final decision should be taken before considering its effects on social security of the investors because in our country we do not have any social security system sponsored by Government except in case of certain public sector employees. Our transformation is from a hybrid system of taxation of investment to EET system and practically it is in most of the constituents of investment from EEE to EET and in developed countries it was also from hybrid system before turning into the EET system but there the majority of changes were from TTE to EET system and in comparison to TTE, the EET system is more investor friendly but in our country most of the investors are under the more investor-friendly EEE system hence the investors in our country will be in detrimental situation in the proposed future system of taxation and certainly it will hamper the savings.

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EXEMPT EXEMPT AND EXEMPT (EEE) SYSTEM

Besides the two schemes mentioned above, there are situations when the tax benefit is available at all the three stages namely when savings are made, earning on the same and at the time of withdrawals. The instances in the Indian context of such schemes are:

Life insurance policies

Contribution to provident funds

Contribution to gratuity funds

Investment to national savings funds

Investment to notified securities of the central and state Governments

There are other schemes, where EEE benefit is available. In these schemes, a tax rebate of 20% is applicable if the Gross Total Income of a taxpayer is less than Rs. 1.5 lakhs, 15% if the income is over Rs. 1.5 lakhs, but less than Rs.5 lakhs and no rebate is available if the income exceeds Rs. 5 lakhs.

KELKAR PANEL'S RECOMMENDATION

The existing tax system on financial instruments is quite complex, distorting the information efficiency of capital and debt markets and providing arbitrage opportunities resulting in misallocation of financial resources. The provision of various tax exemptions for saving instruments not only increases the costs of compliance but also serves to distort economic incentives and actually hinder economic growth in the long run. An ideal income-tax design entails full exemption for saving either on a TEE or EET system. However, this may not fully meet the ends of vertical equity and revenue loss would also be considerable. In order to overcome these problems, the incentives are generally capped. As a result, the income tax system is not fully neutral to saving. Hence, so long as income remains the tax base, the bias against saving is inevitable. Therefore, a comprehensive income-tax packaged with a sufficiently high level of exemption limit and a two-tier broad base rate schedule is preferred to income-tax riddled with exemptions with multiple rates on grounds of efficiency equity administrative simplicity and relatively low compliance burden. The bias against savings, if any, is also minimized. The Task Force also recognizes the traditional administrative problems associated with the shift from the existing EEE system to EET system. Therefore, given the current imperatives of revenue and demographic profile of taxpayers, the preferred option is the TEE system.

CHELLIAH COMMITTEE'S RECOMMENDATIONS

The committee suggested that the scheme of incentives in the income-tax law be comprised of three elements:

A. Section 80C should cover savings in provident funds, including the public provident funds, life insurance premium, and approved superannuating funds.

B. Saving instruments such as the national saving certificates, the cumulative time deposit in post office and the unit linked insurance plan may all be continued, but the deposit in them should no longer be covered by section 80C. Some adjustment in the interest offered may, however, be made if considered necessary.

C. In future, section 80L benefit should be made available only to income in the form of return on bank deposits, equity in Indian companies, UTI units, Government securities and deposits in other approved institutions such as the housing development finance corporation.

Interest on public sector bonds should be ineligible for section 80L benefit.

The existing overall limit of Rs.12000 should continue without any apportionment of this limit among different saving instruments so as to avoid distortion in the allocation of savings.

INVESTOR FRIENDLY SYSTEM

In developed countries the basis of taxation of investment is interlinked with the matter of social security and in this respect the TTE system does not motivate the investor to secure anything with the pressure of taxation system because there is no tax rebate at the time of earning the income. But in case of EET system because tax rebate is available at the time of investment it will boost the investment prospects. This was clearly accepted in Australia at the time of discussion while moving towards the EET system. The Taxation of investment is a major issue for the small and middle class investors and if we interlinked investment with the social security, then these two classes of investors need more social security than the elite class. For this purpose in our country we have major investment in the form of life insurance premium and provident fund. Most of the salaried assesses who form major part of the total tax fraternity of this country is covered by the provident fund scheme. These two schemes are investor friendly schemes and the scheme of taxation in respect of these is EEE, i.e., Exempt at the time of investment in the form of tax rebate, no tax is payable on the on the interest income and at last the exit point is also not tax payable.

In our country the middle class and lower income group people is covered by this EEE system of taxation and they are forming the majority of taxation fraternity, hence our movement will be from EEE to EET instead of TTE to EET system hence it will be detrimental to the vest majority of investors and tax payers. The EET system is also investor friendly but it is in case of movement from TTE to EET but in our case the movement is from EEE to EET and it will hamper our social security system and further tax-influenced saving will also be affected.

THE IMPACT

All the saving instruments cannot be treated at par and straightaway taxed at the time of withdrawal. Insurance policies, provident funds, etc., cannot be treated on the same footing, as other savings instruments and sum received on their maturity cannot be straightaway brought to tax. Contribution, when made, might have enjoyed exemption at the rate of 10 percent or 20 percent depending upon the level of income of the tax payer but at the time of withdrawal, they will normally be taxed at the maximum rater of 30 percent. Tax concessions had fostered the insurance habit in India. According to the former chairman of LIC India ranks very low in terms of insurance coverage, its cost and infrastructure development as compared to developed countries. For example life insurance premium as percentage of GDP 2003 was only 2.1% in India as against to 9.3% in Japan, 12.85% in UK and 14.8% in South Africa. Per capita life premium was only $7.9 in India while it was $3087 in UK, $3245 in Japan and $1715 in US in 2003

CONCLUSION

Still there is lot of room for thinking before moving towards the EET system and investors and persons concerned with social security are very much hopeful that before making this drastic movement, our lawmakers will take into account all the side-effects of this change and they have reason of their own of this thinking because our Finance Minister is very much concerned about the negative aspects and opposition of his each and every proposal and regarding this he has made his stand very clear before the fellow parliamentarians in Lok Sabha itself while talking about the cash banking transaction tax: No tax has been imposed, it has been proposed and you can dispose it. Here in case of EET system of taxation nothing has been proposed, it is only mentioned. So let us hope everything regarding the investment taxation will not be the same as talked, described and mentioned by the Finance Minister in his Budget Speech attached to the Finance Bill, 2005 and interest of investors coupled with its effect on our social security system will be taken under consideration before enacting the final system

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THE IMPACT OF CAPITAL STRUCTURE-CHOICE ON FIRM PERFORMANCE: EMPIRICAL INVESTIGATION OF LISTED COMPANIES IN COLOMBO STOCK EXCHANGE, SRILANKA

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ABSTRACT

The purpose of this paper is to empirically examine the impact of capital structure choice on firms' performance in SriLanka. Sample of the study represents 65 SriLankan companies, listed at the Colombo Stock Exchange for the period 2003-2007. Multiple regression analysis is used in estimating the relationship between the capital structure and firm's performance. In this study, independent variables that is, capital structure of the companies, is measured by leverage ratios of short - term debt to total asset ratio (STD), long- term debt to total debt ratio (LTD) and total debt to total asset ratio (TTD) and also firm size(log S) are used as independent control variables. Three accounting-based measures of financial performance i.e. gross profit margin (GPM), return on asset (ROA) and return on equity (ROE) are used as the dependent variables for the present study. The findings reveal that STD, TTD have significant negative impact on GPM at the level of 0.01(confidence of 99%).In the case of LTD, which has a significant negative impact on GPM at the level of 0.05(confidence of 95%). Further, the results indicate that neither STD, LTD, nor TTD has a significant impact on firm's performance measured by ROE, and ROA respectively. These results contradict with findings of previous literature either in developed or transition economies which document a significant impact of capital structure on firm's performance either positively or negatively.

KEYWORDS
accounting-based performance measures, capital structure, leverage.

INTRODUCTION

Capital structure is a topic that continues to keep researchers pondering. Capital structure refers to the firm's financial frame work. Primarily, it consists of the debt and equity used to finance the firm. The theory of capital structure and its relationship with a firm's value and performance has been debatable issue in corporate finance since the seminal work of Modigliani and Miller (1958). The seminal work of Modigliani & Miller (1958) showed that the market value of the firm is determined by its earning power and the risk of its underlying assets, and is independent of the way it chooses to finance its investment or distribute dividends. Their arguments were based on very restrictive assumptions of perfect capital markets, investors' homogeneous expectations, tax-free economy, and no transactions cost. Although this theory is based on many unrealistic assumptions, it provides the basic theoretical background for further research and its underlying assumptions showing that capital structure affects firm's value and performance.

Seminal paper of Jensen et al (1976), demonstrates that the amount of leverage in a firm's capital structure affects the agency conflicts between managers and shareholders by constraining or encouraging managers to act more in the interest of shareholders, which means that the amount of leverage in capital structure affects firm performance. In practice, firm managers who are able to identify the optimal capital structure are rewarded by minimising a firm's cost of finance thereby maximising the firm's revenue. If a firm's capital structure influences a firm's performance, then it is reasonable to expect that the firm's capital structure would affect the firm's health. The value of the business is the present value of all the expected future cash flows to be generated by the company's weighted average cost of capital (Ehrhard et al, 2003). Weighted Average Cost of Capital (WACC) has a direct impact on the value of a business (Johannes et al, 2007). Harris et al (1991) argue that capital structure is relates to the trade-off between cost of liquidation and the gain from liquidation to both shareholders and managers. So, the amount of leverage in capital affects firm performance (Harris et al, 1991; Graham et al, 2001).

Since seminal paper of the Jensen et al (1976), several researchers have followed this extension and conducted numerous studies that aim to examine the relationship between financial leverage and firm performance over the last decades. However, empirical evidence regarding this relationship is contradictory and mixed. Positive relationship between leverage and firm performance has been identified in some studies (Taub, 1975; Roden et al, 1995; Champion, 1999; Ghosh et al, 2000). Other studies document a negative relationship between leverage and firm performance (Fama et al, 1998; Gleason et al, 2000; Simerly et al, 2000).

While most of the research studies on capital structure has used data from developed markets (e.g.USA and Europe), little is empirically known about such implications in emerging or transition economies like SriLanka. In such a country as Eldomiaty(2007) argued capital market is less efficient and incomplete and suffers from higher level of information asymmetry than capital markets in developed countries. This environment of the market may cause financing decisions to be incomplete and subject to a considerable degree of irregularity. It is, therefore, necessary to examine the validity of corporate leverage levels impact on a firm's performance in SriLanka as an example of emerging economies. The main aim of this paper is to empirically examine the relationship between debt level and financial performance of companies listed in SriLankan stock exchange during the period 2003-2007 using three accounting-based measures of firm performance: Gross Profit Margin (GPM), Return on Asset (ROA) and Return on Equity (ROE) as used by Ibrahim (2009).

OBJECTIVE OF THE STUDY

The main objective of this study is to empirically examine the relationship between capital structures and firm's performance of the listed companies in SriLnka during the period 2003 - 2007.Apart from the main objective, the researchers are going to empirically examine

1. the significant leverage element which determining the firm performance
2. the trend of the performance and leverage level of listed companies in Colombo Stock Exchange.

REVIEW OF LITERATURE

The pioneer modern theory of capital structure began with the paper of Modigliani and Miller (1958). Since, then, various studies have been directed to explore the optimal capital structure in the absence of Modigliani-Miller's assumption.

One of the main factors that could influence the firm's performance is capital structure. Firms are willing to maximize their performance and minimize their financing cost, by maintaining the appropriate capital structure or the optimal capital structure. Kinsman et al (1999) argue that investigating the relationship between capital structure choice and performance of the firms is very important. Since, objective of share holder wealth maximization depends on the association between debt level and firm's performance.

The concept of performance is a controversial issue in finance largely due to its multidimensional meanings. Performance measures are either financial or organizational. Financial performance such as profit maximization, maximizing profit on assets and maximizing shareholders' benefit are based on firm's effectiveness (Chakravarthy, 1986). Ehrhared et al (2003) argue that the value of a business is the present value of all the expected future cash flows generated by the assets, discounted at the company's Weighted Average Cost of capital (WAAC). Johannes et al (2007) reveal that WAAC has a direct impact on the value of a business. The choice between debt and equity aims to find the right capital structure that will maximize shareholders' wealth. In this way, Messbacher (2004) pointed out that minimizing WACC of any firm will maximize value of the firm and shareholders' wealth as well.

The usefulness of measure of performance may be affected by the objective of a firm. That would affect its choice of performance measure and the development of the stock and capital market. The most commonly used performance measure proxies are return on asset (ROA and Return on equity (ROE). These measures have been used by many researches (eg. Demsetn et al, 1985, Gorton et al, 1995, Mehran, 1995).

There are various measures of leverage which can be classified as accounting based measures, market value measures and quasi market measures. When choosing a measure of leverage, attention should be given on the framework for the relationship between leverage and performance, which is based on market values of leverage. Since market values of leverage may be difficult to obtain, accounting based measures are often applied as proxies. Rajan et al (1995) discuss various accounting based measures of leverage and their information content.

DIFFERENT THEORIES OF CAPITAL STRUCTURE

Prior to MM theory (1958), conventional perspective believed that using financial leverage increases company's value. Therefore, there is an optimal capital structure that minimises capital costs. Modigliani et al (1958) argued that in an efficient market the debt equity choice is irrelevant to the value of the firm. In a subsequent paper, Modigliani et al (1963) showed that under capital market imperfection where interest expenses are tax deductible, firm value will increase with higher financial leverage. However, increasingly debt results in an increased probability of bankruptcy. Thus the optimal capital structure represents a level of leverage that balances bankruptcy costs and benefits of debt firms.

STATIC TRADE-OFF THEORY

According to trade-off theory, the firm's optimal capital structure could be determined by the trade-off among the effects of corporate and personal taxes, bankruptcy costs and agency costs. That is debt benefits include tax shields (savings) induced by the deductibility of interest expenses from pre-tax income of the firm, reduction of agency cost through the threat of liquidation which causes personal losses to managers of salaries, reputation, perquisites(Grossman et al 1982; William, 1987). Therefore more profitable firms have higher income to shield and should borrow more to take tax advantages. Thus, according to trade-off theory a positive relationship could be expected between debt level and firm's performance. A number of studies provide empirical evidence supporting this relationship.(Taub,1975; Roden et al,1995; Ghosh et al,2000).

PECKING ORDER THEORY

The capital structure theory is developed by Myers (1984) and Myers and Majluf (1984). Asymmetric information is the base of choice the pecking order theory of financing. The main conclusion drawn from the pecking order theory is that there is a hierarchy of firm's preference with respect to the financing of their investment. That is, issuing new shares may harm existing shareholders through value transfer from old to new shareholders. So, managers will prefer financing new investments by internal sources (i.e. retained earnings) first, if this source is not enough then managers seeks for external sources from debt as second and equity as last. Thus, according to the pecking order theory firms that are profitable and, therefore, generate high earnings to be retained are expected to use less debt in their capital structure than those do not generate high earnings, since they are able to finance their investment opportunities with retained earnings. Consequently, negative relationship could be expected between debt level and firm's performance (i.e. profitability). A number of studies provide empirical evidence supporting this negative relationship between debt level and firm's performance or profitability (Kester, 1986; Friend et al, 1988; Titman et al, 1988; Rajan et al, 1995; Fama et al, 2002).

According to the above analysis, we may argue that firm's financing decision is influenced by many factors, and explaining that decision by one theory (trade-off or pecking order) may be short of providing a complete diagnosis of that decision. In fact, each capital structure theory works under its own assumptions and so does not offer a complete explanation of financial decisions. This means that searching for impact of capital structure choice an optimal capital structure is not one-way to go (Myers, 2001; Eldomiaty, 2007).

According to the previous studies, Abor (2005) investigates the relationship between capital structure and profitability of listed firms in Ghana showing that STD and TTD are positively related with firm's profitability (i.e. ROE), where as LTD is negatively related with firm's profitability (i.e. ROE). Kyereboah-Coleman (2007) examines the relationship between capital structure and performance of microfinance institutions in sub-Saharan Africa showing that high leverage is positively related with performance (i.e. ROA and ROE). Zeitun et al (2007) examine the relationship between capital structure and performance of Jordan firms showing that debt level is negatively related with performance (both the accounting and market measures). Finally, Abor (2007) examines the relationship between debt policy (capital structure) and performance of small and medium-sized enterprises in Ghana and South Africa showing that capital structure, especially long-term and total debt level, is negatively related with performance (both the accounting and market measures).

RESEARCH METHOD

SAMPLE AND DATA

The study on the impact of capital structure choice on firm's performance of SriLankan companies selected from the Colombo Stock Exchange Market. There are 236 companies listed in Colombo Stock Exchange belonging to 20 different industries. As for companies' selection, the sample companies were selected on the basis of the industries' fraction of the total market capitalization. According to that, first six industries were selected for the study. Since these six industries capture average of 79.5% market capitalization of out of twenty industries (129 companies; see table: 1). However, as for companies selected, only non-financial companies were selected. This is due to the reasons that financial firms such as banks and insurance companies' leverage are strongly influenced by investor insurance schemes. Furthermore, their debt-like liabilities are not strictly comparable to the debt issued by non-financial firms and regulations such as minimum capital requirements may directly affect capital structure of these financial firms. Therefore the selected sample includes, in total, 96 companies belonging to 5 industries. Representative companies were: diversified holdings (11),telecommunication (03),beverage & food (18),manufacturing (33) and hotels & travel (33).The companies then tested for availability of financial data during the last five year investigating period (2003 – 2007.This screening yielded a final sample of 65 companies.

TABLE 1: SAMPLE SPLIT ACCORDING TO FRACTION TOTAL MARKET CAPITALIZATION

Industry	Number of Companies	Fraction of Total Market Capitalization
Diversified Holdings	11	20.0
Bank & Finance	33	18.29
Telecommunication	03	17.31
Beverage & Food	18	9.8
Manufacturing	31	7.2
Hotels & Travels	33	6.9
Oil Palms	05	3.82
Health Care	06	3.72
Land & Property	22	2.49
Plantation	18	1.92
Trading	11	1.4
Power & Energy	04	1.448
Motor	07	1.181
Stores & Supplies	06	0.92
Chemicals & Pharmaceuticals	09	0.88
Investment Trust	05	0.86
Construction & Engineering	03	0.76
Foot Wear & Textile	04	0.642
Services	06	0.421
IT	01	0.038
Total	236	100

Source: Research Data

VARIABLES MEASUREMENT

DEPENDENT VARIABLE: PERFORMANCE

This study uses three of common accounting-based performance measures, as used by Ibrahim (2009), to evaluate the firm's performance. These measures are: Return on Equity (ROE) which computed as the ratio of net profit to total equity, Return on Asset (ROA) which computed as the ratio of net profit to total assets and Gross Profit Margin (GPM) which computed as the ratio of gross profit to sales.

INDEPENDENT VARIABLES

1. **FINANCIAL LEVERAGE**

Similar to Ibrahim (2009), financial leverage is measured in the study by three ratios:
STD: Short term debt to total assets;
LTD: Long term debt to total assets; and
TTD: Total debt to total assets.

2. **CONTROL VARIABLE**

Firm's size may influence its performance, larger firms have a greater variety of capabilities and can enjoy economies of scale, which may influence the results (Ramaswamy, 2001; Frank and Goyal, 2003; Jermias, 2008). Therefore, this study controls the differences in firm's operating environment by including the size variable in the model. Size is measured by the log of total assets of the firm and included in the model to control for effects of firm size on dependent variable (i.e. performance).

MODEL

The relationship between leverage and a firm's performance was tested by the following regression models; Ibrahim (2009).

$\textbf{Performance}_{I,t} = \beta_0 + \beta_1\, \mathrm{STD}_{I,t} + \beta_2 \log S_{I,t} + e_{I,t}$ - **Model-I**

$\textbf{Performance}_{I,t} = \beta_0 + \beta_1\, \mathrm{LTD}_{I,t} + \beta_2 \log S_{I,t} + e_{I,t}$ - **Model-II**

$\textbf{Performance}_{I,t} = \beta_0 + \beta_1\, \mathrm{TTD}_{I,t} + \beta_2 \log S_{I,t} + e_{I,t}$ - **Model-III**

where

$STD_{I,t}$ = Short-term Debt to Total Asset for firm *I* in year *t*.
$LTD_{I,t}$ = Long-term Debt to Total Asset for firm *I* in year *t.*
$LTD_{I,t}$ = Total Debt to Total Asset for firm *I* in year *t.*
$\log S_{I,t}$ = logarithm of total assets for firm *I* in year *t.*
$e_{I,t}$ = the error term

ANALYSIS AND RESULTS

DESCRIPTIVE STATISTICS

TABLE 2. PREDICTORS OF FIRMS' PERFORMANCE

Variable	Mean	Std.Devi	Minimum	Median	Maximum
GPM	43.5940	26.8385	7.82	34.3400	100
ROA	8.8411	5.8634	-3.42	8.0000	26.29
ROE	10.6622	9.1471	-7.51	9.6400	42.94
STD	24.7385	15.3763	1.91	20.4200	68.40
LTD	16.4349	13.5335	0.50	13.5400	72.47
TTD	42.4151	24.6648	2.65	39.5800	122.73
Log S	9.1454	0.6226	7.96	9.0500	10.61

Source: Research Data

Table 2 shows the summary of descriptive statistics of the dependent and independent variables used in the study. The mean (median) of GPM, ROA, ROE are 43.5940(34.34), 8.8411(8), 10.6622(9.64). These results suggest that SriLankan listed companies have relatively poor performance during the period of 2003-2007 except gross profit margin.

Further, the mean (median) value of ratio of TTD to total assets is 42.4151(39.58); this figure indicates that about 42.41% of total assets of SriLankan companies are financed by debt. The mean (median) of ratio of STD to total assets and ratio of LTD to total assets are 24.7385(20.4200) and 16.4349(13.5400), respectively; this figures indicates that the SriLankan companies depend on STD for financing their operation more largely on LTD.

REGRESSION ANALYSIS

Table.3

		Section-1			Section-2			Section-3		
		Performance - GPM			Performance - ROA			Performance - ROE		
		Model I	Model II	Model III	Model I	Model II	Model III	Model I	Model II	Model III
STD	β	-0.488			0.210			0.170		
	t	-4.489			1.702			1.401		
	Sig	0.000			0.094			0.166		
LTD	β		-0.298			-0145			0.168	
	t		-2.281			-1.066			1.273	
	Sig		0.026			0.291			0.208	
TTD	β			-0.480			0.060			0.167
	t			-4.204			0.457			1.332
	Sig			0.000			0.649			0.188
Log S	β	-0.259	-0.084	-0.072	0.166	0.202	0.126	0.288	0.201	0.222
	t	-2.386	-0.646	-0.630	1.344	1.483	0.967	2.374	1.517	1.771
	Sig	0.020	0.520	0.531	0.184	0.143	0.337	0.021	0.134	0.082
F- Value		11.890	4.085	10.595	2.126	1.228	0.754	3.474	3.0290	3.373
Sig.F		0.000	0.022	0.000	0.128	0.300	0.475	0.037	0.044	0.041
Observations		65	65	65	65	65	65	65	65	65

Source: Research Data

Table3 shows the results of ordinary least squares regression used in testing the relationship between capital structure choice and firm's performance. Section-1 of the above table shows the results of testing the relationship between capital structure measured by ratio of STD to total assets. (Model 1), ratio of LTD to total assets (Model 2), ratio of TTD to total assets (Model 3), and firm's performance measured by GPM. As shown in this table, the results indicate a significant negative relationship between STD and GPM; the coefficient of STD in Model 1 is negative and statistically significant at level of 0.01(confidence of 99%), which indicates that an increase in STD associated with decrease in GPM. The results of model-II indicates a significant negative relationship between LTD and GPM; the coefficient of LTD in Model 2 is negative and statistically significant at level of 0.05(confidence of 95%), which suggests that an increase in LTD associated with decrease in GPM. On the other hand, as shown in model- III, TTD has significant negative relationship with GPM; the coefficient of TTD in Model-III is statistically significant at level of 0.01(confidence of 99%). At the same time, the results show that firm performance-GPM has only significant negative relationship at level of 0.05(confidence of 95%) with control variable (firm size) in model-I.

Section-2 of the above table shows the results of testing the relationship between capital structure measured by ratio of STD to total assets. (Model 1), ratio of LTD to total assets (Model 2), ratio of TTD to total assets (Model 3), and firm's performance measured by ROA. As shown in this table, the results indicate to neither STD, LTD, nor TTD has a significant relationship with firm's performance measured by ROA; the coefficient of STD in Model 1, the coefficient of LTD in Model 2, and the coefficient of TTD in Model 3 are not statistically significant at level of confidence of 95%. The results also indicate that the control variable (firm size) has no significant effect on firm's performance-ROA.

Further, Section-3 of the above table shows the results of testing the relationship between capital structure measured by ratio of STD to total assets. (Model 1), ratio of LTD to total assets (Model 2), ratio of TTD to total assets (Model 3), and firm's performance measured by ROE. As shown in this table, the results indicate to neither STD, LTD, nor TTD has a significant relationship with firm's performance measured by ROE; the coefficient of STD in Model 1, the coefficient of LTD in Model 2, and the coefficient of TTD in Model 3 are not statistically significant at level of confidence of 95%. But the results indicate that the control variable (firm size) has significant positive effect on firm's performance-ROE at level of confidence of 95% with STD.

MULTICOLLINEARITY ANALYSIS OF THE VARIABLES

It is possible that the selected explanatory variables may be correlated, so the chosen variables may actually measure the effects of several different variables. To address this problem the study tests for the multicollinearity. The presence of multicollinearity makes the estimation and hypothesis testing about individual coefficients in regression not possible (Gujarati, 2003).

The variance Inflation Factor (VIF) is a commonly used for assessing multicollinearity problems. It shows the degree to which each independent variable is explained by other independent variable. As a rule of thumb, a VIF greater than 10 indicates the presence of harmful collinearity (Gujarati, 2003).

TABLE.4 MULTICOLLINEARITY ANALYSIS OF THE VARIABLES

Model	Dependent Variable	Independent Variables	Tolerance	VIF
Model - I	GPM,ROA,ROE	STD	0.988	1.012
		Log Sale	0.988	1.012
Model - II	GPM,ROA,ROE	LTD	0.835	1.198
		Log Sale	0.835	1.198
Model - III	GPM,ROA,ROE	TDR	0.922	1.084
		Log Sale	0.922	1.084

Source: Research Data

The results of VIF show that VIF for all the variables in all the models are less than 10. So, it indicates that the presence of non harmful collinearity among the variables.

CONCLUSION

The objective of this paper is to empirically investigate the impact of capital structure choice on firm's performance in SriLanka. Most of these studies examines these implication in the develop countries. There are very few studies have been carried out in emerging economies, like SriLanka.

For the total sample, the study found that STD, TTD, and LTD have significant negative impact on GPM. But, the results, further indicates that neither STD, LTD nor TTD has a significant impact on firm's performance measured by ROE and ROA respectively. Results of this study contradict with findings of previous literature.

Further, on the method side, it would be desirable to investigate the determinants of capital structure over longer period of time and over number of economic cycle. Finally, the analysis under this title further could be improved by differentiating the firm's performance level and could examine the different determinants of capital structure of SriLankan firms.

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AN ANALYSIS OF ORGANISATIONAL CULTURE IN THE COMPANIES

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ABSTRACT
The culture of an organization is an amalgamation of the values and beliefs of the people in an organization. It can be felt in the implicit rules and expectations of behaviour in an organization. It is usually set by management whose decisions on policy reflect the culture of the organization. In the past 25 years, the concept of organizational culture has gained wide acceptance as a way to understand human systems. From an "open-systems" perspective, each aspect of organizational culture can be seen as an important environmental condition affecting the system and its subsystems. The examination of organizational culture is also a valuable analytical tool in its own right. The culture of the organization, if it is positive and helpful can help to motivate staff or at least prevent them from becoming dissatisfied. If the climate does not satisfy the needs of staff, then it will probably become a demotivator, - that is, it would cause dissatisfaction and so people would become less inclined to work towards the organizational goals. This research has been conducted to study the type of culture which prevails mostly at different levels of Managerial staff, Unionized staff & Workmen in Messebo Cement Factory Private Limited Company, Mekelle, Ethiopia and give suggestions to improve the culture which is mostly suitable for different levels of personnel.

KEYWORDS
Organizational Culture, Companies, Staff.

INTRODUCTION
The culture of an organization is an amalgamation of the values and beliefs of the people in an organization. It can be felt in the implicit rules and expectations of behavior in an organization. It is usually set by management whose decisions on policy reflect the culture of the organization.
In the past 25 years, the concept of organizational culture has gained wide acceptance as a way to understand human systems. From an "open-systems" perspective, each aspect of organizational culture can be seen as an important environmental condition affecting the system and its subsystems. The examination of organizational culture is also a valuable analytical tool in its own right.
The culture of the organization, if it is positive and helpful can help to motivate staff or at least prevent them from becoming dissatisfied. If the climate does not satisfy the needs of staff, then it will probably become a demotivator, - that is, it would cause dissatisfaction and so people would become less inclined to work towards the organizational goals.

SCOPE OF THE STUDY
Currently the three most popular organizational topics are Leadership, Organizational Learning, and Organizational Culture. The primary role of leadership is to multiply power in organization, build the organization as a learning organization, and develop an appropriate culture, ethos and climate. In this connection this study has been conducted to find the type of culture that prevails in Messebo Cement Factory Private Limited Company, Mekelle, Ethiopia.

OBJECTIVES OF THE STUDY
- To study the organizational culture prevailing in Messebo Cement Factory Private Limited Company.
- To study the type of culture (Autocratic, Bureaucratic, Technocratic, Entrepreneurial) which prevails mostly at different levels like Managerial staff, Unionized staff & Workmen.
- To give suggestions regarding the type of culture which is most suitable for different levels.

COMPANY PROFILE
Located in Mekelle, Northern Ethiopia, Messebo Cement Factory produces cement of highest quality confirming to European and US standards. The production process of Messebo Cement Factory consists of the latest pre-Kalciner technology. The machinery & equipment has been supplied and created by M/S F. L. Smidth (Denmark), the most renowned manufacturer of cement plants in the world and commissioned in 2001. The annual production capacity is 630,000 metric tons of cement covering the market share of 30%.

VISION

To become the leading cement manufacturer in Ethiopia and become exemplary in boosting derived privately owned businesses in the East Africa region and in Ethiopia at large.

MISSION

To assure its existence and become a profitable company on a sustainable basis and support the continuously growing construction industry with the supply of construction materials of acceptable quality and reasonable price.

OBJECTIVES

- To create broadband sustainable market by supplying competitive products that fulfills customer's requirements.
- Enhance property ownership and ensure sustainable profit.
- To continuously develop modern and scientific methodology, work culture, and systems.
- Develop human resources and create job opportunities.
- Create conducive work environment.
- Enhance regional development.
- Control/remove causes for environmental pollution.

MAJOR CUSTOMERS

- Building and road construction contractors
- Concrete product manufacturers
- Retail shops

OPPORTUNITIES

- Export to Sudan and Djibouti
- Growing domestic construction industry

REVIEW OF LITERATURE
The importance of organizations for man and society can hardly be over-estimated. From life to death one or other form of organization plays a role in the life of the individual and impact on societies, nations and communities, be it political, religious, cultural, educational, judicial, economic, industrial or sport organizations, etc. Organization is the vehicle through which groups; collectives and individuals work to achieve their goals, aims and objectives.

Being an age old phenomenon, almost universal in its appearance and application, there is little doubt that a well led, well organized, well managed, well planned, well resourced, well monitored organization can be a powerful tool to improve quality of life or product or process to achieve excellence, to benchmark, to excel, to develop, to grow, to optimize the condition of man or to produce and to profit. The opposite however is also true.

Today we want to focus on two aspects of organizations in addition to the pivotal role of leadership namely organisational culture and organization change as major determents of organisational effectiveness, efficiency, sustainability and overall success as instruments for development.

Loosely defined an organization is a collectivity where people work together to achieve fairly specific goals, objectives with a fairly formalized structure and processes often strongly influenced by environmental factors. Organizational culture entails all that govern, guide and shape the organizations people-relationships.

Organizational change is defined by Meyer and Botha – as "……the movement of people from a current state to a defined state, different, improved and desired new state through a set of planned and integrated interventions"

With these imperfect definitions in mind we would like to focus on the role of organizational culture and organization change in organizations.

THE FACTORS THAT HAVE INFLUENCED ORGANIZATIONAL CULTURE

HISTORY AND OWNERSHIP

The one-person business, The Family business, the small-group entrepreneur will determine influence, power, and style, due to its centralized ownership.

- ***SIZE***

As the enterprise grows and expands, tight ownership and control may dwindle and others will start influencing style and culture.

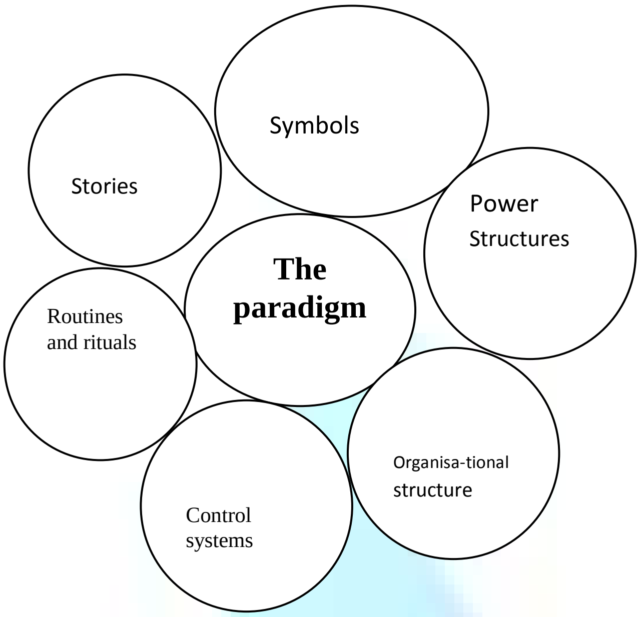
- ***TECHNOLOGY***

High cost, high-tech, high touch, fast changing technologies like in telecommunications might require a more flexible culture than those technologies that are expensive (machinery) where a more formal, well-structured culture will be required.

- ***LEADERSHIP AND MISSION***

Individuals and their values will impact on the culture of the organization

The cultural web as instrument in analyzing the elements of the organization culture.



THE BRIEF ANALYSIS ABOUT THE CONTENTS OF THE CULTURAL WEB IS AS FOLLOWING:

STORIES: What people talk about, what matters, what is defined as success, failure.
ROUTINES: What is the normal way of doing things, procedures, and practices?
RITUALS: What does the organization highlight? Long service, quality, performance, and innovation.
SYMBOLS: Symbols like office size, size, type of car.
CONTROL SYSTEM: Formal, informal, bureaucratic.
ORGANISATIONAL STRUCTURE: Who reports to whom on a formal basis and who have an informal relationship?
POWER STRUCTURES: Who makes the decisions, which influences the decisions? How. When.

What do we understand then when we use the concept organisational culture? Lynch explains "… it's a set of beliefs, values and learned ways of managing - and this is reflected in its structures, system and approach to the development of corporate strategy. Its culture derives from its past, its present, its current people, technology and physical resources and from the aims, objectives and values of those who work in the organization ".
An important factor in analyzing organisational culture is to look for details. Details provide evidence of the organisational culture almost like a guide on a hunting trip, its to no avail only to know what a lion looks like, its imperative to know the footprint of the lion, to look for the broken twig, to look for evidence of the resting place, whether the lion is alone or with cubs in a pack. Analyze the details" Analysis is important because culture influences every aspect of the organization and has an impact on the performance of organizations". In view of the above we would like to propose the following framework for analyzing organization culture.

The power culture:
"The organization revolves around and is dominated by an individual or a small group" (Lynch 282). Discussions and often most of the initiatives refer back to the centre, which in turn dominates work styles, beliefs, and even practices in the organization. A problem with this kind of organization is that it becomes increasingly difficult for the centre to keep control and manage the organization as it grows and expands. Even if subgroups of managers develop their plans and initiatives it reflects the preferences of the top or centre.

The role culture:
"This organization relies on committees, structures, logic and analysis" (Lynch 283). In this context a small group of managers/leaders will make the final decision but they will rely on procedures, systems and well-defined roles of communication.
The management of change is often a problem in this kind of organization especially in an unstable environment the managers often do not see the changes coming or do not know how to manage it.

The Task culture:
"The organization is geared to tackle identified projects or tasks. Work is undertaken in teams that are flexible and tackle identified issues".
In this organization power rests with the team and experts are utilized to facilitate group decisions.
A problem with this kind of culture is that it is less capable of large-scale work and control relies largely on the efficiency of the team and top management is obliged to allow the group day-to-day autonomy.

The personal culture:
"The individual works and exists purely for her or himself. The organization is tolerated as the way to structure and order the environment to certain useful purposes, but the prime area of interest is the individual. An obvious problem with this kind of culture is that each individual feels little loyalty to the organization and is therefore difficult to manage.
Lynch applies three criteria related to cooperative strategy to analyze the strategic implications of the four cultures. The three criteria is:
- Fit with prescription or emergent strategic routes
- Delivery of competitive advantage
- Ability to cope with strategic change

He comes up with the following summary on the four types of culture.

SUMMARY ON THE FOUR TYPES OF CULTURE

	Prescriptive or emergent strategy	Delivery of competitive advantage	Ability to cope with strategic change
Power culture	Prescriptive	Enhanced but individuals may miss competitive moves	Depends on individual or group at centre
Role culture	Prescriptive	Solid, slow and substantive	Slow, will resist change
Task culture	Emergent	Good where flexibility is important	Accepted and welcomed
Personal culture	Possible emergent	Depends on individual	Depends on individual

He does add three important qualifications however:

- Organizations change over time (Movement from one culture to another possible).
- Several types of culture usually exist in the same organization.
- Different cultures may predominate pending on the centralization in the company.

(Test for strategic fit with the current strategy)

In conclusion from the above it is clear that there are not only different cultures but they impact differently on the organization. Kreitner and Kinicki identified four functions of organizational culture – There might well be more – but it is noteworthy what those functions are:

1. Gives members an organizational identity, in other words, attracts develop and keep talented people. Serve as a magnet. A feeling of belonging exists among employers.
2. Facilitates collective commitment. People own the company, are prepared to give of themselves. Salaries are high, dividends are high productivity is high.
3. Promote social system stability, strict standards – tight controls more than just discipline - a mystique. Low turnover. Passionate commitment to work hard – strong identification with the company.
4. Shapes behavior by helping members to make sense of their surroundings. (Organizational culture – social glue).

Every organization has its own unique culture even though they may not have consciously tried to create it. Rather it will have been probably created unconsciously, based on the values of the top management or the founders or core people who build and/or direct that organization. Over time individuals (particularly the organization's leaders) attempt to change the culture of their organizations to fit their own preferences or changing marketplace conditions. This culture then influences the decision-making processes, it affects styles of management and what everyone determines as success. When an organization is created it becomes its own world and its culture becomes the foundation on which the organization will exist in the world. People's actions in organizations are not always 'their own' but are largely influenced by the socialization processes of the specific culture to which they belong.

Organizational culture is often referred to in the same breath as organizational change - and you will often see the process of developing a new culture or changing the existing one linked into the transition curve.

IMPORTANCE OF CULTURE

"Organizational culture is the key to organizational excellence... and the function of leadership is the creation and management of culture." Edgar Schein Organizational Culture and Leadership

Interpreting and understanding organizational culture is an important activity for managers and consultants because it affects strategic development, productivity and learning at all levels. Cultural assumptions can both enable and constrain what organizations are able to do. The job of the consultant is often to provide a method and a structure for organizations to be able to surface the most relevant cultural assumptions. Those that will assist change and those that will hinder the process

Organizational theorists began to apply the term culture to corporate/work situations over the past 20 years. Initially the term was used to describe the leadership practices and later in the 80's management gurus defined culture in terms of symbols, slogans, heroes, rites, and rituals etc. These may be elements of culture- but they are not the heart of culture.

WHAT IS CULTURE?

"The way we do things around here" is a common sense definition of culture. But it over simplifies the concept and misses powerful underlying concepts and processes. Its better to regard culture as referring to the shared assumptions, beliefs, values and norms, actions as well as artifacts and language patterns. It is an acquired body of knowledge about how to behave and shared meanings and symbols which facilitate everyone's interpretation and understanding of how to act within an organization. Culture is the unique whole, the heart and soul that determines how a group of people will behave. Cultures are collective beliefs that in turn shape behavior.

THEY CAN INCLUDE

Cognitive frameworks, Shared meanings and perceptions, Behavioral codes, Values, stories, heroes & heroines, Symbols & rituals.

A key role for culture is to differentiate the organization from others and provide sense of identity for its members. Cultures do not have to be logical or consistent, in fact they seldom are and can appear quite haphazard and chaotic to the outsider. Can also have subgroups with different cultures and with varying agendas. A strong culture is one that is internally consistent, is widely shared, and makes it clear what it expects and how it wishes people to behave.

Culture can be defined as "The cumulative beliefs, values and assumptions, underlying transaction with nature and important phenomena (e.g. collectively, environment, context, time, biological differences, power etc.). Culture is reflected in the artifacts-rituals, design of space, furniture and ways of dealing with various phenomena.

Distribution and concentration of power can be one basis of classifying culture. From this angle, organizational cultures can be of four types: Autocratic (or feudal), Bureaucratic, Technocratic and Entrepreneurial (or organic and democratic).

Autocratic or feudal culture is characterized by centralized power concentrated in a few persons, and observation of proper protocol in relation to the person(s) in power. Bureaucratic culture is characterized by primacy of procedures and rules, hierarchy, and distant and impersonal relationships. Technocratic culture emphasizes technical/professional standards and improvement. Entrepreneurial culture is concerned about achievement of results and providing excellent service to customers.

RESEARCH METHODOLOGY

Data Source	: Primary and Secondary
Data Collection technique	: Questionnaire
Sample Unit	: Employees of Messebo Cement Factory PLC.
Sample Size	: 27 - Managerial Staff 7 – Unionised Staff 61 – Workmen
Sampling Technique	: Stratified Random Sampling
Statistical Techniques Used	: Mean Median Mode Standard Deviation Fisher's t-test

Analysis of Variance (F-test)

The instrument has eight sets dealing with Values (1) Beliefs (3) Primacy (6) Communication (7) Leadership (4) Rituals in meetings (5) Celebrations (8) and Rooms and furniture (2). The figures in the parenthesis refer to the serial numbers of the sets in the instrument.

ANALYSIS AND INTERPRETATION

CULTURE SCORES OF WORKMEN

Employee No.	Autocratic Score	Bureaucratic Score	Technocratic Score	Entrepreneurial Score
463	13	20	27	20
488	10	25	27	18
499	12	22	28	18
501	13	20	27	20
503	18	19	22	21
524	12	23	28	17
525	12	23	28	17
577	13	19	26	22
594	13	20	27	20
607	11	21	27	21
608	12	20	25	23
615	11	22	27	20
616	13	19	28	20
622	14	17	28	21
636	14	17	28	21
639	14	17	26	23
644	16	16	29	19
647	14	17	28	21
654	14	17	28	21
655	14	20	25	21
656	16	19	25	20
665	16	19	24	21
666	16	19	24	21
670	15	22	23	20
676	14	23	22	21
681	14	23	22	21
683	15	20	24	21
692	13	22	24	21
693	12	23	23	22
702	12	22	28	18
703	13	23	27	17
704	12	22	28	18
707	13	23	28	16
708	13	23	27	17
709	14	23	28	15
714	13	23	27	17
715	13	23	27	17
717	13	24	28	15
720	13	23	28	16
733	13	24	28	15
734	13	23	28	16
735	13	23	30	14
736	13	23	28	16
739	13	23	28	16
741	13	23	28	16
742	13	23	28	16
745	11	21	28	20
746	13	23	28	16
753	13	23	28	16
754	12	22	28	18
756	12	22	28	18
758	13	23	28	16
764	13	23	28	16
765	13	23	28	16
766	13	23	28	16
769	11	21	28	20
774	11	21	28	20
794	12	22	28	18
809	13	23	28	16
810	13	23	28	16
812	12	22	28	18

CULTURE SCORES OF MANAGERIAL LEVEL STAFF

Employee No.	Autocratic Score	Bureaucratic Score	Technocratic Score	Entrepreneurial Score
4	26	15	22	17
11	27	15	22	16
12	26	15	22	17
18	26	15	22	17
21	26	15	22	17
25	26	15	22	17
27	26	15	22	17
32	23	19	19	19
28	27	21	19	13
42	28	18	20	14
44	26	16	22	16
46	26	16	22	16
48	26	16	21	17
53	19	18	21	22
55	11	26	27	16
60	23	19	19	19
66	25	20	19	16
71	25	19	20	16
74	25	19	20	16
75	25	19	20	16
76	22	20	20	18
77	25	19	20	16
78	27	17	22	14
79	27	17	22	14
85	27	17	22	14
86	27	17	22	14
88	27	17	22	14

CULTURE SCORES OF UNIONISED STAFF

Employee No.	Autocratic Score	Bureaucratic Score	Technocratic Score	Entrepreneurial Score
8834	13	27	26	14
8838	12	26	25	17
8843	11	22	30	17
8845	12	23	26	19
8846	13	23	30	14
8851	14	20	26	20
8853	12	17	22	19

SUMMATION OF STATISTICAL RESULTS

Culture	Mean	Median	Sum	Sum2	Standard Deviation
WORKMEN					
Autocratic	13.09836	13	799	10583	1.82
Bureaucratic	21.47541	22	1310	28402	2.12
Technocratic	26.95082	28	1644	44512	1.85
Entrepreneurial	18.47541	18	1127	21157	2.36
MANAGERIAL LEVEL					
Autocratic	24.96296	26	674	17120	3.37
Bureaucratic	17.59259	17	475	8519	2.5
Technocratic	21.22222	22	573	12231	1.65
Entrepreneurial	16.22222	16	438	7202	1.93
UNIONISED STAFF					
Autocratic	13.85714	13	97	1427	3.72
Bureaucratic	22.57143	23	158	3636	3.41
Technocratic	26.42857	26	185	4937	2.82
Entrepreneurial	17.14286	17	120	2092	2.41

SUMMARY OF T-TEST VALUES (Workmen vs. Managerial Staff)

Culture	T-Test Value
Autocratic	2.87
Bureaucratic	0.813
Technocratic	0.969
Entrepreneurial	0.539

SUMMARY OF F-TEST VALUES (Workmen, Managerial Staff and Unionised Staff)

Culture	F-Test Value
Autocratic	249.72
Bureaucratic	28.99
Technocratic	88.9
Entrepreneurial	9.63

TEST RESULTS TO MEASURE THE SIGNIFICANCE

T-Test	Df	Derived Value	Required Value from Tables 5%	1%	Remarks
Autocratic	86	2.87	1.988	2.634	Significant at 1% & 5%
Bureaucratic	86	0.813	1.988	2.634	Insignificant
Technocratic	86	0.969	1.988	2.634	Insignificant
Entrepreneurial	86	0.539	1.988	2.634	Insignificant

F-Test	Df	Derived Value	Required Value from Tables 5%	1%	Remarks
Autocratic	2/92	249.72	3.107	4.88	Significant at 1% & 5%
Bureaucratic	2/92	28.99	3.107	4.88	Significant at 1% & 5%
Technocratic	2/92	88.9	3.107	4.88	Significant at 1% & 5%
Entrepreneurial	2/92	9.63	3.107	4.88	Significant at 1% & 5%

FINDINGS

1. The lower the score, the higher is the value given in that culture. By seeing the scores (sum) of workmen, the autocratic culture score is less (799) when compared to other scores& Technocratic culture score is high (1644). This clearly indicates that the workmen give high value to autocratic culture and low value to technocratic culture. That is, they feel the power is concentrated on few persons and there is no much improvement in technical/ professional standards.
2. At the managerial level, entrepreneurial culture has got less score (438) and autocratic culture has got more score (674). This clearly indicates that there is no a high concern for achievement of results and the company is providing excellent service to customers. This also shows that power is decentralized.
3. At the unionized staff level, autocratic culture has got less score (97) and technocratic culture has got more score (185). This again shows that people at unionized staff level feel that the power is vested on few persons and there is no Improvement in technical/professional standards.
4. Standard deviation shows the variance of scores on a distribution. From the calculations, there exists less variance in the case of autocratic culture at managerial level, and entrepreneurial culture at unionized staff level. This shows the perception of most of the employees at each level for the specified culture is more or less same.
5. T-Test results show that there is a significant difference in the autocratic scores of workmen and managerial level staff. This indicates the means of these two samples (workmen& managerial staff) are significantly different. This means these two levels of people have got entirely opposite opinion about the autocratic culture prevailing in the company.
6. When we compare the differences in the means – autocratic, bureaucratic, technocratic & entrepreneurial culture scores of the three levels of staff (workmen, managerial staff, and unionized staff) by using one-way analysis of variance (F-Test) , it shows that at all levels there exists a significant difference.

SUGGESTIONS

1. At the Workmen level, the most suited culture is technocratic and entrepreneurial. But the findings show that the workmen perceive only autocratic culture prevails mostly. This perception can be changed by inviting suggestions from workmen on improving technical aspects and rewarding them suitably.
2. At the Managerial level, more of entrepreneurial culture and less of autocratic culture is suitable. The perceptions of managerial people matches with the findings.
3. At the Unionised staff level, more of technocratic and less of autocratic culture is suitable. But the perception of the unionized staff is reverse. So, steps are to be taken to change the perceptions.

Cultural change is not achieved by simply developing skills and knowledge. Different strategies are required: Symbolic management, transformational leadership, and true empowerment. Following are the general suggestions for changing culture in an organization.

- ✓ Coaching executives and managers in the behaviours used by transformational leaders to lead cultural change.
- ✓ Identifying and measuring cultural beliefs, values and attitudes that are driving organizational behaviour.
- ✓ Changing these beliefs, values and attitudes by engendering acceptance of the new needs of the organization and the appropriateness of new behaviour.
- ✓ The manager should act as a "role model" or example for the staff by actually behaving in the way that she/he wants them to behave.
- ✓ Rewarding appropriate behaviour in some way.
- ✓ Communicating to staff what behaviour is desired in as many ways as possible.
- ✓ Providing training in order to highlight the activities that support the sort of culture that the manager is trying to encourage.
- ✓ Involving each employee in the development of change strategies.
- ✓ Demonstrate them how the new vision will meet their individual needs (e.g. for job security, professional development).
- ✓ Using early successes in some parts of the organization to reinforce further change.

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RESOLVING EXPECTATIONS GAPS IN FINANCIAL REPORTING: ISSUES FOR INTERNATIONAL FINANCIAL REPORTING STANDARDS

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ABSTRACT

Financial statements have continued to play relevant roles to investors and in decision making despite limitations as a result of identifiable expectations gaps. The study examines unresolved financial reporting gaps and how they affect public investors' confidence in financial statements in decision making. The important role of the International Accounting Standards Board for International Financial Accounting Standards (IFRS) cannot be over-emphasized. This is critical in the emerging accounting knowledge base and globalization dispensation.

KEYWORDS

Financial reporting expectations gap, recognition and measurement of financial information.

BACKGROUND

The custodianship and stewardship functions required of earlier financial accounting statements formed the process of development of the subject. These functions constitute the basis of corporate responsibility in modern business. It is in fulfillment of these essential requirements that financial accounting statements were expected to provide two basic functions as to measurement and communication of information. Focusing on the above functions, financial accounting statements as measurement tools assert period performance outcome and financial position. Financial accounting statements also as communicating tools are reporting statements which are communicated to end-users. These statements further serve as data and information for decision making by users and management to initiate further actions as the statements serve as persuader statements.

Statutory audit certified financial reports are regarded as credible and reliable, although events such as Enron, Parmalat, AP, Xerox among others have cast doubts and non-credibility on statutory audit and financial reporting. Financial Statements' credibility and other audit issues have further triggered issues of financial statements' gaps. (Benston, 2006). While focus on audit issues have been the trend, not so much attention has been focused on expectations gaps in financial accounting reporting and related issues and the resolving of the issues. In financial accounting statements, underlying conventions of measuring economic transactions are largely historical based and at best revalued on occasions. The bases for preparing accounting information have come under increasing criticisms in recent times.

THE ISSUES

Although audit practice is an assurance practice, an extension of the subject is financial reporting which is highly judgmental. Financial Reporting principles and practice encompass multitude of assumptions and judgments. Hence, it is possible for audit report on an entity to have been clean and unqualified and yet the company collapses soon after such reports. The issues become those of credibility which either hinge on management representations in financial reports or the understanding of financial reporting in their own contexts. This study is a lens focus on the multitude of assumptions and judgments in the context of financial reporting. The study attempts at resolving of these issues.

EXTANT LITERATURE REVIEW

Unresolved issues of financial statements expectations gaps are varied. Higson (2005) observed conceptual framework of the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) which were expected to be addressed. Notable issues of financial statements expectations gaps among others, are: issues of recognition and measurement, the communication theory cause of financial statements expectations gap, users' decision perspective and lack of comprehension of some fundamental aspects of accounting.

EXPECTATIONS GAP OF RECOGNITION AND MEASUREMENT IN FINANCIAL REPORTING

In an Australian study (ASCPA and ICAA, 1994), the recognition and measurement expectation gap has drawn great concern. It is considered vital to 'clear any misconceptions to ensure both preparers and users of financial reports fully understand the reporting and auditing process.' It is considered that issue of expectations gap should be used to describe the difference between the expectations of users of financial reports and the perceived quality of financial reporting and auditing services (Higson, 2005). Differences in financial data and information are considered unreasonable; also, expectations gap about the inadequate performance in accounting practice.

In September 2006, the FASB issued FASB No. 157, Fair Value Measurements (SFAS No. 157). This provides guidance for using fair value to measure assets and liabilities. In February 2007, the FASB issued FASB No. 159, the Fair Value Option of Financial Assets and Financial liabilities. These provisions permit entities to choose to measure eligible financial assets and liabilities at fair value.

Applying fair value for financial instruments is a means of reducing recognition and measurement inconsistencies that occur under the current mixed attribute reporting regime. In CFA Institute (2008), findings of CFA Institute 2007 Financial Reporting and Measurement survey showed that 58% of respondents prefer fair value as the single measurement basis for financial assets and liabilities with amortized cost information provided as a note disclosure item, 72% of respondents indicated that companies should not have recognition and measurement options for similar items. This is predicated on the belief that a single measurement basis can allow greater comparability between reporting entities and within items reported by the entity. Another survey (CFA Institute, 2008) conducted by the European Federation of Financial Analysts Society (EFFAS) corroborates the findings as it showed that 61% of their respondents were generally supportive of fair value as the single measurement basis.

The need for reducing recognition and measurement inconsistencies cannot be overemphasized. While that objective is paramount in financial reporting, balances must be struck among nations' diversity challenge and accounting practices. The critical need for accounting comparability within industry, nations and global contests cannot be overemphasized. The IFRS has the responsibility to facilitate this objective thereby, assisting to close the expectation gap.

THE COMMUNICATION THEORY CAUSE OF FINANCIAL STATEMENTS EXPECTATIONS GAP

Accounting terminologies and financial statements may truly be technical jargons as far as the layman and majority of the general public accounting information users are concerned. Those with basic accounting knowledge may not even understand as much as the professionals and the accounting preparers. It is well known in communication theory that effective communication is achieved only when the object of a message is successfully passed across to the receiver. When there is a misunderstanding or a distortion in the facts being received, then communication is not achieved. This communication cause could therefore be said to contribute to financial statements expectations gap. There is conscious effort by financial statement preparers to express these statements in narrations and in graphical forms as understandable as possible. Modern Accounting Information Systems also serve as aid to effectively communicating accounting information.

This expectations gap is prevalent. Skilled accounting practices require continuous update not only of emerging accounting issues at local levels, but also at global levels. Besides, emerging accounting issues and gaps are critically challenging as to the exactness and comprehension of the issues concerned. The result of emerging accounting issues and challenges are the issuance of accounting standards, pronouncements on statutory audits and from the Security Exchange Commissions (SEC). Accounting standards evolve and debated over a timeframe before adoption. They are also not static as they are amended, and withdrawn and replaced as the case may be. While the complexities experienced in standards setting and their comprehension exist on one hand, being conversant with these standards and evolving standards also exist on the other hand. These are extant challenges in professional accounting practices. The other challenge is the understandability of accounting information by the layman. Astute financial analysts will continue to be relevant for good communication of the information conveyed through financial statements.

EXPECTATIONS GAP OF USERS' DECISION PERSPECTIVE OF FINANCIAL STATEMENTS

The basic objective of financial statements is to provide information useful for making economic decisions (Trueblood Reports in AICPA, 1973). This assertion has been controversial as several authorities such as Armstrong (1977), Drury (2000), and Edmonds, Edmonds and Tsay (2003) have queried the conceptual framework which admits that Annual Financial Statements are to provide useful information to users for economic decision making. Essentially from relevant cost accounting perspective, financial accounting costs which are historical costs (past costs information) are classified as sunk costs and these cannot be expected to serve as basis for decision making. Costs and management accounting reporting will normally emphasise costs and benefits in decision making. Backward-looking financial statements cannot directly provide the future estimates which decision making processes require. Besides, financial accounting statements may have been published 'too late' to be of relevant use to shareholders' decision making.

Financial accounting statements were originally meant to serve stewardship accounting purpose and to acknowledge managements' performance. Even when past financial accounting information may be relevant for one purpose, it is not true that one set of accounting information will be useful for all decision purposes. It is noted that if the objective of financial statements is for stewardship, then the whole conceptual framework for wholesome users' decision making would have been unwarranted. It is observed by Laughlin and Puxty (1981) that this assumed object of financial statements for decision making, though unspoken, is questionable.

ACCOUNTING CONCEPTS

Accounting concepts and generally accepted accounting principles (GAAP) requirements notwithstanding, accounting practices in nations differ one from another since accounting in individual countries have been a product of several factors. Notable environmental factors that shape accounting development in specific countries are:

1.) Each country's legal requirement, tax and Security Exchange Commission requirement. Accounting principles and practice have therefore, been designed to meet each country's need;
2.) Adherence to particular financial accounting model. Most former colonies of developed countries had their accounting system by choice and historical antecedent, patterned after their colonial masters;
3.) Process for setting national financial accounting standards. Most developing countries thereafter established nation's accounting standards board; such as the Nigerian Accounting Standards Board (NASB), as well as other nations' accounting setting standards bodies; and
4.) Conservatism relative to uncertainties, which businesses have to cope with and there are diversities from one set of national GAAP to another. This has developed alongside national demands and pace of development of accounting standards.

Accounting diversities in the nations of the world is common knowledge and has been subject of discussions. Initially these have featured more frequently because of need for accounting practices harmonization, and more recently the trend calling for worldwide complete convergence or adoption of the International Financial Reporting Standards (IFRS). The benefits for international accounting harmonization through the instrumentality of the IFRS cannot be overemphasized. Benefits specifically accrue to corporate organizations, the Securities Exchange Commission (SEC), The Nigeria Stock Exchange, investors at large and of course, the accounting standards setting bodies and the accounting professional institutes.

EXISTING PRACTICE DIFFERENCES

National differences in accounting practices are observed specifically in two dimensions; namely, measurement and disclosure of economic events and financial transactions. Certain difficult items for measurement include investment in technology, human resources, and effect of environmental protection or comparisons with countries' GAAP. Difficult items also include effect of industrial action of workers, mergers and acquisitions and product development.

Specific areas of international accounting diversities are measurement and treatment of goodwill, income smoothing and asset valuation. Readers of accounting and financial information would wish to know which measurement methods are used and if there are items of interest which could not be measured directly. Issues are further aggravated with differential nations' taxation policies. From the foregoing, and for other nations' economic requirements, there exists enough evidence to conclude that GAAP differs from one country to another to the satisfaction or otherwise of the interest groups.

MERITS OF INTERNATIONAL ACCOUNTING CONVERGENCE

Much has been said about the need for harmonizing and now outright convergence of accounting diversities of nations and the merits for this is being conversed. Critical issues advocated as merits for convergence and the adoption of the IFRS are that:

1. There will be comprehensiveness and comparability of cross-national reporting of financial statements. This is probably the leading reason for the call for convergence of standards and adoption of the IFRS. Corporate managements, investors and stock exchange regulators will find standard financial reporting statements most welcome and a rewarding development.
2. Corporate organizations and the multi-nationals will succeed in curtailing huge expenditures which are usually made to accounting professionals to bring up accounting statements in local standards in line with International Standards.
3. There will be high quality accounting standards and practice internationally.

CHALLENGES OF INTERNATIONAL ACCOUNTING CONVERGENCE

There are some merits for diversity of financial reporting if local environments and culture have indeed influenced meaningful developments in their unique situations. Accounting diversities in nations may be logical and justified if nations' financial reporting is in line with their tax laws and company laws.

National accounting standards setting bodies such as the Financial Accounting Standards Board (FASB), IASB, and NASB have over the years succeeded in reducing diversities at national levels and have made continuous review of their standards and GAAPs, Two organizations at the forefront for the pursuit of accounting harmonization among nations are the International Accounting Standards Board (IASB) and the International Organization of Securities Commissions (IOSCO). IOSCO has 50 membership countries of securities regulators and the IOSCO goal is to ease the impact of differences in securities trading regulations among its members. IOSCO and IASB have endorsed collaboration on standards securities issues.

STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS (SFAS)

The 2008 FASB Statement No.157 (SFAS 157) dealing on the three level valuation hierarchy as disclosure threshold that is meaningful to investors is only one of the clearly many standards in operation in the United States. The US FASB has 161 SFAS statements of accounting standards compared to Nigerian 30 SAS coverage, probably revealing a clear level of overall development in the USA over Nigeria. Ongoing issues of discussions include relates to cash flow hedge accounting, Fair value recognition and measurement, Financial Instruments Disclosure, among others. (CFA Institute, 2008)
Ongoing joint projects of the IAS and the US FASB on IFRS issues include the Reporting Entity concept which touches on whether a reporting entity must be a legal entity, group reporting entity, control over an entity, determining the composition of a group reporting entity, parent entity financial reporting, the parent company approach to consolidation, determining when one entity has control over another, control other than by legal rights, latent control and the treatment of options, joint control and significant influence (CFA Institute, 2008)

SEC ISSUES PROPOSED ROADMAP FOR USE OF IFRS BY U.S. ISSUERS

Commencing from 2005, the European Union Communities has mandated all its companies on adoption of the IFRS and compliance. Also, the US and SEC are active on the convergence issues.
On November 14, 2008, the SEC issued a proposed Roadmap on potential use of IFRS by U.S. issuers in preparation of their financial statements.
The Roadmap sets forth several milestones that could lead to the required use of IFRS by U.S. issuers in 2014. In the roadmap, the Commission has proposed amendments to various regulations, rules and forms that would permit early use of IFRS by a limited number of U.S. issuers where this would enhance the comparability of financial information to investors.
Source: Deloitte (2005), Issues of News-Global IFRS

ISSUES ON CONVERGENCE OR THE ADOPTION OF THE IFRS IN NIGERIA

There are gaps between the SAS and International Accounting Standards (World Bank 2004; Enahoro 2010).There are still areas of accounting issues covered by IAS/IFRS that are yet to be addressed in the SAS by the NASB. Some current IAS-based national standards were effective at the time of their issuance, but some IAS have since either been revised or withdrawn. The Nigerian SAS continues to tackle the issues of standards that seem incomplete as an authoritative guide to the preparation of financial statements. To date, the NASB has issued about 30 SASs compared with 0ver 41 IASs and 9 current IFRSs, and compared to 161 US SFASs. Over the years, extensive revisions have been made to IAS not reflected in the existing SASs. The assumption of some users and practitioners that SAS materially conform to IAS is not correct. Differences relate broadly to scope, level of US detail in content, and disclosure requirements which are not available in the SASs.
The Nigerian Accounting Standards Board was empowered by the Federal Acts to monitor and enforce compliance with accounting standards. The main legal framework for corporate accounting and auditing practices in Nigeria is the Companies and Allied Matters Act (1990). The Companies and Allied Matters Act (CAMA), has voluminous provisions that include requirements for auditing, disclosures, and preparation and publication of financial statements. It also provides for the Registrar of Companies at the Corporate Affairs Commission to monitor compliance with these requirements and specifies penalties for companies and their officers in cases of noncompliance. The auditor is liable for negligence if, as a result of failing to discharge the fiduciary duty properly, the company suffers loss or damage.
The statutory framework for the accountancy profession includes the Institute of Chartered Accountants of Nigeria Act (1965) and Association of National Accountants of Nigeria Act (1993). Other than the ICAN Act, there are no further legal requirements relating to the registration of auditors, licensing requirements, and disciplinary matters. National auditing standards do not exist; auditors are advised to follow International Standards on Auditing (ISA) although such compliance is not mandatory, and there appears to be inadequate adherence to auditing standards and professional ethics. Except within the banking sector, monitoring and enforcement mechanisms are very weak.
There are clear differences between IFRS and our SASs in the measurement and presentation of financial instruments, employee benefits, deferred tax, provisions, intangible assets and impairment of assets in the financial statements. The application of the IFRSs will also result in increased disclosures in the financial statements.
The practice in Nigeria at the moment is that two different sets of financial reporting are put up by multinational and subsidiary companies in order to comply with requirements of the IFRS. Under the current circumstances, to maintain records under two different frameworks, will lead to increased costs of doing business. Besides the details and risks inherent in business strategic decision making, and mergers and acquisitions, local standards and accounting reporting are not so clear such that less confidence are associated with reported financial information which come from non IFRS reporting environment. This inevitably, lead to adding further risk premium to operations in Nigeria compared to those that report in IFRS reporting environment Adopting IFRS therefore means reducing the complication of such double reporting and the associated increased costs. Adopting IFRS will also facilitate business investors' operations in the country. Foreign investors will require their subsidiaries in Nigeria to report in accordance with IFRS so that the parent company can comply with its reporting requirements in its foreign home territory. Convergence with IFRS will result in local financial statements that are readily understandable and acceptable in global markets. Capital for business is sourced from a global market (PricewaterhouseCoopers, 2010).
Although currently, IFRSs are applicable to the general-purpose financial statements of all profit-oriented entities, there is the challenge if SMEs adopt IFRS in the financial reporting framework. As a result of this, the IAS Board is mindful of this and therefore currently developing a simpler but parallel set of standards for non-publicly accountable entities to reduce the burden on SMEs in complying with IFRS.
NASB and its Council are alert to current development and currently charting a roadmap to Nigerian approach to the international practice. It is however thought that the NASB should actively engage to guide the local practice and develop solid financial reporting framework acceptable to the global markets. The NASB should facilitate the current debate and the roadmap on convergence with the IFRS.

CONCLUSION

The merits of a global reporting system for effective comparability are clearly evident. A global market place has need for clarity in its financial reporting without ambiguity. This is coupled with the fact for fluidity of capital sourcing in the global market. Investment decision strategies both for corporate managements, investors and accounting standards setting bodies cannot be overemphasized. However, because of the continuously existing challenge of national cultural background, nature of economy and also critically, the individual countries' legal framework, the adoption of the IFRS faces serious challenges. IFRS convergence as a global project faces the critical challenge of difference in size of economy between the developed countries and the developing nations on one hand and differences between the multinational companies and the Small and Medium industries on the other hand. Considering the progress and gains achieved so far in the convergence project of the IASB, one can only expect that Nigeria will take a position, probably that of the IFRS adoption, otherwise it will engage in a process of rigorous standards setting development towards a conversion. The latter option may probably be extremely costly and whose standards may not always be comprehensive enough for changing global relevance.

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E-BANKING SCENARIO AND ITS IMPACT ON CUSTOMERS' SATISFACTION IN INDIA

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ABSTRACT
The present study aims to examine the progress of e-banking scenario concerned with ATMs, Internet banking, Mobile banking and Credit cards and their impact on customers' satisfaction by analyzing the problems faced by the customers in India. The analysis shows that among all the e-banking products, Customer Satisfaction Level (CSL) of ATMs is highest and the number of users of ATMs is also highest as compared to other services. Internet banking and credit cards are at second and third position as far as CSL is concerned, but the number of users is more in case of credit cards as compared to Internet banking. Mobile banking is at the lowest position in terms of CSL and also in number of users.

KEYWORDS
E-banking, ATMs, Internet banking, Credit cards, Mobile banking, Customers' satisfaction level (CSL)

INTRODUCTION
Most of the banks today have electronic system to handle their daily voluminous tasks of retrieval, storage and processing of information. Banks by their nature are continually involved in all forms of information management on a continuous basis irrespective of whether they are automated or not. Computer is an established tool for achieving the competitive edge and optimal allocation of resources these days. Competition and the constant changes in technology and life styles of the customers have changed the face of banking. Nowadays, banks are seeking alternative ways to provide and differentiate amongst their varied services. Customers, both corporate as well as retail, are no longer willing to queue in banks, or wait on the phone for the most basic of services. They demand and expect to be able to transact their financial dealings where and when they wish to. With the increasing number of computers every year, electronic delivery of banking services is becoming the ideal way for the banks to meet their clients' expectations. E-banking refers to the effective deployment of IT by the banks. It is about using the infrastructure of the digital age to create immediate opportunities - both locally and globally. For users, it provides current information, 24-hours-a-day access to banking services. It enables the dramatic lowering of transaction costs and the creation of new types of banking opportunities that address the barriers of time and distance. The current web-based variant of banking is the latest of several generations of systems: ATM was the first well-known machines to provide electronic access to customers of retail banks. With advent of ATM, banks are able to serve customers outside the banking hall. Next came phone banking which allowed the customers to interact with their bank by means of a computer. PSBs, which are the foundation of the Indian banking system, account for more than 78 per cent of the assets of total banking industry. Unfortunately, they are burdened with excessive NPAs, massive manpower and lack of modern technology. On the other hand, the PSIBs and PSFBs in India are witnessing immense progress. They have an edge over the PSBs in the implementation of technological solutions. They are leaders in internet banking, mobile banking, credit cards and ATMs.

LITERATURE REVIEW
Various articles on some aspects of e-banking appeared in various journals and magazines, but they are restrictive in nature and do not show a comprehensive picture. A brief review of some of the relevant literature is as under:
Raj (1996) observed one reason why Indian banks are lagging behind their counterparts in the west that is because infrastructure needed to speed the process remains lacking. **Mookerji (1998)** expected that sophisticated highly competitive internet banking will develop in future. **Ryder (2000)** suggested that the legal challenges of internet banking in India comprise information security and regulatory compliance. **Manmohan and JaiGanesh (2002)** examined the broad security issues related to banking on the internet and proposed a three staged capability model to facilitate brick and mortar banks take their services online as well as analyzed the stage of maturity of their banking services. **Yibin (2003)** analyzed the status, trends, challenges and implications of e-banking and concluded that e-banking could not only improve the access to finance but also with better and more competitive rates. **Trehan et. al. (2004)** analyzed how traditional banking differed from relationship banking with the Porter's 5-Forces Model in the banking industry. **Parsad (2004)** examined the nature and types of credit card frauds, its effects and preventive measures. **Sali (2004)** studies customers' satisfaction about ATM cards and concluded that to service the banks will increasingly need superior customer service along with good quality products and assets. **Shajahan (2005)** studied the level of customer's satisfaction on various modes of banking services such as internet, phone, branch and ATMs in India. **Sinha (2005)** explained the various aspects of debit and credit cards and concluded that usage rate is very low in India. **Hundal and Jain (2006)** articulated the stimulating and inhibiting attributes in the adoption of mobile banking and outlined some managerial applications. **Khan et. al. (2009)** evaluated the service quality of internet banking services in India from customers' perspectives and concluded that customers are satisfied with service quality of four dimensions such as reliability, accessibility, privacy/security, responsiveness and fulfillment, but are least satisfied with the 'user-friendliness' dimension.
Given this background, it is interesting to analyze the e-banking scenario and its impact on customers' satisfaction in India. In a quest to seek an answer, the present study is undertaken with specific research objectives as envisaged in the following section.

OBJECTIVES OF THE STUDY
The present study aims to examine the progress of e-banking in India. In this broader framework, an attempt is made to achieve the following specific objectives:
1. To analyze the present e-banking scenario concerned with ATMs, Internet banking, Mobile banking and Credit cards in India.
2. To examine the impact of ATMs, Internet banking, Mobile banking and Credit cards on customer satisfaction by analyzing the problems faced by the customers in India.

RRESEARCH HYPOTHESES

To achieve the objectives of the study, the following hypotheses are formulated:

H_{01}: There is no significant difference in the present e-banking scenario of ATMs, Internet banking, Mobile banking and Credit cards in India.

H_{a1}: There is a significant difference in the present e-banking scenario of ATMs, Internet banking, Mobile banking and Credit cards in India.

H_{02}: There is no significant difference in the impact of ATMs, Internet banking, Mobile banking and Credit cards on customer satisfaction in PSBs, PSIBs and PSFBs in India.

H_{a2}: There is a significant difference in the impact of ATMs, Internet Banking, Mobile banking and Credit Cards on customer satisfaction in PSBs, PSIBs and PSFBs in India.

RESEARCH METHODOLOGY

DATA COLLECTION

The present study is of analytical and exploratory nature. Accordingly, the use is made of primary data. The primary data is collected with the help of pre-tested structured questionnaires from a sample of 450 respondents (150 respondents from each group) of selected branches of PSBs, PSIBs and PSFBs from Haryana, Delhi, Chandigarh and Punjab. But the data obtained from 450 (ATMs), 366 (Internet banking), 240 (mobile banking) and 402 (credit cards) is found suitable and complete and is used for further analysis. The branches and respondents are selected with the help of convenience sampling method.

DATA ANALYSIS

The collected data in the present study are analyzed through descriptive and inferential statistical techniques. The analysis has been in conformity with the objectives of the study and the hypotheses formulated to achieve the objectives. In order to examine the level of customer satisfaction regarding various e-banking services and their interplay in different banks, various statistical techniques like frequency distribution, percentage, mean, standard deviation, chi-square and ANOVA have been used. The application of normal distribution has been followed in order to categorize the different variables. The level of customer satisfaction of the respondents regarding ATMs, Internet banking, Mobile banking and Credit cards is assumed to be normally distributed. The level of customer satisfaction of the respondents is divided into three categories, i.e. below average, average and above average levels, which have been defined as Low, Medium and High level of satisfaction respectively. The lower and upper limits of average level have been calculated with the help of the following formula:

Lower limit of average level = Mean - 1 Standard deviation

Upper limit of average level = Mean + 1 Standard deviation

The two stage analytical approach is used to analyze the data. In the first stage, total CSL and usage rate of various services is analyzed. Total CSL shows the total weighted value of all the variables of customer satisfaction. In the second stage, ANOVA is used for summarizing the difference between the levels of customer satisfaction.

RESULTS AND DISCUSSIONS

E-banking scenario is analyzed regarding four major e-banking products i.e. ATMs, Internet Banking, Mobile Banking and Credit Cards in terms of customer satisfaction level on the basis of various variables like length of the use of service, frequency of complaints, grievance settlement system, reliability of service and level of satisfaction for the service, etc.

1. Period of Use

The present scenario of ATMs, Internet Banking, Mobile Banking and Credit Cards is measured in terms of the length of the period the respondents are using a particular service. For this purpose, time is divided into five sub-heads i.e. less than 6 months, 6 months to 1 year, 1 to 2 years, 2 to 3 years and more than 3 years. Table 1 and figure 1 envisages that ATM is the oldest service in use. Out of total respondents, maximum 79 per cent respondents are using it for more than 3 years. Credit cards are at second position with 48 per cent users. Internet and Mobile banking are at third and fourth position with 44 per cent and 28 per cent users respectively.

Table - 1: Period of Use

No. of Respondents (percentage)

Period of use	ATM	Internet Banking	Mobile Banking	Credit Cards
a) Less than 6 months	30(07)	48(13)	90(38)	30(08)
b) 6 months to 1 year	06(01)	30(08)	24(10)	30(07)
c) 1 year to 2 years	18(04)	66(18)	30(12)	84(21)
d) 2 years to 3 years	42(09)	60(17)	30(12)	66(16)
e) More than 3 years	354(79)	162(44)	66(28)	192(48)
Total	450(100)	366(100)	240(100)	402(100)

Source: Survey

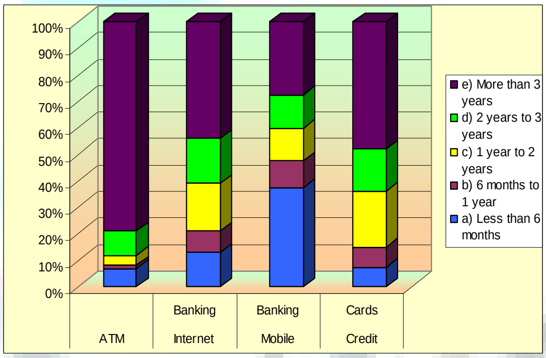

Fig. 1 - Period of Use

2. Complaints Regarding Services

To find out the frequency with which customers are having complaints against their banks with regard to these services, five parameters of complaints are considered which are very often, often, sometimes, rarely and never. Table 2 and figure 2 reveals that there are maximum 27 per cent respondents who never had problems with ATMs. In case of credit cards, this per cent is lowest, i.e. 21 per cent. The table also shows the positions of Internet and Mobile banking in this context where this percentage is 25 per cent in each case.

Table - 2: Complaints Regarding Services

No. of Respondents (percentage)

Complaints	ATMs	Internet Banking	Mobile Banking	Credit Cards
a) Very often	30(07)	12(03)	00(00)	48(12)
b) Often	24(05)	18(05)	27(11)	66(16)
c) Sometimes	78(17)	42(11)	27(11)	72(18)
d) Rarely	198(44)	204(56)	126(53)	132(33)
e) Never	120(27)	90(25)	60(25)	84(21)
Total	450(100)	366(100)	240(100)	402(100)

Source: Survey.

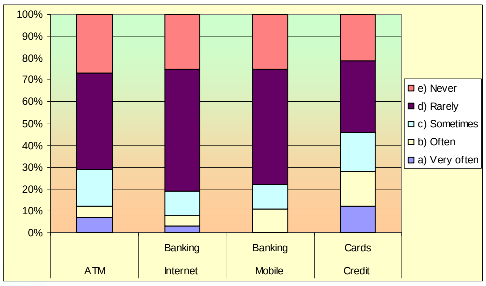

Fig. 2 - Complaints regarding Services

3. Grievance Settlement System

The information has been collected from the respondents about the grievance settlement system for these services in banks to know whether this system is satisfactory or not. The table 3 and figure 3 shows that out of the total respondents having problems, maximum number of respondents, i.e. 22 and 71 per cent are highly satisfied and satisfied respectively with the grievance settlement system of ATMs, whereas this percentage is 24 and 67 per cent in case of Internet banking, 17 and 52 per cent in case of Mobile banking and 15 and 49 per cent in case of Credit cards.

Table - 3: Grievance Settlement System

No. of Respondents (percentage)

Grievance settlement	ATMs	Internet Banking	Mobile Banking	Credit Cards
a) Highly satisfactory	72 (22)	66 (24)	36 (17)	48 (15)
b) Satisfactory	234 (71)	186 (67)	113 (52)	156 (49)
c) Indifferent	18 (05)	18 (07)	30 (14)	42 (14)
d) Unsatisfactory	06 (02)	06 (02)	36 (17)	42 (13)
e) Highly unsatisfactory	00 (00)	00 (00)	00 (00)	30 (09)
Total	330 (100)	276 (100)	215 (100)	318 (100)

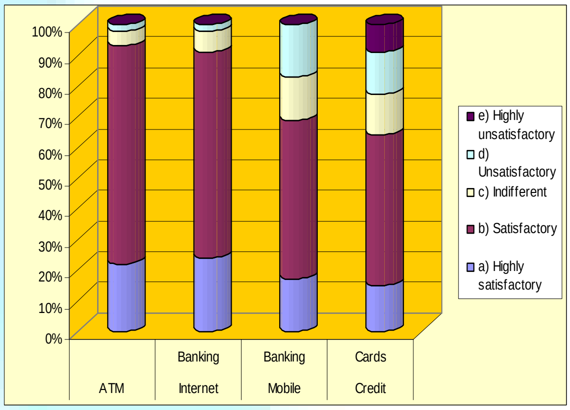

Fig. 3 - Grievance Settlement System

Source: Survey.

4. Reliability of Services

Reliability of e-banking services is another dimension, which constitute the present scenario of e-banking and is analyzed on the basis of three parameters i.e. very reliable, reliable and unreliable. Table 4 and figure 4 depicts that out of the four services ATM is the very reliable with maximum number of respondents, i.e. 52 per cent and Credit cards is at the minimum with 16 per cent. The table also shows that reliability is highest in credit cards and lowest in ATMs with 60 per cent and 48 per cent respondents respectively. This percentage is 57 per cent and 53 per cent in case of Internet and Mobile banking respectively. Whereas the unreliability is maximum i.e. 29 per cent in case of Mobile banking followed by Credit cards having 24 per cent respondents.

Table - 4: Reliability of Services

No. of Respondents (percentage)

Reliability	ATMs	Internet Banking	Mobile Banking	Credit Cards
a) Very reliable	234 (52)	96 (26)	43 (18)	66 (16)
b) Reliable	216 (48)	210 (57)	128 (53)	240 (60)
c) Unreliable	00 (00)	60 (17)	69 (29)	96 (24)
Total	450 (100)	366 (100)	240 (100)	402 (100)

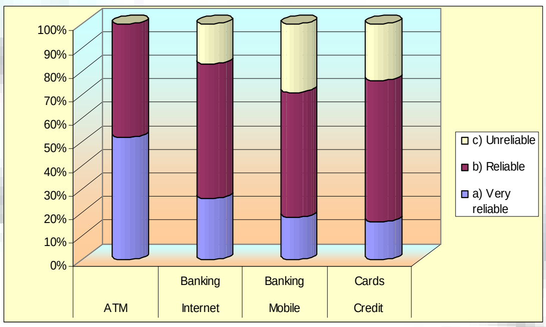

Fig. 4 - Reliability of Services

Source: Survey.

5. Level of Satisfaction

Level of satisfaction after using a particular service has also been examined to find out the clearer picture regarding their status on the basis of five parameters i.e. highly satisfied, satisfied, indifferent, dissatisfied and highly dissatisfied. Table 5 and figure 5 present that satisfaction level, which is highest in case of ATMs as all the respondents are highly satisfied/satisfied, followed by Internet banking, Credit cards and Mobile banking. The table also reveals that dissatisfied level is highest in case of Credit cards and lowest in Internet banking. On the other hand, indifferent level is highest, i.e. 40 per cent in case of Mobile banking.

Table - 5: Satisfaction after Use of Services

No. of Respondents (percentage)

Satisfaction Level	ATM	Internet Banking	Mobile Banking	Credit Cards
a) Very satisfied	180 (40)	78 (21)	16 (07)	84 (21)
b) Satisfied	270 (60)	246 (67)	117 (49)	228 (57)
c) Indifferent	00 (00)	36 (10)	96 (40)	30 (08)
d) Dissatisfied	00 (00)	06 (02)	11 (04)	30 (07)
e) Very unsatisfied	00 (00)	00 (00)	00 (00)	30 (07)
Total	450 (100)	366 (100)	240 (100)	402 (100)

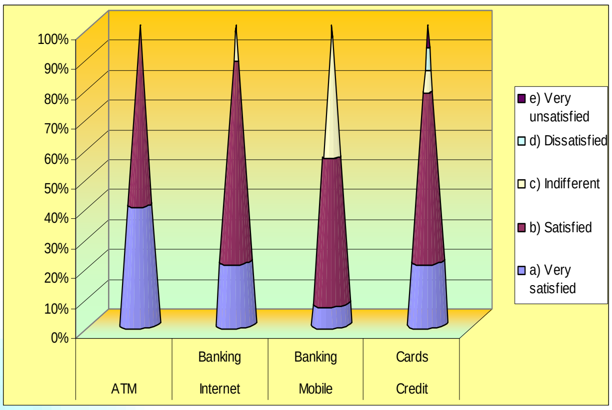

Fig. 5 - Satisfaction after Use of Services

Source: Survey.

6. Status of E-banking Services

The present status of e-banking products is analyzed in all the banks with the help of total customer satisfaction level (CSL) and total number of respondents using these products. Total CSL includes the total weighted value of all the variables discussed above. Table 6 and figure 6 elucidate the present status of e-banking products. It is clear that ATM is having maximum 85 per cent CSL and respondents using it are also maximum 100 per cent. Position of mobile banking is worst with minimum 68 per cent and 53 per cent CSL and users respectively. Internet banking is at second place with second highest CSL (78 per cent) and it is at third place with 81 per cent usage rate. Credit card is at third place in terms of CSL (74 per cent) but its usage rate is second highest.

Table - 6: Status of E-banking Services

No. of Respondents (percentage)

Name of Service	Total CSL	Total No. of Users
ATMs	7650 (85)	450 (100)
Internet Banking	5694 (78)	366 (81)
Mobile Banking	3252 (68)	240 (53)
Credit Cards	5964 (74)	402 (90)

Source: Survey.

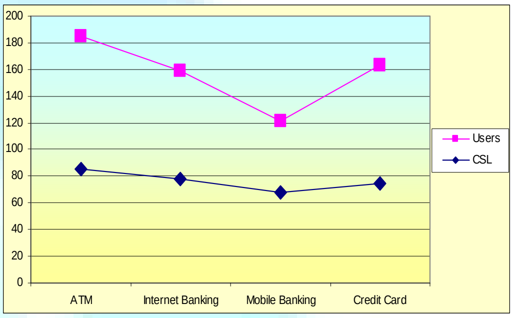

Fig. 6 - Status of E-banking Services

Further to study the level of customer satisfaction, the respondents are divided into three categories i.e. below average, average and above average levels, which have been defined as Low, Medium and High level of CSL respectively.

6.1 CSL of ATMs

Table 6.1 and figure 6.1 projects that 84 per cent of the total respondents are in medium CSL. On the other hand, only 4 per cent fall in high CSL and 12 per cent in low CSL.

Table - 6.1: CSL of ATMs

CSL	Frequency	Percentage
Low (Below 15)	54	12
Medium (15-19)	378	84
High (Above 19)	18	04
Total	450	100

Mean Value = 17.00, Std. Dev. = 1.97

Source: Survey.

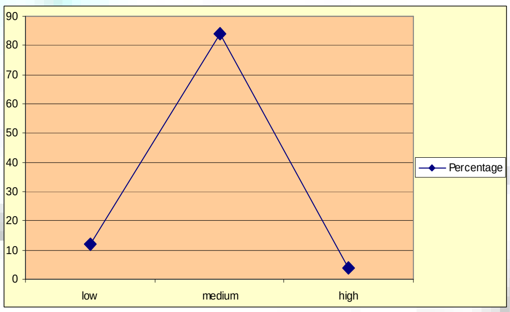

Fig. 6.1 - CSL of ATMs

6.2 CSL of Internet Banking

Table 6.2 and figure 6.2 envisages that 82 per cent respondents have medium CSL for Internet banking, whereas 11 per cent and 7 per cent fall in low and high CSL respectively.

Table - 6.2: CSL of Internet Banking

CSL	Frequency	Percentage
Low (Below 13)	42	11
Medium (13-18)	300	82
High (Above 18)	24	07
Total	366	100

Mean Value = 15.56, Std. Dev. = 2.30
Source: Survey.

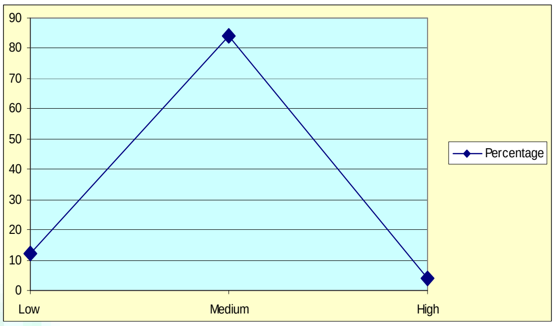

Fig. 6.2 - CSL of Internet Banking

6.3 CSL of Mobile Banking

Table 6.3 and figure 6.3 reveals that 75 per cent respondents of mobile banking have medium CSL and 15 per cent respondents fall in low CSL, whereas only 10 per cent respondents are in high CSL.

Table - 6.3: CSL of Mobile Banking

CSL	Frequency	Percentage
Low (Below 11)	36	15
Medium (11-16)	180	75
High (Above 16)	24	10
Total	240	100

Mean Value = 13.55, Std. Dev. = 2.58
Source: Survey.

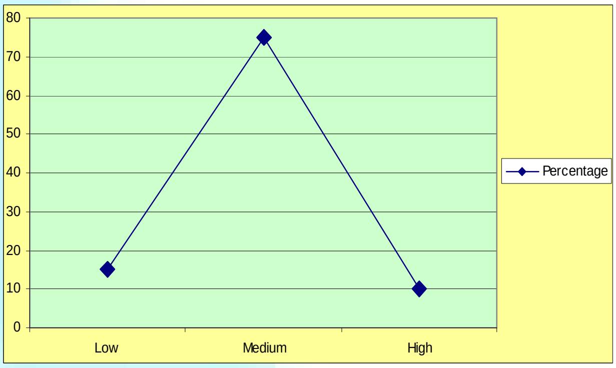

Fig. 6.3 - CSL of Mobile Banking

6.4 CSL of Credit Cards

Table 6.4 and figure 6.4 shows that 76 per cent out of total respondents have medium CSL and 15 per cent have low CSL, whereas only 9 per cent respondents fall in high CSL.

Table - 6.4: CSL of Credit Cards

CSL	Frequency	Percentage
Low (Below 12)	60	15
Medium (12-18)	306	76
High (Above 18)	36	09
Total	402	100

Mean Value = 14.84, Std. Dev. = 3.00
Source: Survey.

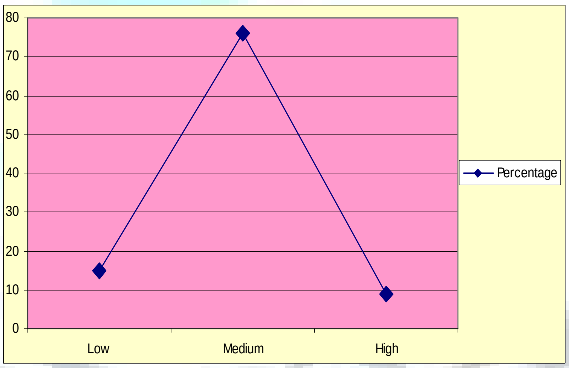

Fig. 6.4 - CSL of Credit Card

6.5 Combined CSL of E-banking Services

Table 6.5 and figure 6.5 depicts that medium CSL is maximum in case of ATMs with 84 per cent respondents and minimum in case of Mobile banking with 75 per cent respondents. Internet banking and Credit cards are at second and third position with 82 per cent and 75 per cent respondents respectively. The table also shows that maximum 15 per cent respondents have low CSL in Mobile banking and Credit cards. High CSL is highest in Mobile banking and lowest in ATMs with 10 per cent and 4 per cent respondents respectively.

Table - 6.5: Combined CSL of E-banking Services

No. of Respondents (percentage)

Products	Low	Medium	High	Total
ATM	54 (12)	378 (84)	18 (04)	450 (100)
Internet Banking	42 (11)	300 (82)	24 (07)	366 (100)
Mobile Banking	36 (15)	180 (75)	24 (10)	240 (100)
Credit Cards	60 (15)	306 (76)	36 (09)	402 (100)

F = 634.82($F_{.05,\,2,\,9}$ = 4.26)
Chi-Square = 8.000* (Significant at 5 per cent level)
Source: Survey.

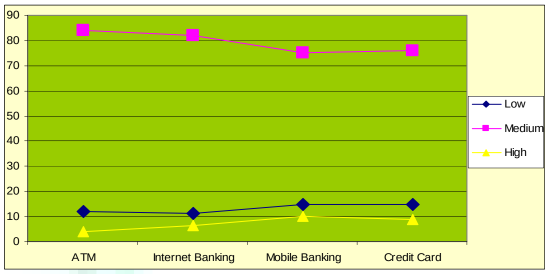

Fig. 6.5 - Combined CSL of E-banking Services

As depicted by the above table, the calculated value of F is greater than the tabulated value, therefore the null hypothesis, i.e. there is no significant difference in the present e-banking scenario of ATM, Internet banking, Mobile banking and Credit cards in India, cannot be accepted. This view point is also supported by the value of chi square, which is also significant at 5 per cent level of significance. The analysis also shows that among all the e-banking products, CSL of ATM is highest and the number of users of ATM is also highest as compared to other services. Internet banking and credit cards are at second and third position as far as CSL is concerned but the number of users is more in case of credit cards as compared to Internet banking as depicted by Table-6. Mobile banking is at the lowest position in terms of CSL and also in number of users. Therefore, the null hypothesis i.e. there is no significant difference in the impact of ATM, Internet banking, Mobile banking and Credit cards on customer satisfaction in PSBs, PSIBs and PSFBs in India cannot be accepted.

CONCLUSIONS AND POLICY IMPLICATIONS

To sum up, there is a significant difference in the present e-banking scenario of ATMs, Internet banking, Mobile banking and Credit cards in India. Also, there is a significant difference in the impact of ATMs, Internet banking, Mobile banking and Credit cards on customers' satisfaction in PSBs, PSIBs and PSFBs in India. No doubt, the opportunities in e-banking are immense but the only need is to explore them. The nature of banking services may still be the same but the way they are being offered has been changed dramatically. Banks must realize the seriousness of challenges ahead and develop a strategy that will enable them to leverage the opportunities presented by e-banking. E-banks need to shift now from product centric to customer centric i.e. to design services according to the needs, dreams and expectations of the customers. Opportunities and challenges offered by e-banking can only be met fruitfully if the banks assemble different services including banking, broking, insurance, channel delivery, sales culture, back office processes and knowledge management under one corporate name. Most of the market especially in rural areas is still untapped in India. There is a lot of scope for banking institutions to expand their e-banking services to have a more sophisticated customer base especially in rural areas. ICT infrastructure facilities are also not well developed and the banks are unable to extend the e-banking services, therefore, good infrastructure need to be developed.

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A COMPREHENSIVE FINANCIAL ANALYSIS OF AQUA CULTURE FEED INDUSTRIES IN SOUTH INDIA

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DOCTORAL COMMITTEE MEMBER, BHARATHIAR UNIVERSITY
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ABSTRACT

The aquaculture production in India has registered remarkable growth in recent decades. The total production from aquaculture has increased from 7,88,310 tons in 1987 to 17,68,422 tons in 1996, with a substantial growth of 124 percent. Even after rapid growth in the industry, India has exploited only 10 percent of its aquaculture potential. Indian carp farming evolved from a mere subsistence level in 1980 to one of the worlds' leading producers by mid 1990's. India contributed around 11 percent of the world's inland fish production in 1995. In the last 10 years the export performance of aquaculture products are steadily growing and the export income also highly satisfactory to Indian economy, the selected four aquaculture industrial overall financial performance is not growing well such net profit growth, capital efficiency, liquidity and long term solvency positions.

KEYWORDS

Financial ratio, Aqua culture feed, Export growth, EPS, Net profit growth

INTRODUCTION

Aquaculture is a fast growing industry with an average annual growth rate of about 12 percent during the past decade. Asia was the leading region in aquaculture, with 85.8 percent of global production of the total aquaculture production, fresh water fish (carps) accounted for 49.5 percent globally. According to World Bank (1999) estimation, the cultured fish production was doubled during 1990-1996 and from the present 26 million tons it is expected to reach 39 million tons by 2010. The aquaculture production in India has registered remarkable growth in recent decades. The total production from aquaculture has increased from 7,88,310 tons in 1987 to 17,68,422 tons in 1996, with a substantial growth of 124 percent. Even after rapid growth in the industry, India has exploited only 10 percent of its aquaculture potential. Indian carp farming evolved from a mere subsistence level in 1980 to one of the worlds' leading producers by mid 1990's. India contributed around 11 percent of the world's inland fish production in 1995. The aquaculture production has increased from 512 thousand tons in 1984-85 to 1763 thousand tons in 1994-95 (Government of India 1996). Share of aquaculture in total inland production doubled from 46 percent in 84-85 to 84 percent in 1994-95. Indian aquaculture production consists mainly of Indian major carps (70 percent) and common carps and other carps constitute about 5 percent of the total fresh water aquaculture production. India exported around 2,000 tons of carps annually (MPEDA 1999). Indian fresh water aquaculture is mainly based on carps such as Indian Major carps (catla, rohu and mrigal), kalbasu, silver carp, grass carp and common carps etc.

Fresh water aquaculture resources in the country comprise 2.25 million hectares of ponds and tanks 1.3 million hectares of bheels and derelict waters 2.09 million hectares of lakes and reservoirs as also 0.12 million kilometres of irrigation canals and channels. India being the carps account for bulk of the production (Ayyappan, 2000). However, the average yield per hectare is 2,200 kg, which is lowest in Asia. Some of the major factors, which influence the productivity, need to be investigated in order to enhance the productivity. There exists a larger yield variation between the regions and farms. While the Punjab farmers produce 4,170 kilograms per hectare, the same productivity is as low as 1,270 kilograms in Maharashtra.

AQUACULTURE EXPORTS

Agricultural exports comprised about 27% of the total exports from India during 1986-87 and the share dropped sharply during the post-reform period to 20 percent in 1996-97. However, the share of seafood exports has been 16% of the total agricultural exports and is steadily increasing in absolute terms. The absolute value of seafood exports has increased from US $ 1,122 million to 2,973 million indicating an increase by 265 percent. Thus, though the share of agricultural sector in the total exports is decreasing the seafood export has been maintaining its share and steadily increasing. The contribution of cultured aquaculture products increased from 33 percent in 1988-89 to 52 percent in 1998-99. The spectacular progress of aquaculture is worth noticing in value terms. Within a period of 10 years the value of cultured shrimp increased from 48 percent to 74 percent. Though major part of the export of cultured products is shrimp, the contribution of carps such as rohu is increasing over the years. Aquaculture production and exports continue to be an extremely focused sector during the Ninth Five Year Plan (1997-98 to 2001-02). Until recently India has been exporting mainly freshwater prawn but from 1996-97 onwards India started exporting other freshwater aquaculture products also. India started exporting negligible quantity of freshwater aquaculture products in filleted form from 1996-97 onwards. It can be seen from the table 2 that India exhibit a lot of variation and India's trade partners are also changing. The major buyer of Indian freshwater fishes is China and Bangladesh followed by Middle East.

REVIEW OF LITERATURE

N.R. Parasuram (2006), has made an attempt identify and study the movement of key financial parameters and their relationship with profitability of automobile industry he also made an attempt to and the study whether the key identified parameters move in a synchronous way going up and coming down with basic profitability parameters. The Two wheeler and Three wheeler industries chosen and all comparably profit-making companies have been taken as the sample for study for the period of 2002 to 2004. The data have been taken from the figures supplied by prowess database. On the basis of this data a trend parameter is calculated for the year 2005. The actual figures in respect of the year 2005 are compared with the trend parameter by way of t-test. So, on the base of the analysis, the broad conclusion is that the parameters are consistent within a wide horizon and with the growth that companies have achieved, the parameters have also responded in a synchronous manner.

Adolphusj. Toby (2OO8), in his study on 'Liquidity performance Relationship in Nigerian Manufacturing Companies (1990-2002)' has analysed the empirical relationship between liquidity and other performance measures in Nigerian manufacturing companies between 1990-2002. Using data from 87 quoted manufacturing companies, ten multiple regression models were estimated with four liquidity measures as independent variables, and ten others covering profitability, efficiency and leverage measures as dependent variables. The results show statistically significant relationships between liquidity and profitability, efficiency and leverage measures as the computed F values exceed the table E - ratio at the 5 per cent level of significance. The multiple regression results show that 1 per cent increase in liquidity could bring about 21.9 per cent increase in profitability, 16.1 per cent increase in efficiency and 16.6 per cent increase in leverage.

COMPANY PROFILE

1. C P Aquaculture (India) Private Limited.

C P Aquaculture (India) Pvt Ltd*,* established in 1996 is a 100 % subsidiary of Charoen Pokphand Group of Thailand. Charoen Pokphand Group, Thailand. Charoen Pokphand is a USD 13 Billion group having interest in feed, agriculture, petrochemical & telecommunications.During the year 1992 the former Prime Minister of India (Mr.P.V.Narashimha Rao) visited Thailand and seeing the strength of C P Group of Thailand, he invited them to establish their business in India In the year 1994, the C P Group obtained the approval of the Foreign Investment Promotion Board Ministry of Industry, Government of India for setting up Aqua Feed and Shrimp Processing Plants across the country and for making a foreign investment in India. Accordingly the company C P Aquaculture (India) Pvt Ltd was floated to implement aqua feed and shrimp processing plant in India. The company was incorporated in June 1996 with the approval of the FIPB/SIA , prior to this , CP Group had their presence in India and has been selling its products in the country for the since early 1980s. The group had invested Rs 25 crores towards the equity capital of the company. And ECB loan of $8 Million for project outlay. C P Aquaculture India Pvt Ltd primarily focuses on Aqua Feed and Poultry Feed. The company initially established an Aqua feed mill at Red Hills, Chennai with capacity of 60,000 Ton of aqua feed per annum and the plant commenced commercial operations during the year 1995. Since then the company has been growing steadily.

2. Water Base Limited

The Waterbase Limited is the largest integrated aquaculture unit in India located in the heart of shrimp country at Nellore, Andhra Pradesh. Our mission is to give customers the best value for money with our quality seed, feed, or processed produce. We began operations in 1993 and have stood committed to following and disseminating the best aquaculture techniques. Today, we are a US$18 million company (Rs. 1 billion) with facilities that comprise a shrimp hatchery, feed plant, grow-out farms, and an ultra-modern process plant. Raw or cooked, peeled or unpeeled, breaded and battered; we export shrimp in different forms to the quality-conscious markets of Japan, USA, and Europe. In addition, we supply value-added shrimp in different forms to many of our customers. Aquaculture is a business that demands constant monitoring and innovation. Our process is geared to grow, harvest, and process quality shrimp. We follow HACCP guidelines and are among the few Indian companies that have FDA approval for exports to USA.

3. Avanti Feeds Limited

Avanti Feeds Limited is the leading manufacturer of Prawn and Fish Feeds and Shrimp Processor and Exporter from India. Avanti Feeds Limited has established joint venture with Thai Union Frozen Products PCL., the world's largest seafood processors and leading manufacturer of prawn and fish feeds in Thailand with integrated facilities from Hatchery to Shrimp & Fish processing and Exports. Avanti has two Prawn and a Fish Feed Manufacturing Units, certified ISO 9001:2008, in Kovvur and Vemuluru, West Godavari District, Andhra Pradesh, India with a capacity of 70,000 MT per annum. Avanti produces nutritionally well balanced and high quality feed, consistently, catering to the Indian prawn and fish farmers, at their door step. The state of art technology coupled with quality consciousness, excellent storage facilities, logistics capabilities, timely deliveries and commitment to customer satisfaction has made Avanti to be proud of a long list of loyal customers from USA, Europe, Japan, Australia & Middle East.

4. Charoen Pokphand (India) Private Limited

Charoen Pokphand (India) Pvt Ltd is a 100% subsidiary of C P group of Thailand based multinational organization incorporated in the year 1997 in India manufacturing Poultry Feed and dealing with Broiler Integration business and also manufacturing Prawn feed & Bio-Chemicals for Prawns. The Company is also having Broiler Breeder activities & Hatcheries Charoen Pokphand (India) Pvt Ltd commenced operations in 2000 from its poultry feed manufacturing facility in Bangalore. The Company's operations are across two verticals- Prawn feed manufacturing (Rs334.2 crores and 48.8 per cent of revenues in 2009-10) and Integrated poultry business (rs318.9 crores and 46.2 per cent of revenues in 2009-10). Charoen Pokphand (India) Pvt, Ltd. Integrated poultry vertical spans almost the entire poultry value chain from grandparent chick procurement, parent stocking, poultry feed mills, hatcheries and breeder farms. While poultry feed is mainly used for in – house consumption. The excess feed (~30 of the poultry feed production) is sold in the open market. Going forward, the company also intends to diversify into manufacturing of other animal feeds such as cattle and swine feed. The company has a prawn feed manufacturing facility in Vishakhapatnam, Andhra Pradesh with a capacity of ~ 200,000 tons per annum. Apart from these, the company has 30 breeder farms and six hatcheries in Vijaaywada, Chittur, Pondicherry, Bangalore, Mysore and Pune. Charoen Pokphand (India) Pvt.Ltd. forms part of The Charoen Pokphand Group – a USD 18 billion group based in Thailand; with experience of over 80 years in Aquaculture, Agro Industry, Frozen Foods, Animal Feed, telecommunications, logistics and retailing. The entire shareholding of the company is with Charoen Pokphand Foods Public Company Limited (Thailand) along with another group company Charoen Pokphand Industry Company Limited (Thailand).

PROBLEM FOCUS

The aquaculture industry is one of the major important exporters and contributing more in Indian economy, in last 15 years there are many multinational companies operating aquaculture business in India especially Thai based organizations are showing more interests to mobilize funds in Indian aquaculture industry. In the last 10 years the export performance of aquaculture products are steadily growing and the export income also highly satisfactory to Indian economy, the selected four aquaculture industrial overall financial performance is not growing well such net profit growth, capital efficiency, liquidity and long term solvency positions. Hence the aim of the study is to analyze the financial performance of aquaculture companies in India.

OBJECTIVES OF THE STUDY

- To analyze the management of working capital and liquidity position of companies.
- To identify the net profit and EPS growth rate performance of companies.

METHODOLOGY

The researcher, being an external analyst, had to depend mainly upon secondary data for the purpose of studying the financing performance of Aquaculture Industries in India from the top 4 companies in India which is highly performed in overall growth in terms of finance, exports and total assets value. The exploratory research techniques have been used for this study and also the study is restricted only to Indian based aquaculture organizations.

SOURCES OF DATA

PRIMARY AND SECONDARY DATA

The present study is mainly based on secondary data which were collected from the corporate annual audited reports, company database, published research reports by various industries, and research organization. Primary data is not applicable to this research anyhow the researcher consulted the concern company chief finance officer for the purpose of functioning of finance department.

SELECTION OF COMPANY AND PERIOD

The present study is mainly intended to examine the financial performance of C P Aquaculture India Pvt Ltd, Avanti feed limited, The water base ltd. Charoen pokphand (india) Pvt Ltd for five years in the period between 2005-2010.

TOOLS USED FOR ANALYSIS

The present study has analyzed the financial performance of four aquaculture e companies. In order to evaluate the financial performance, tools like , mean, standard deviation and correlation test have been used.

RESULT & DISCUSSIONS

CURRENT RATIO

Table No.IV.01

Company	2005	2006	2007	2008	2009	2010
C P Aquaculture(I)Pvt.Ltd.	4.57	4.97	4.72	5.41	5.41	4.07
Waterbase Ltd.	1.98	2.02	1.79	1.77	2.20	1.84
Avanti Feeds Ltd.	3.45	5.57	5.94	6.82	5.02	3.66
Charoen Pokphand(I)Pvt.Ltd.	----	0.50	0.83	0.78	0.71	0.81

The above tables shows the selected four companies (C P Aquaculture, Waterbase Limited, Avanti Feed Ltd., & Charoen Pokphand (I) Pvt. Ltd.,) to analyze the short term solvency provisions for the period between 2005-2010; C P Aquaculture and Avanti Feed Ltd., has maintain high level of current ratio from 2005 to 2010 and also maintain more than the industry standard, hence the company will have to reduce its current assets and avoiding ideal current assets of the company. The second selected Waterbase has maintains a good current ratio during the above study period which shows above 1.5 to 2.5 times. Hence it indicates the current ratio performance of Waterbase is in a good position. The Fourth selected Charoen Pokphand (I) Pvt. Ltd., current ratio performance for 2006 to 2010 is less than 1 time, which indicates poor administrating current assets hence the company has to concentrate on improving current assets performance in the above said period.

WORKING CAPITAL

Table No.IV.02

Company	2005	2006	2007	2008	2009	2010
C P Aquaculture(I)Pvt.Ltd.	3.38	2.88	2.00	2.32	2.14	2.72
Waterbase Ltd.	1.69	1.23	1.08	0.84	0.76	0.63
Avanti Feeds Ltd.	2.69	2.69	1.96	2.03	1.45	2.47
Charoen Pokphand (I)Pvt.Ltd.	-----	4.20	-4.33	-4.01	-15.25	-4.66

The above tables shows the selected four companies (C P Aquaculture, Waterbase Limited, Avanti Feed Ltd., & Charoen Pokphand (I) Pvt. Ltd.,) to analyse the administrating funds for day to day activity of business including manufacturing. C P Aquaculture had maintain high level of working capital ratio and also more than the industry standard, hence the company will have to use more funds towards turnover activity and also chances to enhancing sales and revenue performance. The Waterbase (2008-2010) & Charoen Pokphand (2007-2010) has indicating low working capital turnover ratio, which indicates both companies are blocking of funds in inventory which leads to loss to the company. Avanti feed limited has maintained good standard ratio in 2005, 06, 08 & 10. Wherein 2007 & 09 performance of working capital not satisfactory level.

NET PROFIT GROWTH RATIO

Table No.IV.03

Company	2005	2006	2007	2008	2009	2010
C P Aquaculture(I)Pvt.Ltd	7.62	6.48	3.41	-1.52	2.96	2.60
Waterbase Ltd.	1.02	-10.10	-3.05	-9.00	1.75	-12.41
Avanti Feeds Ltd.	5.96	4.84	1.33	0.82	-9.99	-1.16
Charoen Pokphand(I)Pvt.Ltd	-----	12.46	15.86	11.24	7.87	7.36

The above table shows the net profit growth ratio of selected four Aquaculture companies (C P Aquaculture, Waterbase Limited, Avanti Feed Ltd., & Charoen Pokphand (I) Pvt. Ltd.,). The C P Aquaculture had the net profit growth in 2005 and 06 (7.62% & 6.48%), wherein 2008 which drastically showed negative profit growth rate (-1.52%) again in 2009 and 2010 which is slowly growth (2.96% & 2.60%). The waterbase has maintained very worst profit growth rate during the study periods and also in 2006, 07, 08 & 10 showed negative growth rate. Avanti feed ltd., had the net profit growth in 2005 and 06 (5.96% & 4.84%) wherein 2009 and 2010 shows a negative net profit growth rate. Charoen Pokhpand had maintained a highly satisfied net profit growth rate during the study period and also the company net profit growth is consistent from 2006 to 2008 wherein 2009 and 2010 in the net profit growth rate is satisfactory level when it is compared with other three selected companies the charoen pokphand performance is indicating good position.

PROPRITORY FUND RATIO

Table No.IV.04

Company	2005	2006	2007	2008	2009	2010
C P Aquaculture(I)Pvt.Ltd	0.86	0.87	0.86	0.88	0.88	0.83
Waterbase Ltd.	0.36	0.35	0.31	0.34	0.34	0.45
Avanti Feeds Ltd.	0.55	0.53	0.52	0.60	0.59	0.59
Charoen Pokphand(I)Pvt,Ltd.	----	0.12	0.29	0.22	0.11	0.14

From the above analysis the proprietary fund ratio is to measures conservatism of capital structures and shows the extent of shareholders funds in the total assets employed in the business. From the selected four aquaculture companies, C P Aquaculture & Avanti Feed has maintained satisfactory level of shareholders funds to total tangible assets during the study periods (2005 – 2010) which indicates not less than 0.8 & 0.5 for the above said companies. The second selected waterbase company its shareholders funds not less than 0.3 which indicates somewhat satisfactory level, where the fourth selected company charoen pokphand has maintain very low equity position which indicates less than the standard during the study periods. Hence the company will have to increase the shareholders funds in future.

EARNINGS PER SHARE

Table No.IV.05

Company	2005	2006	2007	2008	2009	2010
C P Aquaculture(I)Pvt,Ltd.	10.54	8.47	3.33	-1.63	3.23	3.93
Waterbase Ltd.	0.02	-0.15	-0.04	-0.08	0.02	-0.08
Avanti Feed Ltd.	0.15	0.10	0.02	0.01	-0.01	-0.02
Charoen Pokphand(I) Pvt.Ltd.	----	0.71	0.69	0.70	0.75	0.68

The above table shows equity per share growth performance of selected four Aquaculture companies (C P Aquaculture, Waterbase Limited, Avanti Feed Ltd., & Charoen Pokphand (I) Pvt. Ltd.,). Among these companies, C P Aquaculture performance is highly satisfactory position Rs.10.54 and Rs.8.47 in 2005 and 2006, wherein 2007 and 2010 the EPS growth rate is somewhat satisfactory positions but in 2008 which showed negative growth rate (-1.63). The second selected company waterbase shows very low EPS growth rate 0.02 each in 2005 & 2009 where the rest of the periods 2006, 07, 08 & 2010 the company showed negative growth rate. The third selected company Avanti performance was very low from 2005 - 2008 wherein 2009 and 2010 the company showed negative growth rate (-0.01 and -0.02). The fourth selected company charoen showed somewhat satisfactory EPS growth rate during study period.

CONCLUSION

The study has analyzed the short term and profitability position of leading aquaculture companies in India, some of the important ratios were used to measure the financial performance of these companies. Based on the above analysis the overall performance of C P Aquaculture was found to be comparatively good with the other three aquaculture companies and Charoen position was found to be highly satisfactory level in net profit growth. The other two selected two companies performance were not satisfactory positions. Hence these companies will have to strengthen its shareholders funds and working capital to compete and enhancing its current performances in growing aquaculture export in global business environment.

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A STUDY ON COUSTOMER SATISFACTION TOWARDS RELIANCE TELICOM IN TAMILNADU WITH SPECIAL REFERENCE TO SALEM CITY

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ABSTRACT

Indian Telecom sector, like any other industrial sector in the country, has gone through many phases of growth and diversification. Starting from telegraphic and telephonic systems in the 19th century, the field of telephonic communication has now expanded to make use of advanced technologies like GSM, CDMA, and WLL to the great 3G Technology in mobile phones. Day by day, both the Public Players and the Private Players are putting in their resources and efforts to improve the telecommunication technology so as to give the maximum to their customers. This article focuses on the customer satisfaction level on Reliance services in Salem city. The main purpose of this study is to find problems faced by the customer with Reliance Postpaid service, find out consumer preferences, analyze the level of awareness about Reliance products and make suggestions in the light of the findings of the study.. The study was carried out in Salem city. In this study opinion of 500 customers were taken for analysis. The tools used for collecting data were structured questionnaire and unstructured interview. For analysis purpose chi-square, Rank correlation and percentage method has been used. The results revealed that as there is a healthy competition given by the existing players in the industry, lack or degradation in any of the services may affect the company badly. With the excellent rural awareness and rural market share in telecom services, the company should also try to boost up their urban market share. This could only be done with the help of a team of properly trained and dedicated employees. Moreover there is a huge market for the internet sector which can be captured by giving the services according to their needs.

KEYWORDS

Customer Satisfaction, Market Share, Telecom Services, Degradation.

INTRODUCTION

Today the Indian telecommunications network with over 375 Million subscribers is second largest network in the world after China. India is also the fastest growing telecom market in the world with an addition of 9- 10 million monthly subscribers. The tele density of the Country has increased from 18% in 2006 to 33% in December 2008, showing a stupendous annual growth of about 50%, one of the highest in any sector of the Indian Economy. World telecom industry is taking a crucial part of world economy. The total revenue earned from this industry is 3 percent of the gross world products and is aiming at attaining more revenues. One statistical report reveals that approximately 16.9% of the world population has access to the Internet. Present market scenario of world telecom industry: Over the last couple of years, world telecommunication industry has been consolidating by allowing private organizations the opportunities to run their businesses with this industry. The Government monopolies are now being privatized and consequently competition is developing. Among all, the domestic and small business markets are the hardest.

The Indian telecommunications industry is one of the fastest growing in the world and India is projected to become the second largest telecom market globally by 2010end. India added 113.26 million new customers in 2008, the largest globally. In fact, in April 2008, India had already overtaken the US as the second largest wireless market. To put this growth into perspective, the country's cellular base witnessed close to 50 per cent growth in 2008, with an average 9.5 million customers added every month. According to the Telecom Regulatory Authority of India (TRAI), the total number of telephone connections (mobile as well as fixed) had touched 385 million as of December 2008, taking the telecom penetration to over 33 per cent. This means that one out of every three Indians has a telephone connection, and telecom companies expect this pace of growth to continue in 2009 as well. "We are extremely bullish that the growth will continue in 2009. This year, the number of additions will be in excess of 130 million," according to T.V. Ramachandran, Director General, Cellular Operators Association of India (COAI), an industry body that represents all Global System for Mobile communications (GSM) players in India. According to CRISIL Research estimates, eight infrastructure sectors, which include the telecom sector, are expected to draw more than US$ 345.28 billion investment in India by 2012.

With the rural India growth story unfolding, the telecom sector is likely to see tremendous growth in India's rural and semi-urban areas in the years to come. By 2012, India is likely to have 200 million rural telecom connections at a penetration rate of 25 per cent. And according to a report jointly released by Confederation of Indian Industry (CII) and Ernst & Young, by 2012, rural users will account for over 60 per cent of the total telecom subscriber base. According to Business Monitor International, India is currently adding 8-10 million mobile subscribers every month. It is estimated that by mid 2012, around half the country's population will own a mobile phone. This would translate into 612 million mobile subscribers, accounting for a tele-density of around 51 per cent by 2012. It is projected that the industry will generate revenues worth US$ 43 billion in 2009-10.

It is clear that the mobile industry is also undergoing profound changes. The saturated developed markets are forcing the industry to find new revenue streams and we are now seeing other organizations such as media companies, content providers, Internet media companies and private equity companies becoming involved in this market. For the time being however, voice will remain the killer application for mobile with some data services included as support services and niche market services. 4G (ie, WiMAX/LTE) is the real solution for mobile data and by 2015 it is expected that the majority of mobile revenues will come from data. With the Internet economy, digital media and other telecommunications activities becoming further established, the need for modern and efficient infrastructure is becoming more critical.

The thrust areas presently are:
1. Building a modern and efficient infrastructure ensuring greater competitive environment.
2. With equal opportunities and level playing field for all stakeholders.
3. Strengthening research and development for manufacturing, value added services.
4. Efficient and transparent spectrum management
5. To accelerate broadband penetration
6. Universal service to all uncovered areas including rural areas.
7. Enabling Indian telecom companies to become global players.

Recent things to watch in Indian telecom sector are:
1. 3G and BWA auctions
2. MVNO
3. Mobile Number Portability
4. New Policy for Value Added Services
5. Market dynamics once the recently licensed telecom operators start rolling out services.
6. Increased thrust on telecom equipment manufacturing and exports.
7. Reduction in Mobile Termination Charges as the cost per line has substantially reduced
8. Due to technological advancement and increase in traffic.

GROWTH IN SEGMENTS

According to a Frost & Sullivan industry analyst, by 2012, fixed line revenues are expected to touch US$ 12.2 billion while mobile revenues will reach US$ 39.8 billion in India. Fixed line capex is projected to be US$ 3.2 billion, and mobile capex is likely to touch US$ 9.4 billion. Further, according to a report by Gartner Inc., India is likely to remain the world's second largest wireless market after China in terms of mobile connections. According to recent data released by the COAI, Indian telecom operators added a total of 10.66 million wireless subscribers in December 2008. Further, the total wireless subscriber base stood at 346.89 million at the end of December 2008.

The overall cellular services revenue in India is projected to grow at a CAGR of 18percent from 2008-2012 to exceed US$ 37 billion. Cellular market penetration will rise to 60.7 per cent from 19.8 per cent in 2007. The Indian telecommunications industry is on a growth trajectory with the GSM operators adding a record 9.3 million new subscribers in January 2009, taking the total user base to 267.5 million, according to the data released by COAI. However, this figure does not include the number of subscribers added by Reliance Telecom. In WiMax, India is slated to become the largest WiMAX market in the Asia-Pacific by 2013. A recent study sees India's WiMAX subscriber base hitting 14 million by 2013 and growing annually at nearly 130 per cent. And investments in WiMAX ventures are slated to top US$ 500 million in India, according to a report by US-based research and consulting firm, Strategy Analytics.

VALUE-ADDED SERVICES MARKET

A report by market research firm IMRB stated that the mobile value-added services (MVAS) industry was valued at US$ 1.15 billion in June 2008, and is expected to grow rapidly at 70 per cent to touch US$ 1.96 billion by June 2009. Currently, MVAS in India accounts for 10 per cent of the operator's revenue, which is expected to reach 18 per cent by 2010. According to a study by Stanford University and consulting firm BDA, the Indian MVAS is poised to touch US$ 2.74 billion by 2010. Mobile advertising, which is an important VAS segment, offers great potential to become an important revenue source. Marketers are increasingly using MVAS as a step ahead of SMS-based marketing to sell soaps and shampoos, banking, insurance products and also entertainment services, and rural markets are proving to be very receptive for such marketing. Further, Venture Capitalists like Canaan Partners, Draper Fisher Juvertson, Helion, and Nexus India are also innovating with services like mobile payment options, advertising, voice-based SMS and satellite video streaming. According to Venture Intelligence, there were nine deals worth US$ 41 million in 2007 in the mobile VAS space, and till August 2008, seven deals worth US$ 91 million had already been finalized. Presently, mobile VAS has a US$ 700 million market with a 20 per cent y-o-y growth, which is likely to touch US$ 3 billion by 2012.

A DREAM COME TRUE

The Late Dhirubhai Ambani dreamt of a digital India — an India where the common man would have access to affordable means of information and communication. Dhirubhai, who single-handedly built India's largest private sector company virtually from scratch, had stated as early as 1999: "Make the tools of information and communication available to people at an affordable cost. They will overcome the handicaps of illiteracy and lack of mobility." It was with this belief in mind that Reliance Communications (formerly Reliance Infocomm) started laying 60,000 route kilometers of a pan-India fiber optic backbone.

This backbone was commissioned on 28 December 2002, the auspicious occasion of Dhirubhai's 70th birthday, though sadly after his unexpected demise on 6 July 2002. Reliance Communications has a reliable, high-capacity, integrated (both wireless and wireline) and convergent (voice, data and video) digital network. It is capable of delivering a range of services spanning the entire infocomm (information and communication) value chain, including infrastructure and services — for enterprises as well as individuals, applications, and consulting. Today, Reliance Communications is revolutionizing the way India communicates and networks, truly bringing about a new way of life.

INDIA'S LEADING INTEGRATED TELECOM COMPANY

Reliance Communications is the flagship company of the Anil Dhirubhai Ambani Group (ADAG) of companies. Listed on the National Stock Exchange and the Bombay Stock Exchange, it is India's leading integrated telecommunication company with over 77 million customers. Our business encompasses a complete range of telecom services covering mobile and fixed line telephony. It includes broadband, national and international long distance services and data services along with an exhaustive range of value-added services and applications. Our constant endeavor is to achieve customer delight by enhancing the productivity of the enterprises and individuals we serve. Reliance Mobile (formerly Reliance India Mobile), launched on 28 December 2002, coinciding with the joyous occasion of the late Dhirubhai Ambani's 70th birthday, was among the initial initiatives of Reliance Communications. It marked the auspicious beginning of Dhirubhai's dream of ushering in a digital revolution in India. Today, we can proudly claim that we were instrumental in harnessing the true power of information and communication, by bestowing it in the hands of the common man at affordable rates.

REVIEW OF LITERATURE

Cygnus Business Consulting & Research Pvt. Ltd. (2008), in its "Performance Analysis of Companies (April-June 2008)" has analyzed the Indian telecom industry in the awake of recent global recession and its overall impact on the Indian economy. With almost 5-6million subscribers are being added every month, and the country is witnessing wild momentum in the telecom industry, the Indian telecom industry is expected to maintain the same growth trajectory.

Internet service providers in India, Rao (2000), provide a broad view of the role of an Internet service provider (ISP) in a nascent market of India. Building local content, foreknowledge of new Internet technologies, connecting issues, competitiveness, etc. would help in their sustainability.

The role of technology in the emergence of the information society in India, Singh (2005), describes the role that information and communication technologies are playing for Indian society to educate them formally or informally which is ultimately helping India to emerge as an information society.

T.H. Chowdary (1999) discusses how Telecom reform, or demonopolization, in India has been bungled. Shaped by legislation dating back to the colonial era and post Second World War socialist policies, by the mid-1980s India realized that its poor telecommunications infrastructure and service needed reform. At the heart of the problem lay the monopoly by the government's Department of Telecommunications (DOT) in equipment, networks and services. The National Telecom Policy 1994 spelt out decent objectives for reform but tragically its implementation was entrusted to the DOT. This created an untenable situation in which the DOT became policymaker, licenser, regulator, operator and also arbitrator in disputes between itself and licensed competitors. He discusses the question: 'Why did India get it so wrong? and What India should do now?

Thomas (2007), in his article describes the contribution made by telecommunications in India by the state and civil society to public service, this article aims to identify the state's initial reluctance to recognize telecommunications provision as a basic need as against the robust tradition of public service aligned to 10 the postal services and finds hope in the renewal of public service telecommunications via the Right to Information movement. The article follows the methodology of studying the history of telecommunications approach that is conversant with the political economy tradition. It uses archival sources, personal correspondence, and published information as its research material. The findings of the paper suggests that public service in telecommunication is a relatively ''new'' concept in the annals of Indian telecommunications and that a deregulated environment along with the Right to Information movement holds significant hope for making public service telecommunications a real alternative. The article provides a reflexive, critical account of public service telecommunications in India and suggests that it can be strengthened by learning gained from the continual renewal of public service ideals and action by the postal services and a people-based demand model Linked to the Right to Information Movement. All studies done by the researcher suggests that the right to information movement has contributed to the revitalization of participatory democracy in India and to a strengthening of public service telecommunications.

OBJECTIVES OF THE STUDY

The following are the objectives of the study.
1. To study the problems faced by the respondents with Reliance services.
2. To study customer satisfaction level on Reliance services.
3. To find out consumer preferences.
4. To analyze the level of awareness about Reliance products.
5. To make suggestions in the light of the findings of the study.

SCOPE OF THE STUDY

The scope of the study is limited to the post paid services offered by Reliance Communications. Study objective is to examine the various factors which play their part in customer buying behavior and the major dissatisfaction areas for the customers. The study considered the area of Salem city. The sample under consideration consisted of the existing customers of Reliance Communications.

RESEARCH METHODOLOGY

Business Research can be described as a systematic and organized effort to investigate a specific problem encountered in the work setting, which needs a solution. According to Clifford Woody, research comprises defining and redefining of problems. Formulating hypothesis or suggested solution, collecting, organizing and evaluating data.

RESEARCH DESIGN: A research design is the selection of methods for collection and analysis of data in a manner that aims to combine relevance to research purpose with economy in procedure. It constitutes the blue print for the collection, measurements and analyze of data. The research design for this study is Descriptive Research. This research is undertaken with an idea to assess the level of customer satisfaction and factors affecting customer satisfaction. The main aim of such a design is to ensure that the required data are collected objectively, accurately and economically.

DATA COLLECTION: PRIMARY DATA: Data regarding the topic is collected directly by interacting with the customers by using structured questionnaire and interview method.

SECONDARY DATA: The secondary data was collected from the existing data sources, company records, internet and World Wide Web.

SAMPLE SIZE: The scope of the study was limited to customers of Reliance Communications. The number of respondent in this category was 500.

STASTICAL TOOLS USED IN STUDY

Here weighted average and percentage method is used for analysis and interpretations of the collected data.

These are cases were to relative importance of the difference items is not the same. When this so, the research can use the weighted average mean same. The weight stands for the relative importance of the different items.

The formula is:

$$\mathbf{W.A.} = \frac{\mathbf{W_1X_1+W_2X_2+.....+W_nX_n}}{\mathbf{N}}$$

Where

W.A = the weighted average, X = the variable values,

W = Weighted allotted to each factor (Excellent 5.....4.....3.....2.....1 poor)

N = the total no. of respondents

RESULTS

TABLE: 1 PHONE/INTERNET IS BEING USED FOR

Usage	No. of Respondents	Percentage
Business	270	54%
Official	50	10%
Personal	180	36%
Total	**500**	**100%**

Source: Primary data

It is found from the above Table that 54% of the respondents are using Phone/internet for business purpose, 10% of the respondents are using Phone/internet for official purpose, and 36% of the respondents are using Phone/internet for personal purpose

TABLE: 2 CUSTOMER AWARENESS ABOUT RELIANCE PRODUCTS

Products	No. of Respondents	Percentage

RIM Post Paid	460	92%
FWP	300	60%
Broadband	370	74%
HSDC	235	47%
Total	**500**	**100%**

Source: Primary Data

It is noted from the above Table that 92% of the respondents are aware of RIM Post Paid, 60% of the respondents are aware of FWP. 74% of the respondents are aware of Broadband. 47% of the respondents are aware of HSDC.

TABLE: 3 AWARENESS CREATED THROUGH

Medium	No. of Respondents	Percentage
Television	260	52%
Print	170	34%
Sales Executive	25	5%
Friends & Existing users	45	9%
Total	**500**	**100%**

SOURCE: PRIMARY DATA

It is inferred that that 52% of the respondents came to know about the products through television.34% of the respondents came to know about the products through print. 5% of the respondents came to know about the products through sales executives. 9% of the respondents came to know about the products through friends and existing users.

TABLE: 4 USAGES OF PRODUCTS

Products	No. of Respondents	Percentage
RIM Post Paid	65	13%
FWP	205	41%
Broadband	100	20%
HSDC	130	26%
Total	**500**	**100%**

Source: Primary Data

It is identified from the above Table that 13% of the respondents were using RIM. 41% of the respondents were using FWP. 20% of the respondents were using Broadband.26% of the respondents were using HSDC.

TABLE: 5 LEVEL OF SATISFACTION AGAINST THE COMPANY'S SERVICES

Level	No. of Respondents	Percentage
Fully Satisfied	190	38%
Partially Satisfied	255	51%
Not Satisfied	55	11%
Total	**500**	**100%**

Source: Primary Data

It is found from the above Table that 38% of the respondents were fully satisfied with the services.51% of the respondents were partially satisfied with the services.11% of the respondents were not satisfied with the services.

TABLE: 6 MAJOR REASONS FOR DISSATISFACTION

	No. of Respondents	Percentage
Poor quality of signals/network	75	15%
Poor voice quality	20	045
Higher cost	135	275
Slow speed	65	135
Billing errors	95	19%
Poor customer care service	110	22%
Total	**500**	**100%**

Source: Primary Data

It is inferred from the above Table that 15% of the respondents were dissatisfied by poor signals/network, 4% of the respondents were dissatisfied by poor voice quality, 27% of the respondents were dissatisfied by higher cost of services,· 13% of the respondents were dissatisfied by slow speed,· 19% of the respondents were dissatisfied by the billing errors, 22% of the respondents were dissatisfied by poor customer care service

TABLE: 7 CHANNEL PREFERENCE TO BUY A TELECOM/INTERNET SERVICE

Channel	No. of respondents	Percentage
Home delivery	90	18%
Customer care	285	575
Online	45	095
Franchisee & utility shops	80	16%
Total	**500**	**100%**

Source: Primary Data

It is found from the above Table that 18% of the respondents would prefer to buy the service through home delivery,57% of the respondents would prefer to buy the service through customer care, 9% of the respondents would prefer to buy the service online, 16% of the respondents prefer to buy the service through franchisee & utility shops.

TABLE: 8 SERVICES CUSTOMER LOOK BEFORE CHOOSING THE PRODUCT

Service	No. of respondents	Percentage

Price	420	84%
Connectivity	230	46%
Speed	255	51%
Value added service	115	23%
After sales service	310	62%
Total	**500**	**100%**

Source: Primary Data

It is found from the above Table that 84% of the respondents consider price before choosing the product, 46% of the respondents consider connectivity before choosing the product, 51% of the respondents consider speed before choosing the product, 23% of the respondents consider value added services before choosing the product, 62% of the respondents consider after sales service before choosing the product.

TABLE: 9 CUSTOMER WILLINGNESS TO RECOMMEND RELIANCE SERVICES TO OTHERS

Opinion	No. of respondents	Percentage
YES	315	63%
NO	185	37%
TOTAL	**500**	**100%**

Source: Primary Data

It is found from the above Table that 63% of the respondents would recommend reliance services to others, 37% of the respondents would not recommend reliance services to others.

WEIGHTED AVERAGE METHOD

TABLE: 10 CUSTOMERS RATING ON SERVICES ON THE BASIS OF SATISFACTION

Services	Excellent	Very Good	Good	Average	Poor	Total Weighted	Weighted Average	Rank
Network	55	90	105	160	90	1360	2.72	6
SMS Rates	25	135	205	90	45	1505	3.01	4
New Schemes & Offers	30	100	135	170	65	1360	2.72	6
Internet Speed	45	75	230	85	65	1450	2.9	5
Cost	10	70	80	315	25	1225	2.45	7
Customer Care	0	70	115	155	160	1095	2.19	8
Recharge Outlets	50	95	255	65	35	1570	3.14	2
Call Rates	35	55	295	115	0	1530	3.06	3
Value Added	215	195	55	35	0	2100	4.2	1

Source: Primary Data

It is inferred from the above table that majority of respondents has ranked value added Services as a major reason for satisfaction followed by recharge outlet, call rates , sms rates ,internet speed, network coverage, new schemes & offers are the other reasons for customer satisfaction occupies next five ranks.

CONCLUSION

The following facts are identified as findings of the study. The major factors of customer satisfaction are customer care service, billing errors and cost so the company should train their employees properly so that they have sufficient knowledge about the products and the bills should be made more transparent so that the customers could easily understand them The sales executives are not properly trained as they could not explain the schemes properly so they just try to tell to the customer about their RIM post paid service and not about other three services. This is the main reason for the lack in sales of their internet services. A majority of the customers look for the price and after sales services before choosing the products. So the company should plan accordingly to increase their sales. As seen from the survey results, more of the population prefers to buy a mobile based on GSM technology. So the newly launched GSM based mobile phones should be promoted accordingly

As there is a healthy competition given by the existing players in the industry, lack or degradation in any of the services may affect the company badly. With the excellent rural awareness and rural market share in telecom services, the company should also try to boost up their urban market share. This could only be done with the help of a team of properly trained and dedicated employees. Moreover there is a huge market for the internet sector which can be captured by giving the customer, the services according to their needs.

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VALUE FOR THE MONEY - SUCCESS MANTRA FOR MARKETERS IN RURAL MARKET

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ABSTRACT

The rural market is very large in compare to the urban market as well as it is more challenging market. The consumer wants those products which are long lasting, good, easy to use and cheaper. The income level of rural consumers is not as high as the income level of urban consumers that's why they want low price goods. It is one of the reasons that the sell of sachet is much larger in the rural area in all segments. It is necessary for all the INDUSTRIES to provide products which are easy to available and affordable to the consumers. It is right that the communication industry has wide scope in urban market, but at the same time the market size is much large in the rural area. The companies can reduce their prices by cutting the costs on the packaging because the rural consumers don't need attractive packaging. Application of 4A (Availability, Affordability, Acceptability, Awareness) is also a major task for the major companies in this area. That is why this study focus to analyses the customers perception towards the concept of raising value for money and provide suggestion to the company for their strategy adoption.

KEYWORDS

Value for money, driving force, satisfaction, schemes.

INTRODUCTION

Today the challenges of any industry are to build on that progress and further embed a culture of innovation and focus on value for money. Over recent months it has been "injected" into markets, "destroyed" in financial meltdowns and stock market collapses; it has been "devalued" and "revalued" and passed along the increasingly immeasurable webs spun by capital. People will not stop to communicate with each other due to global crises rather it has been seen that it will increase much particularly with mobile communication. With cheap cell phones available in the Indian market and cheaper call rates, the sector has become the necessity and primary need of everyday life. Telecom sector, according to industry estimates, year 2008 started with a subscriber base of 228 million and will likely to end with a subscriber base of 332 million – a full century. The telecom industry expects to add at least another 90 million subscribers in 2009 despite of recession. The Indian telecommunications industry is one of the fastest growing in the world and India is projected to become the second largest telecom market globally by 2010. Value for money has again become a strategic imperative—and not just because of the recession. Even before the slowdown began, there were signs that it ought to be a major consideration for companies. In developed countries, increases in household income over the past decade have favored the top 20% of earners, while the spending power of most families has stagnated or declined. Many people in the United States, for instance, have found it difficult to maintain their standard of living after paying for such necessities as their mortgage, transport, utilities, and health care without borrowing money. More recently, small salary increases and the steady drumbeat of job losses have turned many consumers into value shoppers, as they tighten their belts. In developing countries, consumers are traditionally value conscious. Many have entered the consuming class recently and have limited disposable income. Customer retention can be said as the philosophy of treating customers so well that they lack any reason to go anywhere else. The philosophy of building your business on the basis of repeat sales, past customers, and word-of-mouth recommendations. Customer retention is not only a cost effective and profitable strategy, but in today's business world it's necessary. The objectives of this paper are to provide an overview of Strategies in telecommunication industry and discuss its potential for offering a competitive advantage, and to test the strategy 'raising value for money' which act as a driver for retaining the customers.

INDIAN TELECOM INDUSTRY

The Indian telecommunications industry is one of the fastest growing in the world and India is projected to become the second largest telecom market globally by 2010.

India added 113.26 million new customers in 2008, the largest globally. The country's cellular base witnessed close to 50 per cent growth in 2008, with an average 9.5 million customers added every month.

According to the Telecom Regulatory Authority of India (TRAI), the month of October 2009 saw telecom operators in India register a record number of 16.67 million new mobile subscribers. The number, which combines GSM, CDMA and FWP subscribers, brings the total number of wireless subscribers to 488.4 million as of October 2009.

In all, the country's total telephone subscriber base has increased 3.26 per cent, from 509.03 million in September 2009 to 525.65 million at the end of October 2009, according to TRAI, which added that the overall tele-density (telephones per 100 people) has touched 44.87.

According to Business Monitor International, India is currently adding 8-10 million mobile subscribers every month. It is estimated that by mid 2012, around half the country's population will own a mobile phone. This would translate into 612 million mobile subscribers, accounting for a tele-density of around 51 per cent by 2012.

It is projected that the industry will generate revenues worth US$ 43 billion in 2009-10.

Moreover, according to a study conducted by Nokia, the communications sector is expected to emerge as the single largest component of the country's GDP with 15.4 per cent by 2014.

The Indian equipment market is estimated at US$ 24 billion in FY09. Finnish giant Nokia is the market leader; with over US$ 3.4 billion revenues last fiscal, followed by Ericsson at US$ 2.11 billion.

With the availability of the 3G spectrum, about 275 million Indian subscribers will use 3G-enabled services, and the number of 3G-enabled handsets will reach close to 395 million by 2013-end, estimates the latest report by Evalueserve.

According to a Frost & Sullivan industry analyst, by 2012, fixed line revenues are expected to touch US$ 12.2 billion while mobile revenues will reach US$ 39.8 billion in India.

NEED AND OBJECTIVES

Today the challenges of any industry are to build on that progress and further embed a culture of innovation and focus on value for money. Over recent months it has been "injected" into markets, "destroyed" in financial meltdowns and stock market collapses; it has been "devalued" and "revalued" and passed along the increasingly immeasurable webs spun by capital.

The objectives of this paper are to provide an overview of Strategies in telecommunication industry and discuss its potential for offering a competitive advantage, and to test the strategy 'raising value for money' which acts as a driver for retaining the customers.

RESEARCH METHODOLOGY

For this study mainly primary and secondary data and information has to be used. Primary information has been used to clarify the decision of raising value for money to retain the customer in their existing service providers. Secondary data and information have been collected from internet, newspaper, existing literature, magazines etc. Sometimes personal interview has been conducted with various employees of different mobile phone companies.

DATA ANALYSIS

In order to find out the results for the settled objectives, the following tools were applied.

- Percentage analysis
- Chi square analysis

LITERATURE REVIEW

Theodore Levitt (1974) said that, "We live in an age in which our thinking about a product or service is must be quite different from what it ever was before. It is not so much the basic, generic central thing we are selling that counts, but the whole cluster of satisfaction with which we surrounded it". In this wording he means to say that today to provide complete customer satisfaction we need to have some facilitating and supporting services, which provide our service package a competitive edge. The need is much felt in today's business scenario, as competition is tough and ever increasing.

Financial Express (2002) conducted a survey and founded that value plus services – the thoughtful touch that makes AirTel the first choice of many. AirTel offers its customers a wide array of extras that are designed to take care of every need. In keeping with its tradition to constantly innovate, AirTel is the first cellular operator in Punjab to offer its customers a 32K Sim card which would not only provide the customer a large memory but also enable them to accesses a host of SMS services like train information services, gifts, food, travel, hotels, shopping etc. besides the above AirTel also brings you a number of new services on voice, specially selected for Punjabi keeping their lifestyles and requirement in mind. Such as immigration consultation, Gurbani wake-up call, Vet online etc.

S.K. Sinha (2002) stated that Spice Communication, cellular services provider in Punjab has dropped its tariff charges. With a drop of 33 percent in incoming airtimes rates, the mobile phone user will have to pay Rs.1 per minute. The company has also introduced a night slab, called "night hours", where in users would be charged in minimal amount of 25 paise per billing pulse. This new "night hours" tariff will be available to subscribers from 11p.m. to 6 a.m. on both incoming and outgoing airtime.

Neil Strother (May 10, 2004) in his topic entitled "Service Provider Strategies for Mobile Devices Operator Priorities, and Competitive Analysis" founded that what do consumers and business users want from their next mobile phones and what will they pay. Consumers say that they prefer mobile phones from the leading manufacturers, but many won't pay more than $100, according to the new report titled "Service Provider Strategies for Mobile Devices: Operator Priorities, and Competitive Analysis." Business users expect to pay slightly more for mid-tier phones ($100 to $200) than consumers, this report notes. This report also highlights these findings: - The one feature most users would pay extra for is extended battery life - Nokia and Motorola remain the strongest brands, with Sony Ericsson and Samsung leading the second-tier pack - Nextel has the highest overall satisfaction rate.

RESULTS AND INTERPRETATIONS

PERCENTAGE

Majority of the respondents are using Airtel. Recently they changed their service providers for getting more value added services and their monthly expenditure for the mobile is 0-500, their preferred call rate is 10paise/min. Majority of them are feeling that their service providers are not providing value for their money.

TABLE 1: SERVICE PROVIDERS OF THE RESPONDENTS

S.NO	Service Providers	No. Of Respondents
1	BSNL	12
2	Vodafone	24
3	RIM	4
4	Aircel	8
5	Airtel	44
6	Tata docomo	4
7	Tata indicom	2
8	MTS	0
9	Uninor	0

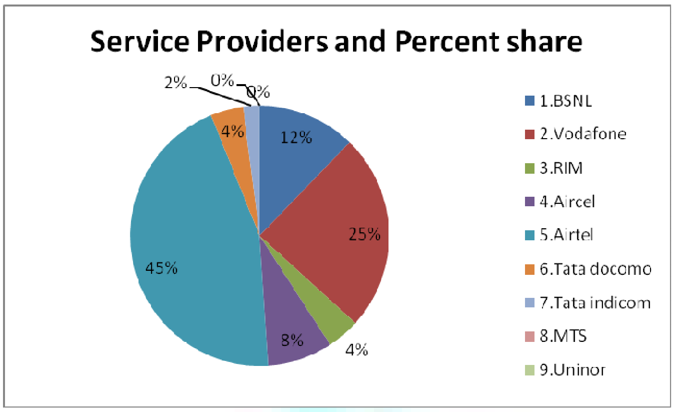


TABLE 2: CHANGE OF SERVICE PROVIDERS

S.No	Particulars	Percentage of Respondents
1	1.Yes	42
2	2.No	58

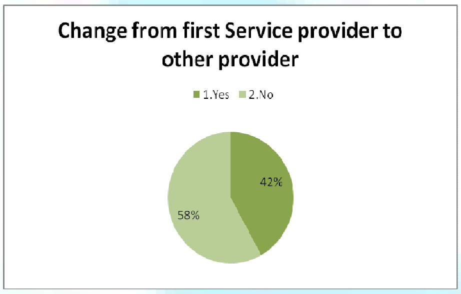


TABLE 3: REASON FOR CHANGING THE SERVICE PROVIDERS

S.No	Reasons	No. Of Respondents
1	In order to avail better service	6
2	Economy	34
3	Enjoying network coverage	8
4	Getting more value added services	52

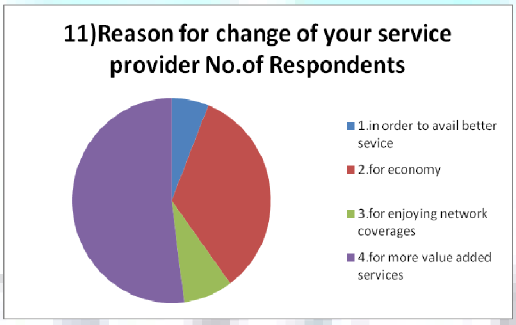


TABLE 4: MONTHLY MOBILE EXPENDITURE

S.No	Monthly Exp	No.of Respondents
1	0-500	60
2	500-1000	28
3	1000-1500	8
4	1500-2000	4

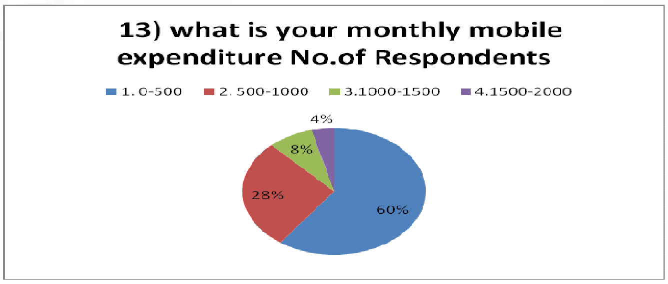


TABLE 5 : PREFERRED CALL RATES

S.No	Preferred Call rates	No. Of Respondents
1	1 paise/sec	34
2	10 paise/min	52
3	50 paise/min	14
4	Rs.1/min	0
5	Rs. 1.50/min	0

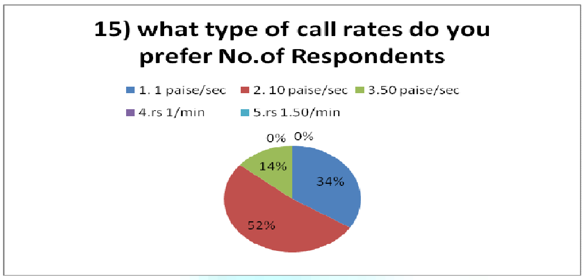
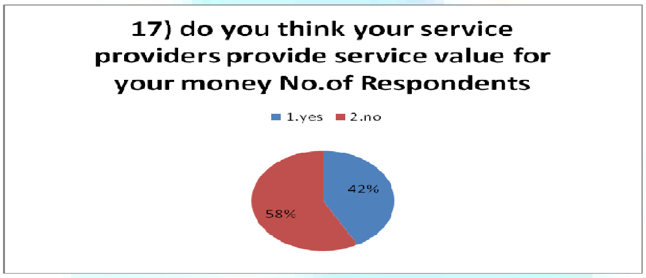


TABLE 6: OPINION ABOUT THE SERVICE PROVIDERS APPROACH TOWARDS VALUE FOR MONEY

S.No	Opinion	No.of Respondents
1	Yes	42
2	No	58



CHI-SQUARE ANALYSIS

H° → there is no relation between the change of service provider and the service provider approach towards the value of money which the customer pay.
Since the table value for this hypothesis is lesser than the calculated value we are not able to accept the hypothesis. So there is a relationship between the change of service provider and their approach towards creating value for their customer's money.

H° → there is no relation between reason for change of service provider and reason for change.
Since the table value for this hypothesis is lesser than the calculated value we are not able to accept the hypothesis. So there is a relationship between the change of service provider and the reason given by the customers for their changing attitude.

H° → there is no relation between the monthly mobile expenditure and preferred call rates.
Since the table value for this hypothesis is lesser than the calculated value we are not able to accept the hypothesis. So there is a relationship between the monthly mobile expenditure and the customer's preferred call rates.

FINDINGS

1. The majority of the respondents are belongs to the age group of 15-25 (86%).
2. The majority of the respondents are post-graduate.
3. 58% of the respondents are male.
4. Majority of the respondents are students (86%)
5. 26% of the respondents are found to use mobile phones for more than 5 years The respondents average monthly family income is Rs.5000
6. Majority of the respondents are using the cell phones for the sake of convenience (70%)
7. Majority of the respondents consider cell phones as a beneficiary tool as they want to be connected with their friends and family (78%)
8. 50% of the respondents are using Airtel.
9. 58% of the respondents have changed from their first service provider.
10. 52% respondents are opining that they have changed their service providers for enjoying more value added schemes.
11. 56% respondents feel that SMS are cheap, personal, and convenient with respect to their service providers.
12. 60% of respondent spend up to 500 rupees as their monthly mobile expenditure.
13. 52% of respondents prefer 10paise/min tariff.
14. Maximum percentage of respondents feels that their call rates are moderate (84%)
15. Nearly 58% of respondents feel that their current service provider does not provide Value for their money spent.

CONCLUSION

There is a strong sign that 2010 could be a watershed year for telecom with lasting and permanent changes in the market structure and competitive landscape. This, in turn, can affect service delivery, coverage, pace of rollout, and ultimately tariffs. While 2009 was an excellent year in terms of addition of new subscribers and lower tariffs, new competition was cruel on the financial health of telecom companies? But the customers prefer to have value for their money therefore the telecom industry should concentrate on raising value for the customer's money for retaining their existing customers and also to win new customers. Customer retention is necessary. It keeps marketers at ease. Keeping relationships individually is not possible in these large customer segment markets. Database marketing has some solutions with some limitations. But, several strategies described above can make the world of marketers colorful!

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INDIGENOUS BRANDING – INDIA'S FUTURE BRAND STRATEGY (AN EMPIRICAL STUDY OF THREE DECADES OF BRAND WARFARE IN INDIA)

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ABSTRACT

Consumer doesn't buy the best product, buys the best brand. Brands those are closest to the heart, positioned in the mind and identified with the culture, history, geography, religion etc., i.e. indigenous are most preferred by the consumer. Leading brands of the world are housed in USA, Western Europe & Japan. Indigenous character that's brand name, brand image and brand personality are most preferred. Indian brands at large have English inclination. With the passing out of the time, in the last one decade Indianised brands are proving market strongholds. India's future branding strategy is moving towards "Indigenous Branding" that's Indianisation. With empirical study, qualitative research and case analysis methods of brands role in the Indian market provides vivid trends of indigenous branding as the future branding strategy of India.

KEYWORDS

Indigenous brand, Cultural branding, Indianisation, Historical branding, Geographical branding, Religious branding.

INDIANISATION - A TREND IN BRANDS

Out of the world's fastest growing economies of the world, India the developing country has enormous potentiality to be one of the leading industrial players & brand in the world. Indian economy since 1991 has a record progress, soon after its adoption of policy of free market economy. Indian industry has started its MNC (Multi National Corporation) trend in the last one decade by expanding in to the international business operations. Indian brands in the process have entered the global market to reach the consumers door steps. Indian brands impact on the consumers outside India has somewhat as a follower symbol of the European pattern, especially of English brands.(Clark. 2000) Soon after the fifty years of British colonial rule is over, the process of Indianisation conspicuously comes out with its many mega changes in its geographical branding of cities to states. Mega city Bombay has been replaced with the indigenous name Mumbai, in the similar manner Calcutta to Kolkata, Madras to Chennai, Bangalore to Bengaluru, Trivandrum to Thiruananthapuram, Orissa to Odisha, Pondichery to Pudducherry and this process as a movement continues in the country. This is not a socio-cultural change that is taking place; in business the advertising industry has experienced the change of captions, punch lines and slogans to the indigenous copy and themes. Consumer preferences are getting highly nationalized, "Be Indian, Buy Indian" – is out of the theme change movement to indigenous brand preferences. Market place is experiencing the difficulty of customer acceptance of foreign brands. Some of the MNC brands have molded the brand positioning to the Indian consumers preferences and likings with every possible changes in the in the advertisings and promotions except the brand name. Umbrella brands with years long efforts have been able to make it through. *(Moorthy, Brand Management,2007)* Indian consumers preferences were in the post colonial era for about a fifty years had the inclination of English brand names and captions. Economy openness and free market trends changed the consumers mind set towards the global standards of brands identification with the country of origin and the culture. Bright examples are the Japanese and European brands whose strong presence in the market places of India. *(Brand Equity, The Economic Times, Aug. 2009)* Unlike the brand champion countries whose brands are the trusted house names in the world like USA, Japan and Western European countries which spells the intangible quality to the customers in their perception, does influence the Indian consumers preferences to get identified in the similar strategic choices and preferences too. (Collinger, 2003)

Indian companies are looking for local brand names representing indigenous features or Indian names to penetrate in to the market at a lower promotional cost. A product whose local quality is nostalgic, affiliated with love deserves an indigenous brand name as believed by many branding professionals and experts. India in its market place has to honour customers' sentiments and likings by providing a right brand name that's their own. This is not possible in all the products. Reasons are obvious; failures of many Indian products in the quality features delivery have pushed the brand name preference aside. Examples of automotive industry can be referred – Mahindra in the MUV (Multi Utility Vehicle) is the market leader. Suzuki motors in the range of car products slowly removing Maruti logo & name from the product to uplift Japanese brand name. Tata's Indian Car brand (Indica) has proved its brand supremacy in the commercial car segment. As this branding strategy game plan is risky in the business front, many Indian companies are avoiding indigenous branding and brand names. How long Indian corporate houses will manage branding risks? Will Indian consumer act with the heart share and mind share in the brand purchase decisions? Leading advertising agencies believe that strategies of repositioning and rebranding to be made before hand for their clients and brand accounts. The largest young population in the Indian demography is adopting fast changes. Their choices are patriotic. Consumer behaviour is getting dominated with cultural, historical and Indian feelings. National politics is also projecting Desi (Indianised) ideology. In the social process, Indianisation is receiving higher priority. (Brand Equity, the Economic Times, Feb. 2010)

Indian hospitality industry has indigenous brands who are the very big players in the hotels, to name Taj, Welcome, Obroi, Leela etc. in the airlines kingfisher, Air India, Indigo, etc. Core sector industries have large preferences of indigenous brand names in steel, cement, fertilizers, yarns, agro-commodities, etc. In FMCG (Fast Moving Consumer Goods) those are agro based are dominated by indigenous brand names. Many multinational companies have dominated the Indian market in product ranges but their punch lines, Slogans, captions and prime copy in advertisements and promotions are indigenous or Indianised. For example the advertisements of Coca Cola and Pepsi in the last one and half decade are bright examples. (Business Standard, Mar. 2010

OBJECTIVES

The objective of the study is to gain an understanding on the status of branding in the Indian context in the last three decades (1980 – 2010). The objectives of the evaluation are;

I. To understand what companies can achieve by using branding strategies.
II. To find out the brand trends in association with the consumer behaviour and the buying decisions.
III. To evaluate some leading brands in the context of brand names, brand personalities and brand image.
IV. To find out the brand experts experience of the changing brand strategy and trends in Indian market in the three decades (1980 – 2010).
V. To find out the professionals views and recommendations of the India's future branding strategy.

This study shall logic out regarding the stature of the tools of future branding strategy of the Indian business.

RESEARCH DESIGN AND APPROACHES USED

Research was carried on through depth interviews of brand professionals of the leading advertising agencies of India. Professionals like client servicing heads, creative heads, media buyers, copy writing experts, visualisers, promotion experts, advertising researchers, advertising and promotion senior managers, marketing and sales head, brand researchers of leading advertising agencies, corporate houses and feature writers of the media were interviewed by the author. All the required qualitative research parameters were maintained in the process. Internal and departmental meetings of brand strategies were attended by the author as an observer and in some cases as participant. Many brand cases were collected from professionals who handled the concerned brands. Research ethics do not allow the author to source many in-house brand case analyses. One hundred and twelve respondents were covered in this qualitative brand research in Mumbai, Delhi, Chennai, Bangalore, Ahmadabad, Kolkata, Hyderabad, and Bhubaneswar.

CELEBRITIES AS THE BRAND PERSONALITIES

According to American Marketing Association (AMA), "A Brand is a name, Term, Sign, Symbol or Design or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition *(Aaker, David, Managing Brand Equity).* It's the power of the brand which brings imagination and impression. Big "B", Sachin, Dhoni & Sania (Super stars of Films, Cricket & Tennis) are the big brands in the media market of India. Products associated with them have the better edge in the market warfare. Indian marketers cash the celebrities by associating them with the product advocacy. Advertisers go by the logic of popularity to select the brand ambassadors. Many such brand ambassadors are commodity for sale at exorbitant prices that the upper income group and literate target audience knows it well. Star guarantee of the brand works little or no wonder in augmenting sales figures. In spite of many such stars promoting different brands sales have not picked up for many products and services. (Jain. 2001) India is experiencing such trends for the last two decades in the market warfare.

Successful multinational brands have adopted Indian brand ambassadors to promote their brands. In some cases, foreign brand ambassadors have failed in augmenting the brand in the Indian market. Lifestyle and luxury products introduced their brands in the Indian market with foreign nationals as brand ambassadors in 1990s but sooner or later they were forced to change the brand ambassadors to Indian celebrities as argued by the leading advertising agencies of India. Non Indian brand ambassadors brought debacle to the brand sale, brand acceptance and consumer preference. Many such primary researches of the advertising agencies recommended for the change in brand ambassadors to the client companies. Indian brand ambassadors are no less expensive in comparison to international stardom. Due to mismatching of the brand personalities many brands are unable to do better business in the Indian market. Celebrities' endorsement is also fading away in providing brand power in the market place. (Calder, 2001) Many brands are migrating to common man as the brand ambassador in the current decade. Many leading agencies are preparing to change their brand ambassadors from celebrities to common man. Experts argue with research findings that future brand ambassadors will be from common masses in the future.

BRAND AMBASSADORS AND BRAND FUTURE

Sachin Tendulker (Top world Cricketer) failed in "Fiat" cars promotion Rahul Dravid (Cricketer) was knocked out in "Thomson" brand T.V., Hritik Roshan (Film Star) had bitter experience with "Tamarind" denims, and many other flop magic shows of super stars made the life of the advertising agency, a hell. Brand speaks to consumers about the product quality. Non star brands have achieved success in the Indian market. Examples of such brands are Lifebuoy, Wills cigarettes, Gold Flake, India kings, Hero cycle, Bajaj Scooters, Bajaj Bikes, Maruti Alto, Maruti 800, Wagon R, Mahindra Multi Utility Vehicles etc. *(TNN, Economic Times, Feb.2010).* Brand needs to earn the trust of the consumers to remain in the market for long and win in the dynamic market warfare. Those brands which have earned trust needs heroes to promote. To name one from the very recent scenario, Shah Rukh Khan (Film Super Star) arguing "Nokia" benefits is a waste as argued by some experts. Nokia can afford to hire any high tag brand promoter. Some brand experts believe that the brand ambassador role has positioned Nokia as the top Indian brand for the last two years in the media survey. Some also question the brand survey validity on its research parameters. The negative aspects of such ambassadors are that when celebrities' reputation and performance fades, it will also affect the brands acceptability in the market. Still many agencies promote stars as ambassadors to give their agency a high rating as well as agency positioning. Marketers need to understand the brand value better than the accounts managers of the agency. Accountability of the agency of a brand account may make a brand great. Coca cola is fine example brand superiority worldwide. Marlboro too is nothing less than that. Indian brand professionals see the brand ambassadors' role as challenging and complicated in comparison to the developed world. The branding strategy is dynamic and risky in the Indian market context. Fast moving preferences of Indian consumers making the advertising agencies role highly complicated. Large media options, criticality of media reach is making the agency role more complicated.

CRAZY – BRANDING FAILURES

Way back, agencies in 1970's did justice to many brands in USA & Europe. Garment fashion was highlighted with bell bottom trousers and "Zebra" T- Shirts. This T- Shirt brand ruled for more than one and half decade in the garment fashion industry. In those days there were a lot of craze for sex and narcotics in the youth segment. Advertising agency enchased this craze in its caption of the advertising of the brand "Zebra" T- Shirt as "Twenty five times larger than a bra - ZEBRA". At the same time in a similar way "Fcuk" fashion garment gripped the European Market. Brands those were highly demanding couldn't manage the show for long as well as brand extensions. "Fcuk" in the brand extension added up only few products like after shave, body deodorants, male perfumes, under garments etc. Cashing craze is proved as short-lived in defined product categories. Another different positioning strategy of Ogilvy & Mather for "Arrow" shirt with an eye patch model proved successful in the long run. (Sawhney & Kotler, 2001) Recently the "Axe" brand deodorant and perfumes is also well managing the sex effect and craze. Indian brand "Phoenix" foot wear attempted sex appeal craze to augment sales, which proved fatal in the market in the mid 90's. Creating controversies at times is successful. "Onida" T.V. brand having caption of "Neighbour's envy, owners pride" has been proved successful. Devil the brand ambassador in the ad-recall surveys are remembered with love *(IMRB Report, 2006).* Claiming the best is easy in the advertising campaigns is fool's syndrome. "BPL" – T.V. brand failed to prove and retain the status in the market share for long. Indian condom brand "Kamasutra" (Condom brand) used the sex show for couple of years by driving customers crazy, but retention of the market share failed. Creating sensation with crazy appealing in the brand name and advertising message do assure a high market share if the brand strategy clicks in the right direction. Keeping the market share intact is difficult in the long run. Genuine appeal is the right strategy of a brand positioning in the market warfare as per the Indian market experience. Crazy branding in some product advertisements brings success at the introduction stage. Alternative branding strategies with backup positioning and repositioning is required at the growth stage of the brand life cycle. Brand professionals have experienced higher cost factors as the result of crazy branding strategy. (Tybout, Sternthal, 2001) Brand account retaining turns very difficult for the agency in India as experienced by the leading advertising agencies.

BRANDING ADVANTAGES OF INDIA

India is a bigger buyer of brands in comparison to European Union countries in the FMCG products. Middle class economy of 220 million people is the most attractive market for foreign brands. Many such brands have established their market share in a big way. After liberalization of the Indian economy, Pepsi, Coca-Cola, Nokia, Reebok, Nike, Samsung, LG, Suzuki, Honda, Arrow, Louis Philip etc. entered the market and made their position sound in the market. Other powerful brands like Marlboro, Benson Hedges, BP, Exon-Mobil, Shell, Grundig, GE appliances, Toyota, Mc Donald's, Mercedes, Disney failed to grab a large market share. Even product and brand masters internationally like HSBC, GM, FORD, Police, Sony, Casio, Mitsubishi, Fiat, Motorola mobiles, etc. though entered successfully but failed to grab a large market share. Brands in India experience ups and downs due to brand name, brand appeal and brand acceptability. The non acceptability of the foreign brands lies in the non Indianised appeal and positioning. *(Bureau, Business Standard, Feb. 2010)*

In the brand management, a thumb rule principle has succeeded "Think local, Be local, Go global" examples are Nokia, LG, Samsung, Toyota etc. In the Indian context many such familiar brands are yet to be created, avenues are ample. To quote such successful brands are AMUL, Dhara, Godrej, Tata etc. In a similar line many brands can be created from History, Geography, Culture, Religion, Civil and Common Practice as many agencies argue.

Historical Branding

"Napoleon Bonaparte" is a well acclaimed brand of the most Premium Scotch whisky. Battle field "Waterloo' which is well used in the chain of hotels, deodorants, "Carlsberg" the most popular beer brand in U.K., London with jeans, watches etc. Scotland with the brand and product ranges of Scotch whisky, Paris with series of fashion garments, Oxford with the long list of books publishing titles are some of the world famous historical brands. In a similar way every country has utilised the events and figures of the history for some brands. In the Indian context epoch making events like "Kalinga" due to Kalinga war is used in some eastern Indian brands, which has a national as well as international fame to be a successful brand. Such names need to be used in further in giving brand advantages. Vedas of India and its logical application "Vedanta" is recently utilized for brand advantages in aluminum and also in a Proposed Vendanta University. Great figures of history, Asoka the great, Akbar the great, Chanakya, Kaniska, are least used; only ITDC hotels used such names for local branding of the hotels. Events like Haldighat, Mysore, Plassey, Panipat etc. These famous wars are still not utilized much for branding. "Mysore Sandal Soap" has used one of such a historical place as brand name. The history famous horse "Chetak" was well used and utilized by the two wheeler manufacturer "Bajaj" for its two strokes "Bajaj- Chetak" scooter. Historic monuments like "Charminar" for the branding of low priced cigarettes, roof asbestos are used for the brand advantages on a smaller scale. Biggest historic brand of India "Taj" to some extent has been successfully used in a tea branding, Taj group of hotels etc. Historic sites, forts, palaces, famous rulers, epoch making events of history are very large in number in India. Advertisers and marketers needs to exploit the branding advantages locally as well as internationally. Some of the recent trends of branding in the last couple of years are more prominent in branding hotels and mineral waters. *(Business Today, Jan. 2009)*

Geographical Branding

Rocky mountain chains in U.S.A., Alps mountain in Europe, Rivers like Amazon, Mississippi – Missouri, places like Rome, London, Paris, Scotland, are well used and utilised for branding advantages. In the Indian scenario, Himalaya Mountain ranges is used by an Ayurvedic pharma company. "Himalaya" only. Mt.Everest, K2, Kanchanjunga, Nangadevi like world's top mountain peaks are invisibly used in branding in India. Such brand names will be well accepted world over. Indian River systems like Ganga, Yamuna, Brahmaputra, Godavari have very low branding presence in the market place. Great lake of Asia "Chilka" has no branding. Vindhya, Nilgiri, Aravali like mountain ranges are hardly visible in branding. Our desert system "Thar" is missing out in Indian branding. Only "Jaisalmer" is successfully used in cigarette branding in India. Goa is of course successfully used for one of the largest selling pan masala (Gutkha) brand. Our plateau like "Gondwana" is missing as a brand in the market place. Sea and Ocean like Bay of Bengal, Indian Ocean doesn't have significant branding presence. Indian Geography has a very high branding advantage, yet to be incorporated by the brand Gurus. "Dandi" brand salt is a successful story in the Indian market in domestic edible salt. Local retail brands have not used the geographical branding successfully. Branding choices are not driven with significant market research and consumer research. Brand Gurus' successfully argue the lowest participation of the academics and industry cooperation in management discipline. Sharing of information between Indian management institutions and the industry are not evident at large. Strategic brand case studies with realistic utilities are few. Exchange of platform between industry and academic world can enhance brand building issues.

Cultural Branding

Indian culture is a treasure of heritage, tradition, and customs. The biggest tradition is blessing i.e., "Aashirvaad". ITC has successfully branded this custom for Atta to compete with American brand "Pillsbury". Same brand name has been extended to its' another product 'edible table salt'. Looking at the grabbing of the market share of this brand, branding significance can be measured towards the performance of a brand. There are thousands of significant cultural words in the culture of India with easy understanding of the Indian consumers needs to be explored for the purpose of branding. To cite few words like "Satya", "Pitamaha", "Namaskar", "Tathasthu", "Santusht", "Daya", "Jivan", "Gyan", "Guru", "Shastra", "Aabhrivab", "Avatar", "Vigyan", "Surya", "Chandrama", "Sagar", etc. "Sagar" as a brand is used for a skimmed milk powder successfully. Creative team of advertising agencies as well as marketing team of the companies shouldn't look at the contemporary competing brands to name a new product. A well versed word of the consumers does help the brands manager for the greater brand recall if used as a brand for the product. From the world of brands Asia Pacific countries have championed this cause; largest brandings are inherited from the cultural words. Japan has well established indigenous branding strategy firmly. Credits of cultural branding goes to France in branding wide range of wines, same rend was followed by Scotland for whisky products. Japan championed this strategy by branding wide range of products from automotives, hospitality, consumer durables, FMCG products etc. Similar trend is well observed in the South Korean branding strategy. In the Indian market only Tata, Godrej and Birla like umbrella brands made some success stories. But in reality only Indian hotel and restaurant industry have widely used cultural branding to be successful in the specialized and cuisines.

Religious Branding

Everyone knows that their religion is inherited from their parents; rarely people adopt their religion by self choice. In India pride of the religion is uttered with a low voice. Reasons are obvious, Hindu religion has originated from the worship of nature. There were no preachers and teachers of this religion. Use of the names of the Gods, deity names and religious events is very rarely used in the Indian branding dictionary. Some exclusive products have the use of such brandings like Aggarbati, Camphor, Sindoor, etc. Biggest Brand "Hindu" has been used for a college name in the University of Delhi. No University has been named as Hindu University except Benaras Hindu University (BHU). More than three Universities claim the pride of Islamic branding. Similarly, more than hundred schools, colleges are carrying Christianity religion branding names in India alone. Brand in the up market premium segment "Christian Dior" is a well established one. Islamic world is using the Religion branding of the products frequently, to scan, the product names of the Middle East Asia, North Africa are vivid examples, and top Indian religious brands are used for the national airlines of two Islamic majority countries i.e., "Biman" the national air carrier of Bangladesh, "Garud" the national air carrier of Indonesia. With the loss of these two significant words hardly any religious name is left for branding any Indian airlines carrier. It is not surprising that, Indianisation movement has changed the name of the cities like Bombay, Madras and Bangalore and many others. We Indians are carrying a wrongly spelt word as the name of our country i.e., "India". "Bharat" one of the biggest brand names is the least successful one in the Indian branding history. It very well defines the Indian branding mantra which has a borrowing trend from English and European brands. Indianisation and religious branding is a missing strand in the market of brand warfare in the market place. The national management conferences have started figuring perceptual mapping of the Indian consumers' inclination and affiliation towards the indigenous branding.

So far, in a span of first fifty years after independence, inclination of Indian brand managers were more towards American and European branding rhymes, rhythms and lyrics. The last one decade of the liberalized free market has taken a turn to redefine the indigenous brand name choices of the Indian consumers. Creativity in the form of copy of the Indian advertising agencies was deeply with American symbols and style till 2000 AD, rather searching a great brand name from the indigenous sources. By examining sector wise in the Indian industry products, you will find that more than 80% cigarette brands are western names, majority of Indian alcohol brands and symbols are from the European history. Airlines Industry in India too has all foreign brand names. Electrical and electronic appliances brand names are of more English and less Indian. With the same trend, garments, cosmetics, toiletries etc. also have European brand names. (Taylor, 2006) Advertising world knows it very clearly that unknown or foreign brand name needs more media expenses to achieve the brand acceptability and brand recall in comparison to any other indigenous brand names. In this decade the marketing trend and the consumer choices have compelled the marketers and the advertisers to go Indian in branding. In this light, Indian indigenous cigarettes – "BIDI" and chewing tobacco has the indigenous brand names; Pataka, Meghna, Seru, Royal Bengal, Hatti, Goa, Rajnigandha, Pan Parag, Baba, Tulsi, Ratna, Gopal etc. which involves lesser media expenses in comparison to the Cigarette brands of ITC, GPI,GTC etc. Logically, Indian commercial media monitoring professionals argue with micro surveys that Indian customer fascination is more towards western brand names which has been proved more illogical in many product segments. World over western world has more inclination towards national brand names than anything foreign to them. A British loves to buy a Vauxhall car, to drink Carlsberg beer and to smoke Lambert & Butler, even other European or Americans brands are second in brand loyalty. (Pringle & Thompson, 1999) Americans do respond in the similar way to other brands in the brand loyalty tag. In the FMCG (Fast Moving Consumer Goods) large players in the market have championed the indigenous Indian brand names as their most successful branding strategy in some products only.

SOCIAL MARKETING THREATS TO BRANDS

In the history of marketing, brands have always adjusted the style, shape, packaging and slogans as per the need and wants of the customers. Always, consumer choice has compelled the brand to change and those who have failed to act quickly on to the consumer choice have suffered a lot or have vanished from the market place. Consumers' choice is a spontaneous process. No one has the power to compel the consumer to change their choice. Only market trends at times have influenced the consumers' choice and preferences.

From 1980's till 2000 A.D. social marketing played a role of developing consumer awareness to refrain from health injury products. In the current decade, the government has passed enactments through the legislations to restrict some segments of products and brand promotions. A strong professional forum of marketers is working with sound reasons to diminish any brand and product usage which are harmful to the mankind. Social marketing is bringing out the promotions, messages and campaigns with the support of the intellectual masses and legislations to tamper and hamper certain brand augmentations. In this realistic world of the Indian market cigarette brands are not allowed to sponsor sports events. Cigarette advertisings are banned in the audio- Visual & Print media. Health hazard messages are getting more and more appealing. Banning of smoking as well as sale of cigarettes in public premises and transports has reduced consumption. More and more budget allocation by the government for the social marketing activities as well as sizeable discount on social marketing advertisements by the media houses on mediums is tarnishing the brand images. Public awareness is growing at the fastest pace against smoking & chewing tobacco consumptions, against alcohol consumptions, due to health hazards. On the account of environmental pollutions, global warming, and green planet issues many brands as well as products are suffering in the market warfare. Everywhere social marketers are ready with the war strategy not to spare a single brand to lead against their issues. (Hawkins, Best, et al, 2009) The power of social marketing can only be felt when it addresses any marketing issues. Social marketing doesn't kill brands alone, it kills the corporations. World over the brands of smoking and chewing tobacco, alcohol, use of non bio-degradable polythene etc. are experiencing down falls in sales as well as brand shares. Most of the refrigerator companies (brands) were compelled to adhere to the technical norms of the environment issues through technology change. No brand, no product is spared against the social marketing interest. List of the targets by social marketers are increasing day by day. The day is not far off, when every advertising and promotion copy will be examined before being released in the media vehicles. Claiming fabulous benefits like what the cosmetic brands claim towards fairness of the skin will be scrutinized or banned. Each brand needs to priorities genuine features to sustain in the market. Brand managers needs to be very careful, because someone is watching you closely. *(KIIMS International Management Conclave, Feb. 2010)*

BRANDING BLASPHEMY

Indian market is growing with competitiveness to match to the world standards. At the same time some super marketing specialists knows the soft parts of the heart of the consumers, who are living no room for "Fool Branding". In this decade, in the name of reviving Indian medical system, marketing organizations have brought out "Yoga", "Pranayam" etc. as alternatives and ultimate cure to chronic physical disorders like cardiac disorder, diabetics, cancer, asthma, arthritis etc. Even Ayurvedic Pharma companies have magical products to cure diabetics like chronic disorder. Another group of companies provide gem stones, Rudraksha and many such products under umbrella branding to consumers. Vastu Shastra experts have also gained importance in this decade to promote "Vastu" concept to civil architecture for the customer needs by claiming that all evils and bad luck will be avoided. These crazy concepts are driving a certain segments of customers to accept at a fast rate. In fact, this is nothing but "Fool Branding". Scholars of marketing knows at a thumb rule that you can sale a brand to five percent of the target population who are fools and that's why some bank on this branding advantage. Obviously, these are short-lived strategies and unethical.

Not surprising, almost all the Indian "Ghee" brands claim "Pure Ghee" on their branding, some also as "Pure Milk". Such brandings scare the international buyers and overseas market customers that India is prone to adulterated food manufacturing. The marketing fact is that the consumers' perception which demands such captions as assurance as a matter of social practice. In fact, such branding of some products does affect the reliability of other Indian brands internationally. Case history of "Dalda" few years ago had put a big question mark on the Indian product purity and reliability of the companies. India is experiencing such cock and bull stories in the brand reliability.

Brand wins the trust and reliability of the customer. Indian brand "Amul" is the live example of such a mega success story i.e., "The Taste of India". Brand is a friend for the customer, if that's achieved; success of a brand is enormous in the market war. Brand not only achieves the market share, need to achieve the mind and heart share of the consumers. Power of the brand is in its reliability and genuine character to the customer. Brand loyalty is a cooperative effort of many attributes. Market warfare allows only genuine brands to survive, continue and win. Finally customer is the "God". Brand is the slave of the customer. Indian consumers do religiously take the international parameters of indigenous branding as their new choice and –preferences in this decade. Signs of decay in the brand shares have been visible with the non indigenous brands in the market place. This decade has witnessed the complete overhauling of the advertising industry in India. Other factors every year are adding evidences of Indianised choice selection of the consumers with clear cut message of indigenous branding as the future strategy of the country India.

CONCLUSION

The study dealt on the subject of the brand strategies, brand preferences and brand success in the last three decades in the Indian market warfare. Open economy of the last two decades and closed economy of the last one decade were taken in to consideration for a qualitative research. Brand study and brand research being so dynamic it's difficult to track the trends and corporate houses unwillingness to share the brand success and brand failures. Brand experts were engaged through depth interviews in this research.

With comparative examination of the brands success in Indian market places have reflected the key points of consumer preferences and shift in consumer liking. Indian consumer is experiencing large introduction of multinational brand every year. Consumer reactions to foreign brand names, English brand Slogans, punch lines, master copy and mast copy are well evident in the in house brand research of the consumer choices. Such research findings have compelled many brands to add Indian flavor and language in the mast copy and punch lines. Some Indian companies with extensive consumer research introduced indigenous brand and their success continues. Indigenous branding is a significant weapon in marketer's armoury. For practitioners, the key issues could be through appropriate branding and adequate marketing strategy.

In analyzing indigenous branding on the marketers key strategies issues have been elucidated speculating future markets. Theoretical principles of successful marketing emphasize on the mind share and heart share of the customer/consumer and truly indigenous branding can create an emotional niche in the heart of the buyer. Eminent advertising and marketing experts see a sea change in Indian market condition similar to Japan or advanced in some manner by the year 2030s & 2040s. The consumer researches in Japan on the issues of brand loyalty have been dominated by the patriotic brand preferences. Indian consumer researches in 2009 have shown the trends of Indianised brand preference trends. In the findings it has been proved that world's top brands are banking heavily on Indianised Slogans in their marketing and advertising strategies. Indian companies in some product ranges have enjoyed the success of indigenous branding. Brand account managers emphasizing and advocating for Indianised brand names for new product introduction in the market reduce promotional costs and to gain faster consumer acceptance. Some brand experts are predicting the indigenous branding can be largely followed strategy of marketing with the organized sector dominance in the retail market. Intrusion of organized retailing has just started in the last five years in this country. In another one more decade time organized retailing will dominate the market by 30% of the share as assumed by experts. With economic changes brand preferences are likely to dominate with patriotic brand preference that's indigenous branding. Marketers have to follow the consumer preferences. Many English brands are receiving consumer rejections. English brand deaths have significantly increased in this decade in the market places and trend will continue in future. Indianisation of brands or indigenous branding is going to be the future brand strategy of Indian companies.

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STOCK PRICE REACTION OF THE MERGED BANKS – AN EVENT STUDY APPROACH

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ABSTRACT

The banking industry worldwide has been consolidating at a dramatic rate over the past 30 years, and this trend is ongoing. Particularly in India, banking industry undergoes an unprecedented transformation, marked by a substantial decline in the number of commercial banks and savings institutions in the last two decades. Most of the decline in the number of organizations was due to mergers and acquisitions. There are many incentives for banks to undertake merger activities. Merged banks are in a better standing position to face the competition from other banks and financial service providers. Mergers may also result in reduced operating cost. However, mergers may also be related to higher prices for bank services. Presently, Indian banking industry is experiencing accelerated pace of consolidation, these transactions have attracted significant research effort. As majority of mergers and acquisitions do not meet expected results, it is imperative to assess the usefulness of M&A as a strategy tool. Also, mergers affect shareholders, stakeholders, and customers. It is, therefore, important to examine their effects too. Using the share price data and financial statements of eight select public and private sector banks, during the period between 1995 and 2004, this study examines M& A as a business strategy and to identify the relative importance of mergers on business performance and increased shareholders wealth.

KEYWORDS
Merger & Acquisitions, Abnormal return, Market model, Market adjusted model, Cumulative abnormal return.

INTRODUCTION

The new environment in banking demanded restructuring and reorienting the policy goals of banks. One way to adapt to the new environment was through mergers. Over the past decade, particularly during post-liberalisation period, the banking industry in India has experienced an unprecedented level of consolidation as mergers and acquisitions among large financial institutions at notable levels. It may be noted that though bank mergers were common phenomenon in many developed and developing countries, they were comparatively at remarkable level after economic liberalization in India.

To a large extent, this consolidation is based on a belief that gains can accrue through expense reduction, increased market power, reduced earnings volatility, and scale and scope economies. If consolidation does, in fact, lead to value gains, then shareholder wealth can be increased. On the other hand, if consolidating entities does not lead to the promised positive effects, then mergers may lead to a less profitable and valuable banking industry. An attempt has been made in this chapter to ascertain their effect or M&A in banking industry in shareholder wealth.

Merging two banks is a popular strategy in the prevailing in India in the post economic reform period has now-a-days become popular in India. This kind of vertical merging activity will generally benefit the acquired banks rather than the acquiring banks. Many researchers worldwide have empirically found that shareholders' wealth of the acquiring banks has decreased while it has been vice versa in the case of acquired firms. An attempt has been made in this article to ascertain the effect of Merger and Acquisition in banking industry on shareholders' wealth.

M&A IN BANKING SECTOR

The Indian banking sector is going through a process of restricting, mainly driven by pervasive trends such as deregulation, disintermediation, technological progress, innovation and severe competition. (D.S Prasad and Sandhya Goyal(2008) M&A are not new to the Indian banking sector. Between 1961- 2004, 71 mergers took place among various banks in India. .(Lakshminarayanan..P. (2005) M&A deals undertaken in banking sector during pre and post financial sector Reform periods are given in the table1.

TABLE: 1 LIST OF MERGERS IN INDIAN BANKING INDUSTRY SINCE 1969

Year	Merging Bank	Merged With
1969	Bank of Bihar	State Bank Of India
1970	National Bank of Lahore	State Bank Of India
1984	Laxmi Commercial Bank	Canara Bank
1984	Miraj State Bank	Union Bank of India
1985	Bank of Cochin	State Bank Of India
1986	Hindustan Commercial	Punjab National Bank
1988	Traders Bank	Bank of Baroda
1989	United Industrial Bank	Allahabad bank
1989	Bank of Tamil Nadu	Indian Overseas Bank
1989	Bank of Thanjavur	Indian Bank
1989	Karur Central bank	Bank of India
1990	Purvanchal Bank	Central Bank of India

BANKS GONE FOR M&A DURING POST FINANCIAL SECTORS REFORM PERIOD

Year	Merging Bank	Merged With
1993	New Bank of India	Punjab National Bank
1993	BCCI	State Bank of India
1994	Bank of Karad	Bank of India
1995	Kashinath Seth Bank	State Bank Of India
1996	Bari Daab Bank	Oriental Bank Of Commerce
1996	Punjab Co-operative Bank	Oriental Bank Of Commerce
1999	Bareilly Corporation Bank	Bank of Baroda
1999	Times Bank	HDFC Bank
2000	Bank of Madura	ICICI Bank
2002	Benaras State Bank Ltd.	Bank of Baroda
2002	Nedungadi Bank Ltd.	Punjab National Bank
2004	Global Trust Bank	Oriental Bank of Commerce

Source from: Manoj kumuar "Efficiency Gains from Mergers and Acquisitions of Indian Banks: A Data Envelopment Analysis Approach

OBJECTIVES OF THE STUDY

To identify the reaction of security prices to an announcement of Merger & Acquisition decision.
To examine the effect of M&A on shareholders' wealth-Pre and Post announcement.

METHODOLOGY OF THE STUDY

An impact of Merger and Acquisition in banking industry on Shareholders' wealth as well as on firm performance have been evaluated using share price data and financial statements of the select public and private sector banks who have involved in taking over other private banks during the period between 1995 and 2004. The present study, 8 merging and acquisition events in banking industry after economic liberalization has been taken in the event study analysis. To evaluate before and after merger firm performance, various ratios between pre and post merger period of five year time intervals are compared using parametric t-test.

DATA COLLECTION

Data of share price and market index 5years before and after the acquisition for each acquiring banks has been extracted from the prowess database of Centre for Monitoring Indian Economy (CMIE).

DATA ANALYSIS

The **shareholders' wealth creation due to takeover activities of the public and private sectors banks is analyzed using event study methodology** and compared for the entire sample banks that have gone through mergers during the period 1995-2004. Based on availability data, analysis of shareholders' wealth have been done only for 8 banks which have undergone M&A deal The effect of merger and acquisition of these M & A activities of the banks on their shareholders' wealth have been empirically analysed based on Abnormal Return (AR) and Cumulative Abnormal Returns (CAR) arrived at using Market Model (MM) and Market Adjusted Model (MAM).

Here, the model and the test statistics are specified for the event study. First, the rate of return on security 'i' for event day't' is calculated using the following formula:

$$R_{i,t} = \ln\left[\frac{P_{i,t+1}}{P_{i,t}}\right]$$

AR & CAR OF M&A BANKING SECTOR (UNDER MARKET MODEL)

To **estimate the abnormal** return for security 'i' at time't', **Market model and Market adjusted model** were used. The traditional market model to estimate abnormal returns is:

$$R_{i,t} = \alpha_i + \beta_i R_{m,t} + \varepsilon_{i,t}$$

Here one has to first estimate the coefficients (α_i and β_i) of each stock by using the ordinary least squares (OLS) regression method. The market model of each stock was estimated over a 120-day period beginning 90 days prior to and 30 days after each M&A announcement date. Once the parameters had been estimated, then the abnormal return (AR) for each sample firm was estimated for the announcement period (i.e., test period) that includes announcement date (day 0) and other days of interest (e.g., "day –15" prior to the announcement and "day +15" after the announcement).

The abnormal return for each day for each firm is then obtained as

$$AR_{i,t} = R_{i,t} - (\hat{\alpha}_i + \hat{\beta}_i R_{m,t})$$

The AR and CAR were computed under MM exclusive for Private and Public Sector Banks and collective effect on all Banks together.

PUBLIC SECTOR BANKS

Table 2 reports risk adjusted (market model based) abnormal returns and cumulative abnormal returns for 31 days event periods for Public sector banks' acquisition activities. The table shows that AR is positive and significant on day -13 (AR = 0.0168, t = 1.82, p < 0.10), whereas it negative and significant on days -6 (AR = -0.0183, t = -1.98, p < 0.05) and -5 (AR = 0.0162, t = -1.75, p < 0.10) during pre-period. This shows that there has been information leakage and the market quickly assimilates the information into share prices.

On the day of press release, market has been silent and has not shown reaction to the acquisition deals. However, after 3 day of the announcement, market reacted positively and increased the market value of shares. The similar trend can also been on day +13. Between day +3 and day +13, there has been significant negative abnormal return on day +5 in post-event period. Also, the fluctuations in AR are balanced between positive and negative values through out the event days. From the insignificant AR values as well as from positive AR values, it is apparent that the market has seen the event as favourable by incorporating its reactions into share prices.

The Cumulative abnormal returns (CARs) are positive and significant for event windows from [-15, -12] to [-15, -6] in pre-event period. This has shown that market has anticipated the upcoming acquisition deals of the public sector banks and reacted favourably. However, on the day of event, the CAR is negative and insignificant. Moreover, in post-event period, the CAR is positive and significant at marginal level only for event window [-15, 3]. For four event windows in post-period, [-15, +8], [-15, +10], [-15, +11] and [-15, +12], the CAR values are negative and significant. The scenario implies that there has been negative reaction in the market after amalgamation activities of the public sector banks.

PRIVATE SECTOR BANKS

Table 2 presents the abnormal returns and cumulative abnormal returns based on market model for 31 day event periods from -15 to +15 to ascertain the stock market reaction to acquisition activities of two private sector banks under study. It can be observed from table that the abnormal returns are negative on day -11 (AR = -0.0657, t = -2.23, $p < 0.05$) and day -5 (AR = -0.0591, t = -2.00, $p < 0.05$) while it is positive on day -6 (AR = 0.0698, t = 2.36, $p < 0.05$) during pre-event period and all are significant.

During the period after announcement, the abnormal returns are positive and significant at 1 per cent and 5 per cent levels on day +3 (AR = 0.0831, t = 2.81, $p < 0.01$) and day +10 (AR = 0.0805, t = 2.73, $p < 0.05$) respectively. The cumulative abnormal returns are, however, not significant for all event windows from day -15 to day +15. Moreover, the CAR values are negative for majority of the event windows. The cumulative abnormal return is positive and significant for event windows from [-15, -14] to [-15, -8] as well as from [-15, -4] to [-15, -2] in pre-period.

The above picture implies that the market has anticipated the acquisition events in two private sector banks and considered the acquisition activities as unfavourable, in turn destructing the shareholder wealth. On the day of event also, the CAR is negative and significant at 1 per cent level. The scenario implies that there has been negative reaction to acquisition deal in the market. Out of 15 event windows, the CAR values are negative and significant at 1 per cent level for 9 event windows in post-event period. There has been significant reduction in shareholder wealth to the extent of 7.55 per cent during 31 days event periods. This envisages that investors were panic about acquisition deal and started to sell of their shares to minimize their losses.

ALL SECTORS BANKS

To evaluate market reaction to public sector and private sector banks' activities acquiring other private limited banks, the abnormal returns and cumulative abnormal returns for 15 days surrounding the event day (31 days event period) based on market model (risk adjusted models) are given in Table 6. According to table, the risk adjusted abnormal return is negative and significant at 10 per cent level on day -11 (AR = -0.0178, t = -1.92, $p < 0.10$). On day -5 in pre-period also, the abnormal return is negative and significant at 5 per cent level (AR = -0.0232, t = -2.49, $p < 0.05$).

This scenario envisages that leakage of information about acquisition deal by banks reflected in the share prices. During post-event period, on day +3 (AR = 0.0320, t = 3.44, $p < 0.01$) and day +10 (AR = 0.0163, t = 1.75, $p < 0.10$), the AR is positive and significant, and on day + 5 (AR = -0.0252, t = -2.71, $p < 0.01$), it is negative and significant. However, on the remaining days in post-event period, the fluctuations in AR are balanced with positive and negative values and they are not significant statistically. This shows that market remained stable with acquisition activities of bank.

The fluctuations is cumulative abnormal returns are also balanced with positive and negative values in all event windows between day -15 and day +15. At the same time, CAR for event window [-15, -7] and [-15, -6] in pre-period as well as [-15, +3] and [-15, +4] in post-period is positive and significant, whereas the CAR for event window [-15, +1] is negative and significant. The level of significance of CAR, either positive or negative, in post-period has been just at marginal level. The significant CAR for event windows prior to announcement has shown that the market has quickly reacted to the information leakage regarding upcoming takeover bid of public and private sector banks. From marginally significant and insignificant CAR values in post-event windows, it is understood that the market has tried to react negatively to the most of the banks' acquisition announcement but overall there was neither destruction or creation in shareholder wealth of investors of public and private sector banks.

AR & CAR OF M&A BANKING SECTOR (UNDER M A M)

Marked adjusted model has been used to estimate abnormal returns to further check the sensitivity of our results. According to this model, the market return is simply subtracted from the correspondent security return over a given period't' as given below:

$$AR_{i,t} = R_{i,t} - R_{m,t}$$

This approach makes the assumption that the beta for all firms (securities) is 1 (and α_i = 0), thus providing an extreme test of the sensitivity of the results to beta estimation or shifts.

The **cumulative abnormal return** (CAR) for security 'i' is the sum of abnormal returns for each sample firm for the **announcement period from day -15 to day +15.**

$$CAR_i(t_{-15}, t_{+15}) = \sum_{t=-15}^{t=+15} AR_{i,t}$$

Appropriate tests can be used to determine whether such measured wealth effects differ significantly from zero. For this purpose, **t-statistics** was used **to assess the statistical significance of AR and CAR as follows:**

$$t(AR_{i,t}) = \frac{AR_{i,t} - 0}{\sigma(AR_{i,t})}$$

$$t(CAR_{i,t}) = \frac{CAR_{i,t} - 0}{\sigma(CAR_{i,t})}$$

Where σ is the estimated standard deviation of the AR and CAR.

Assuming that the mean abnormal returns are independent and identically distributed and normal, $t(AR_{i,t})$ has a t-student distribution with (N-1) degrees of freedom under the null hypothesis. The AR and CAR were computed under M A M exclusive for Private and Public Sector Banks and collective effect on all Banks together.

PUBLIC SECTOR BANKS

Table 3 portrays the market adjusted AR and CARs for takeover bidding activities of public sector banks. According to table, the AR is positive and significant only day +3 in post-period. In most of the event days, ARs, though insignificant, are positive. Further marked adjusted CAR is positive and significant at 1 per cent level for event windows from [-15, -13] to [-15, +15]. At the end of 31 days event period, the value to shareholders of public sector banks has increased by 8.17 per cent relative to return from market portfolio. The status of market model and market adjusted model based CAR is shown graphically using line chart in Figure 4. In sum, it is concluded that the market tend to show positive reaction to upcoming acquisition deals of the public sector banks and it has given return higher than return from market portfolio to the investors after amalgamation.

PRIVATE SECTOR BANKS

The market adjusted abnormal returns and cumulative abnormal returns for 15 days event periods surrounding the announcement day in order to ascertain the stock market reaction to two private sector banks (combined) acquisition bids are depicted in Table 3. An observation of the table indicates that the condition of abnormal return is almost similar to the condition of risk adjusted abnormal returns. The market adjusted abnormal return is negative and significant on day -

11 (AR = -0.0612, t = -1.89, p <0.10) while it is positive and significant on day -6 (AR = 0.0786, t = 2.43, p < 0.05) during pre-period. The significant abnormal returns in some of the days during pre-period has revealed the market's anticipation of the upcoming acquisition deals of the private sector banks.

During post-period, the abnormal return is positive on day +3 (AR = 0.0884, t = 2.73, p < 0.01) and on day +10 (AR = 0.0924, t = 2.86, p < 0.01). The significant abnormal returns on two days during post-period has indicated that market has considered the deal favourably. In post-period, the market adjusted cumulative abnormal returns are negative and significant for event windows from [-15, -11] to [-15, -9], whereas it is positive and significant for event window [-15, -6] and [-15, -1]. This shows that the market has anticipated the upcoming acquisition deal of the private sector banks. Initially, market has thought it to be unfavourable, but situated changed near to press release. The cumulative abnormal returns are positive and significant at 1 per cent level for event windows from [-15, +3] to [-15, +15]. The graphical presentation of the fluctuations in risk adjusted and market adjusted CAR is portrayed in Figure 5. The above status of CAR has provided evidence that market considered the deal positively after press release and incorporated its positive reactions by increasing market value of shares of these two banks.

ALL SECTORS BANKS

The market adjusted average abnormal returns and cumulative average abnormal returns for acquisition activities of all public sector and private sector banks are reported in Table 6. The market adjusted abnormal returns are fluctuated between negative and positive values and it is negative and marginally significant at 10 per cent level on day -5 during pre-period. The insignificant AR values in pre-period reveal that there is no information leakage or delay in market reaction to upcoming acquisition deal of the banks. The significant market adjusted abnormal return is positive on day +3, +10 and +13 and negative on day +5. It seems from the above that market tends to react positively after press release of acquisition announcement. The market adjusted cumulative abnormal returns are positive for all event windows from [-15, -14] to [-15, +15] and they are significant for windows from [-15, -10] to [-15, +15]. How, risk adjusted and markets adjusted CAR is fluctuating in 31 days event period are represented graphically in Figure 6.

From positive and significant CAR values, it is found that the investors have earned returns significantly higher than return earned by not suffered with any loss in their investment due to acquisition announcement of the bankers; instead they earned significantly higher return compared to return from market portfolio.

CONCLUSION

The banking industry has been undergoing major consolidation in recent years, with a number of global players emerging through successive mergers and acquisitions. This creates a great deal of uncertainty for all the stakeholders concerned. This research has pointed some elements that are explained and justified by the very nature of merger and acquisition of banking firms in India. The motivation for mergers and acquisitions were examined to establish the extent to which the benefits accrue as a viable factor in enhancing firms' performance and resultant increase in shareholder's wealth. Though there exist some skepticism that these efforts would make the bank lose its cost efficiencies, it is agreed that higher market prices emerges as a distinct beneficial outcome of mergers and acquisitions. This study shows that in a banking environment marked by frequent mergers, such transactions directly or indirectly effect the shareholders sentiments and increase market share (i.e.) mergers enhances performance and wealth for both the businesses and shareholders.

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TABLES

Table 2: MARKET MODEL

Day	Abnormal Return			't' Value (Ab. R)			C .Ab. R			't' Value (C. Ab. R)		
	Public	Private	All	Public	Private	All	Public	Private	All	Public	Private	All
-15	0.0067	-0.0462	-0.0077	0.72	-1.56	-0.82	0.0067	-0.0462	-0.0077	0.72	-1.56	-0.82
-14	-0.0085	-0.0013	0.0016	-0.92	-0.04	0.17	-0.0018	-0.0475	-0.006	-0.19	-1.61	-0.65
-13	0.0168*	0.0005	0.0079	1.82	0.02	0.85	0.0151	-0.0471	0.0018	1.63	-1.59	0.2
-12	0.0068	-0.0085	0.0031	0.74	-0.29	0.33	0.0219**	-0.0556*	0.0049	2.36	-1.88	0.53
-11	-0.0013	-0.0657**	-0.0178*	-0.14	-2.23	-1.92	0.0205**	-0.1213***	-0.0129	2.22	-4.11	-1.39
-10	0.0154	0.0029	0.0124	1.67	0.1	1.34	0.0359***	-0.1184***	-0.0005	3.89	-4.01	-0.05
-9	0.0025	-0.0144	-0.0003	0.27	-0.49	-0.03	0.0385***	-0.1328***	-0.0007	4.16	-4.5	-0.08
-8	-0.0021	0.0423	0.0113	-0.23	1.43	1.22	0.0364***	-0.0905***	0.0106	3.94	-3.07	1.14
-7	0.0054	0.0464	0.0136	0.58	1.57	1.46	0.0418***	-0.0442	0.0242**	4.52	-1.5	2.6
-6	-0.0183*	0.0698**	0.0065	-1.98	2.36	0.7	0.0234***	0.0256	0.0307***	2.54	0.87	3.3
-5	-0.0162*	-0.0591**	-0.0232**	-1.75	-2	-2.49	0.0073	-0.0335	0.0075	0.79	-1.13	0.81
-4	-0.0007	-0.022	-0.0025	-0.08	-0.74	-0.27	0.0065	-0.0555*	0.005	0.71	-1.88	0.54
-3	0.002	-0.0137	-0.0038	0.21	-0.46	-0.41	0.0085	-0.0691**	0.0012	0.92	-2.34	0.13
-2	-0.0029	0.0098	0.0002	-0.32	0.33	0.02	0.0056	-0.0594**	0.0014	0.6	-2.01	0.15
-1	-0.0079	0.0111	0.0007	-0.86	0.38	0.08	-0.0024	-0.0483	0.0021	-0.26	-1.63	0.23
0	-0.0009	-0.0507*	-0.0093	-0.09	-1.72	-1	-0.0032	-0.0989***	-0.0072	-0.35	-3.35	-0.78
1	-0.0009	-0.0313	-0.01	-0.1	-1.06	-1.07	-0.0041	-0.1302***	-0.0172*	-0.44	-4.41	-1.85
2	0.005	0.0343	0.0088	0.54	1.16	0.95	0.0009	-0.0959***	-0.0084	0.1	-3.25	-0.9
3	0.0157*	0.0831***	0.0320***	1.7	2.81	3.44	0.0166*	-0.0128	0.0237*	1.79	-0.43	2.54
4	-0.0098	0.0003	-0.0065	-1.06	0.01	-0.7	0.0068	-0.0126	0.0171*	0.74	-0.43	1.84
5	-0.0157*	-0.0540*	-0.0252***	-1.7	-1.83	-2.71	-0.0089	-0.0665**	-0.0081	-0.97	-2.25	-0.87
6	0.0038	-0.004	0.0036	0.41	-0.14	0.38	-0.0051	-0.0705**	-0.0045	-0.55	-2.39	-0.49
7	-0.0117	-0.0025	-0.0084	-1.26	-0.08	-0.9	-0.0168	-0.0730**	-0.0129	-1.82	-2.47	-1.39
8	-0.0042	0.0087	0.0032	-0.46	0.29	0.35	-0.0210**	-0.0643**	-0.0097	-2.27	-2.18	-1.04
9	0.006	-0.0151	0.0029	0.65	-0.51	0.31	-0.015	-0.0794***	-0.0068	-1.62	-2.69	-0.73
10	-0.002	0.0805**	0.0163*	-0.21	2.73	1.75	-0.0169*	0.0011	0.0095	-1.83	0.04	1.02
11	-0.0075	-0.0286	-0.0116	-0.81	-0.97	-1.25	-0.0244***	-0.0275	-0.0021	-2.64	-0.93	-0.23
12	0.0036	-0.0267	-0.0051	0.39	-0.9	-0.55	-0.0208**	-0.0542*	-0.0072	-2.25	-1.84	-0.78
13	0.0166*	0.0095	0.0135	1.79	0.32	1.46	-0.0042	-0.0448	0.0063	-0.46	-1.52	0.68
14	-0.0004	-0.0447	-0.0091	-0.05	-1.51	-0.98	-0.0047	-0.0895***	-0.0028	-0.51	-3.03	-0.3
15	-0.0038	0.014	0.0049	-0.41	0.47	0.52	-0.0085	-0.0755**	0.0021	-0.92	-2.56	0.22

***Significant at 1% level; **Significant at 5% level; *Significant at 10% level

TABLE 3: MARKET ADJUSTED MODEL

Day	Abnormal Return			't' Value (Ab. R)			C .Ab. R			't' Value (C. Ab. R)		
	Public	Private	All	Public	Private	All	Public	Private	All	Public	Private	All
-15	0.0065	-0.0397	-0.005	0.64	-1.29	-0.52	0.0065	-0.0397	-0.005	0.64	-1.29	-0.52
-14	0.0068	0.0006	0.0052	0.66	0.02	0.54	0.0133	-0.0392	0.0002	1.3	-1.28	0.02
-13	0.0125	0.0057	0.0108	1.21	0.19	1.11	0.0258**	-0.0335	0.011	2.51	-1.09	1.12
-12	0.0058	-0.0033	0.0036	0.57	-0.11	0.37	0.0316***	-0.0367	0.0145	3.08	-1.2	1.49
-11	0.0024	-0.0612**	-0.0135	0.24	-2	-1.38	0.0340***	-0.0979***	0.001	3.32	-3.19	0.11
-10	0.0163	0.0161	0.0163	1.59	0.52	1.67	0.0504***	-0.0819***	0.0173*	4.91	-2.67	1.78
-9	0.0037	-0.004	0.0018	0.36	-0.13	0.19	0.0541***	-0.0858***	0.0191**	5.28	-2.8	1.96
-8	0.0014	0.0532*	0.0144	0.14	1.73	1.47	0.0555***	-0.0326	0.0335***	5.41	-1.06	3.44
-7	0.0056	0.0418	0.0146	0.54	1.36	1.5	0.0611***	0.0092	0.0481***	5.96	0.3	4.94
-6	-0.0128	0.0786**	0.01	-1.25	2.56	1.03	0.0482***	0.0878***	0.0581***	4.7	2.86	5.97
-5	-0.0091	-0.0489	-0.0190*	-0.88	-1.59	-1.95	0.0392***	0.0389	0.0391***	3.82	1.27	4.01
-4	0.0049	-0.0109	0.001	0.48	-0.36	0.1	0.0441***	0.028	0.0401***	4.3	0.91	4.11
-3	0.0037	-0.0026	0.0021	0.36	-0.08	0.22	0.0478***	0.0255	0.0422***	4.66	0.83	4.33
-2	0.0005	0.0113	0.0032	0.05	0.37	0.33	0.0483***	0.0367	0.0454***	4.71	1.2	4.66
-1	-0.0007	0.0312	0.0073	-0.06	1.02	0.75	0.0476***	0.0679**	0.0527***	4.65	2.21	5.41
0	0.0087	-0.0417	-0.0039	0.85	-1.36	-0.4	0.0564***	0.0262	0.0488***	5.5	0.85	5.01
1	-0.0029	-0.0049	-0.0034	-0.28	-0.16	-0.35	0.0534***	0.0214	0.0454***	5.21	0.7	4.66
2	0.002	0.0255	0.0079	0.2	0.83	0.81	0.0555***	0.0468	0.0533***	5.41	1.53	5.47
3	0.0176*	0.0884***	0.0353***	1.72	2.88	3.63	0.0731***	0.1352***	0.0886***	7.13	4.41	9.1
4	-0.0054	0.0151	-0.0002	-0.52	0.49	-0.02	0.0678***	0.1503***	0.0884***	6.61	4.9	9.08
5	-0.0135	-0.0503	-0.0227**	-1.31	-1.64	-2.33	0.0543***	0.1000***	0.0657***	5.3	3.26	6.75
6	0.0074	0.0033	0.0064	0.72	0.11	0.65	0.0617***	0.1032***	0.0721***	6.02	3.36	7.4
7	-0.0098	0.0006	-0.0072	-0.96	0.02	-0.74	0.0519***	0.1038***	0.0649***	5.06	3.38	6.66
8	0.0057	0.0246	0.0104	0.56	0.8	1.07	0.0576***	0.1284***	0.0753***	5.62	4.18	7.73
9	0.0088	-0.0036	0.0057	0.86	-0.12	0.59	0.0664***	0.1248***	0.0810***	6.48	4.07	8.32
10	-0.002	0.0924	0.0216**	-0.19	3.01	2.22	0.0645***	0.2172***	0.1026***	6.29	7.08	10.54
11	-0.0044	-0.0263	-0.0098	-0.42	-0.86	-1.01	0.0601***	0.1909***	0.0928***	5.86	6.22	9.53
12	0.0012	-0.027	-0.0058	0.12	-0.88	-0.6	0.0613***	0.1639***	0.0870***	5.98	5.34	8.93
13	0.0158	0.0226	0.0175*	1.54	0.74	1.79	0.0771***	0.1865***	0.1045***	7.52	6.08	10.73
14	0.0017	-0.0316	-0.0066	0.17	-1.03	-0.68	0.0788***	0.1549***	0.0979***	7.69	5.05	10.05
15	0.0029	0.0206	0.0073	0.28	0.67	0.75	0.0817***	0.1755***	0.1051***	7.97	5.72	10.8

***Significant at 1% level; **Significant at 5% level; *Significant at 10% level

FIGURES

Figure 4 : CAR for Public Bank's Acquisition of Activities

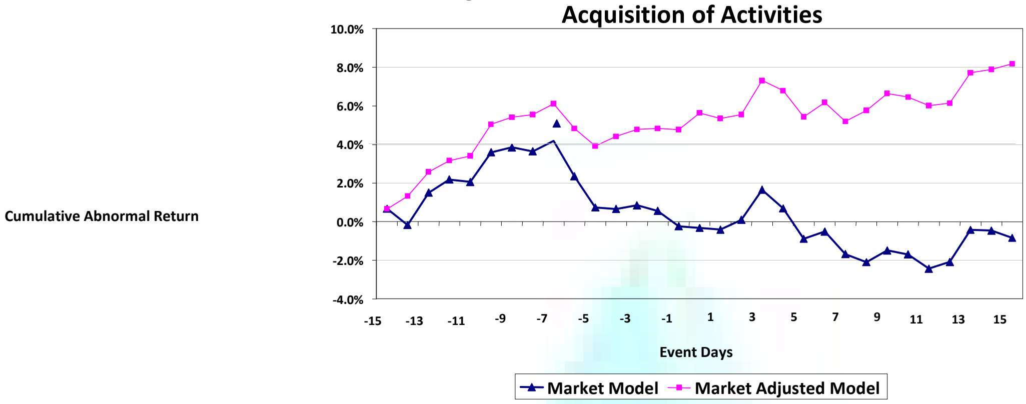


Figure 5: CAR for Private Bank's Acquisition of Activities

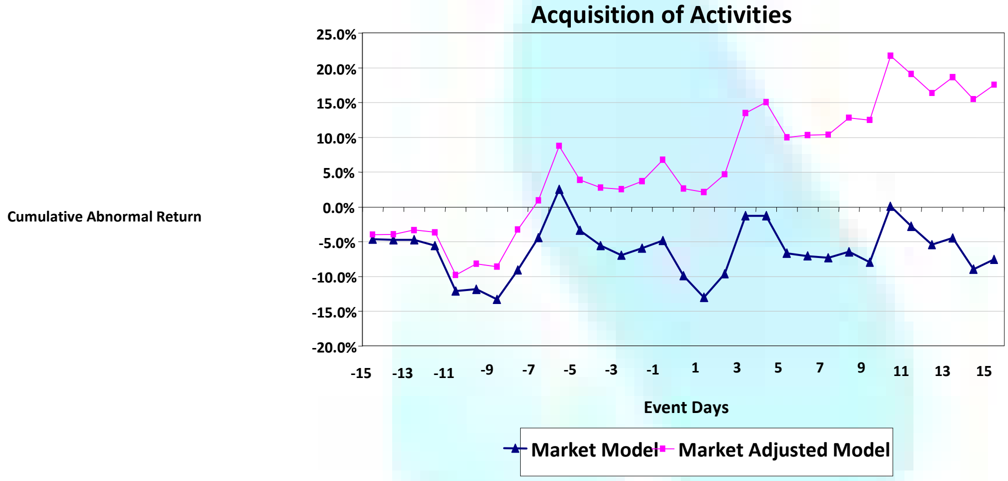
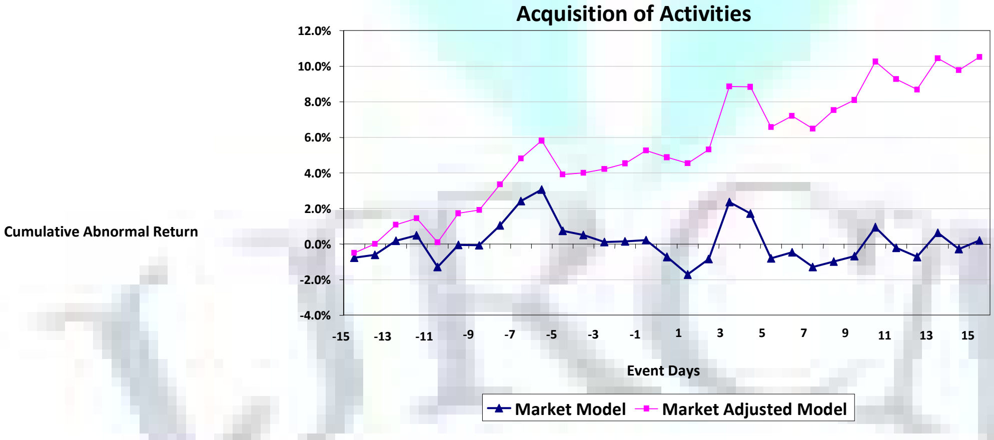


Figure 6: CAR for All Bank's Acquisition of Activities



A STUDY ON ABSENTEEISM OF EMPLOYEES IN RETAILING INDUSTRY

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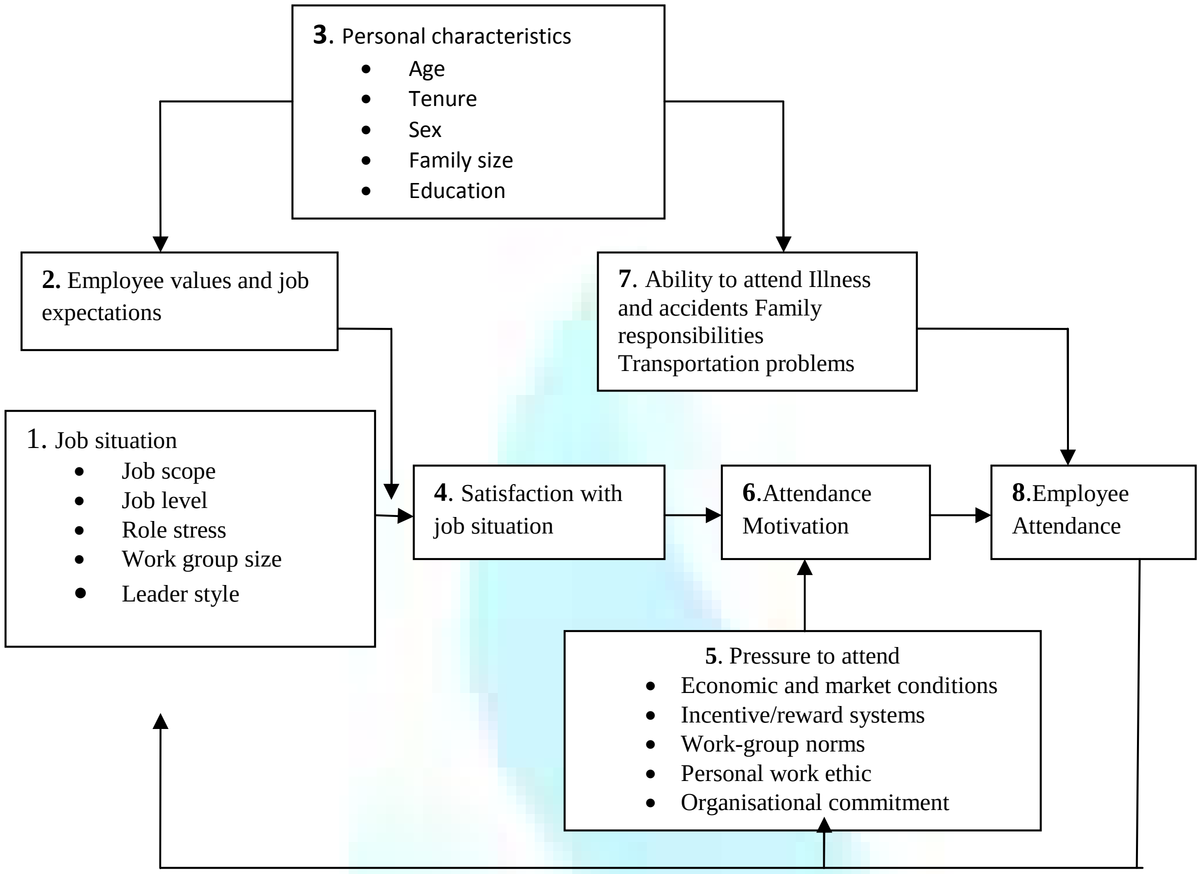
ABSTRACT
The term absenteeism refers to the failure to attend to work. It is one of the major problems faced by companies across the globe today. High rate of absenteeism is neither desirable to employers nor good for the employees. In majority of organizations, high rate of absenteeism has an adverse effect on quality and quantity of production, efficiency of workers and organization, organizational discipline and more importantly on the organization's intention to fulfill the new market demands. Unscheduled absenteeism badly hurts the progress of an organization resulting in loss of productivity, increased costs in hiring additional staff and low morale among the workers. It is high time that employers address this problem on a priority basis. A sales professional cites some other reasons like workplace politics, long commute, strained relationship with the immediate supervisor and lack of belongingness towards the organization as reasons for being absent from work. Whatever be the reason absenteeism is not at all a healthy practice and steps should be taken to manage it effectively. In this paper a study has been conducted among the sales people working in a retailing shop . The main objective is to find out the level of absenteeism among the workers in the Organization, to find out the various causes for absenteeism, to study the relationship between the employees satisfaction level and absenteeism and to finally suggest the possible remedial measures to reduce and control the absenteeism rate. The study concludes that absenteeism can be reduced to a great extent if the management takes initiative in making the workers feel responsible towards their job by introducing various motivational schemes.

KEYWORDS
Absenteeism, Job Satisfaction, Productivity, Motivation, Stress.

INTRODUCTION
Healthier employees mean happier employees. There's less absenteeism, improved productivity and lowered health care premium costs- Jim Link
Failure to attend or appear when expected. In another words, the absence means the state of being away or not being present. According to "Webster's Encyclopaedia unabridged dictionary", absence means, "not in a certain place at a given time". The Law Lexion defined absent literally as "etymologically it means not present. According to **European foundation** Absenteeism is "Temporary, extended or permanent incapacity for work as a result of sickness or infirmity". Temporary work incapacity refers to the first period of absenteeism; in most countries limited to the first 52 weeks of disability. Extended or permanent disability relates to arrangements after the first period of absenteeism, in most countries the first 52 weeks of incapacity of work. (**Source:** Official publications of the European community's)
In the words of Johns, in 2007"Absenteeism is failing to report for scheduled work. As such, it is the violation of a social obligation to be in a particular place at a particular time. Traditionally, absenteeism was viewed as an indicator of poor individual performance and a breach of an implicit contract between employee and employer. Thus, it was seen as a management problem and framed in economic or quasi-economic terms. Indeed, economists most frequently view absenteeism in labor supply terms. More recently, absenteeism has increasingly been viewed as an indicator of psychological, medical, or social adjustment to work." According to Goff, Mount, & Jamison, in 1990 "Employee absences due to personal illness, personal business and absence without leave, as measured in number of hours.(**Source:** G. Ritzer Ed., Blackwell Encyclopedia of sociology,Blackwell Publishing.) Van der Merwe and Miller (1988) classify absenteeism into three broad categories that help to understand the nature of this phenomenon. They are Sickness absence, Authorized absence/absence with permission and Unexcused absence/ absence without leave.

MODEL OF ABSENTEEISM

Heuristic framework on the various factors influencing employee attendance



Source: Rhodes & Steers 1990 University of the Western Cape

REVIEW OF LITERATURE

The study on employees absenteeism conducted by a number of researchers has been gathered in order to analyse the previous findings in accordance to the present scenario.

The Business Roundtable Report C-6 (June 1982 Reprinted Sept. 1989) "Absenteeism and Turnover a Construction Industry Cost Effectiveness project report" Based on the findings reflecting the workers' views, reasons for absenteeism and turnover fall into two broad categories: 1 .Controllable 2.Uncontrollable. The controllable reasons for absenteeism and turnover involve the ingredients of the environment of a construction site. In addition, each ingredient is important in its own right, quite apart from its effect on absenteeism and turnover. Careful attention to planning, safety, interpersonal relationships, and other management fundamentals will not only reduce absenteeism and turnover, but will have other positive effects on job costs and schedules. A relatively small portion of the work force is causing most of the absenteeism and turnover. Eighty-six percent of the workers surveyed reported quitting fewer than three jobs in the last two years. Similarly, 67% of the work force reported missing work fewer than five days per year3. This reinforces a conclusion that prompts management action with respect to chronic offenders can be very effective. The size of the work force does not appear to be a significant factor since about half of the workers stated preferences for jobs with less than 500 workers while the other half preferred jobs with a work force of 500 - 1000. **AN FOUNDATION**

The European foundation for the improvement of living and working conditions, (1997) "Study on absenteeism and ill health and preventing absenteeism at the workplace" Four types of interventions can be distinguished, which address different elements in this framework. The first kinds of intervention are procedural measures, which are aimed at raising the absenteeism barrier; these are measures for the monitoring and control of absenteeism. 1. Preventive work-oriented measures aim to reduce the discrepancy between workload and capacity by reducing the workload. This is done by removing the work-related causes of the problems in the area of safety, health and well-being.2. Preventive person-oriented measures are those in which employees are supported to work (and live) in a safe and healthy way. These person-oriented measures aim to improve the balance between workload and capacity by increasing the capacity of individuals.3. The last types of intervention aimed at reducing workplace absenteeism are reintegration measures. These reintegration measures aim to lower the reintegration barrier and to accelerate the return to work of sick employees.

R. BRIAN HAYNES, DAVID L. SACKETT, D. WAYNE TAYLOR, EDWARD S. GIBSON, AND ARNOLD L. JOHNSON, (October 5 2000), The new england journal of medicine "Increased Absenteeism from Work after Detection and Labeling of Hypertensive Patients". A study of hypertension in an industrial setting allowed us to confirm and explore an earlier retrospective finding that the labeling of patients as hypertensive resulted in increased absenteeism from work. After screening and referral, we found that 80 % of people have work pressure and tension that leads to absenteeism in the general employee population during this period. This hypertension is affecting the health of the employees which is unknown to them.

PAUL M. MUCHINSKY (27 July 2004) "Employee absenteeism at Iowa State University, USA". The purpose of this paper is to review the literature on employee absenteeism as a form of withdrawal behaviour apart from turnover. Studies examining the psychometric properties of absence measures are reviewed, along with the relationship between absenteeism and personal, attitudinal, and organizational variables. Studies exploring the relationship between absenteeism and turnover are examined according to the unit of analysis studied in the research. Programmatic efforts to reduce employee absenteeism are also reviewed. Throughout the paper emphasis is placed on the indices used by investigators to measure absenteeism, and the problems that have arisen in the literature through the use of multiple indicators of absenteeism. The review concludes with suggestions for research that are of both theoretical and practical concern.

MOHAN LAL, JAYDEB BISWAS, (2004-06) Journal of the Academy of Hospital Administration, "A Study of Absenteeism among Class-D Employees" Absenteeism is a major factor affecting work productivity and closely related to worker's health as well as personal, domestic and social life. It is a useful index to assess the state of health of workers and their physical, mental and social well-being in an organization. Absenteeism is absence from a work by a work during working hours. Voluntary absence is that which he or she could not have avoided due to such reasons beyond his or her control, as sickness or accident etc.[5] No health care activity can be carried out without the deployment of heath staff. Employees working at lower at lower level in health care institutions are also important member of each team in the institution. Absence of these employees is an important problem in health care institution. It may seriously affect the sensitive service organization like hospital. Absenteeism also affects the working and reputation of health care institution

Faculty of economic and management sciences Department of industrial psychology of The university of the western cape, (November 2005) "The relationship between job satisfaction and absenteeism in a selected field services section within an electricity utility in the western cape". Absenteeism - employees not showing up for work when scheduled - can be a major problem for organizations. As pressures increase on the budgets and competitiveness of companies, more attention is being given to reduce workplace absenteeism and its cost. Most research has concluded that absence is a complex variable and that it is influenced by multiple causes, both personal and organizational. Job satisfaction has been noted as one of the factors influencing an employee's motivation to attend. Studies on the relationship between absenteeism and job satisfaction seem to be inconsistent. Some research has found no correlation between these two variables whereas other studies indicate a weak to moderate relationship between these two variables.

A.SUKUMAR, (2005) "A study on Labour Absenteeism in Ammaru foundries Coimbatore" says that Labour absenteeism is harmful to both the employers and the workers as follows: Normal work-flow in the factory is disturbed; Overall production in the factory goes down, Difficulty is faced in executing the orders in time and Casual workers may have to be employed to meet production schedules. Such workers are not trained properly.

K. RAVIPRAKASH, (2007) The Employee Absenteeism Survey in "Ekansh Motors Maruti Udyog ltd" Kaithal. The purpose of this study is to find out the various causes of absenteeism in automobile sector. Main reason for absenteeism is health & sickness and family problems. Out of total percentage of absenteeism, percentage due to health & sickness is quite high. Temporary associates take less holiday because they want to become permanent. In case of staffs the main reasons were work overload and conflicting demand. Here absenteeism is mainly occurring due to not completing their work on target time and they used to do that work by taking holidays.

Academy of management studies, Dehradun (2007) "Absenteeism of Employee in hospital sectors of Mumbai" in this study they found some reasons for absenteeism which are as follows: Temperature problem is more acute in some areas which make the employees feel tiring and unenthusiastic. Unhygienic washroom problem is very critical. Quality of food is very poor and unhygienic food problem is very acute. Overcrowd transport problem. No recognition of qualification and lack of Learning and development.

The CBS interactive network, (May 2, 2007) "Reducing and Managing Workplace Absenteeism", Productivity loss due to absenteeism is a serious and growing challenge. In the United States, the annual cost to employers for time lost due to accidents is almost $100 billion, and other unscheduled worker absences costs even more. Absence management is a growing body of knowledge and experience that managers apply to the control and reduction of these costs.

LYMAN W. PORTER AND RICHARD M. STEERS, JOURNAL (22 May 2007) "Organizational, work, and personal factors in employee turnover and absenteeism", Oakland University, School of Economics & Management Critically examines research over the past 10-12 yrs concerning factors related to turnover and absenteeism in work situations. On a general level, overall job satisfaction was consistently and inversely related to turnover. In an effort to break down the global concept of job satisfaction, various factors in the work situation were analyzed as they related to withdrawal behavior. 4 categories of factors, each representing 1 "level" in the organization, were utilized: organization-wide factors, immediate work environment factors, job-related factors, and personal factors. Several variables in each of the 4 categories were found to be related fairly consistently to 1 or both forms of withdrawal. An attempt is made to put the diverse findings into a conceptual framework centering on the role of met expectations.

WILLIAM H. HENDRIX, BARBARA A. SPENCER AND GAIL S. GIBSON, Journal of business and psychology volume 9 reprinted (2009) "Organizational and extra organizational factors affecting stress, employee well-being, and absenteeism for males and females". The purpose of this research is to examine separately for males and females, the effects of different sources of job and life stress on the emotional and physical well-being of those individuals, and in turn on absenteeism. Results using experienced higher levels of job stress, absenteeism, and poorer emotional well-being. Patterns of relationships for males and females were similar; however, the data suggest that sex moderates the effects of different sources of stress on emotional and physical well-being and absenteeism. The model developed as a part of this research was more complicated for females than for males.

PICOARS AND PAYERS, (10/14/2009) ,"A research study on absenteeism of employees in industrial sector" According to Picoars and Payers 'unexpected absence disturbs the efficiency of the group as the jobs are inter-connected, if one single man remains absent without prior notice the whole operation process is distributed. This absenteeism results in production losses because, due to absenteeism, workers cost increases and thus efficiency of operations is affected.' Absenteeism rate can be calculated for different employees and for different time periods like month & year. The frequency rate reflects the incidence of absence and is usually expressed as the no of separate absence in a given period, irrespective of absence. The frequency rate represents the average no of absence per worker in a given period.

STATEMENT OF THE PROBLEM

According to the most recent CCH Unscheduled Absence Survey, employers are losing ground when it comes to keeping workers on the job. Unscheduled absenteeism rates have risen to their highest level since 1999. What continues to be of most concern is that almost two out of three employees who don't show up for work aren't physically ill. Absenteeism is a serious problem for a management because it involves heavy expenses. Retail employees do not usually ask for leave in advance or even give notice during their absence as to how long they would be away. The management is generally uncertain about the duration of employees' absence and cannot take appropriate measures to fill the job. Absenteeism rate is a yardstick to find out the employees attitude towards his work and the organization. They may not like the work, have some personal work or suffer from stress and body pain as in a retail store the employees have to stand throughout the day for attending the customer. So an attempt was made through this study to find out the actual cause.

OBJECTIVES OF THE STUDY

- To find out the level of absenteeism among the workers in the Organization.
- To find out the various causes for absenteeism.
- To study the relationship between the employees satisfaction level and absenteeism.
- To suggest the possible remedial measures to reduce and control the absenteeism rate.

RESEARCH METHODOLOGY

The research design adopted in this study is Descriptive research. The researcher has used both the primary as well as secondary data. The primary data was collected using a structured questionnaire and secondary data from financial websites, business magazines, newspapers, journals, attendance record, employee's handbook, HR handbook and policies, and from company website. The sample size was 75 and the sampling techniques adopted were simple random sampling. Scoring scheme was evolved to quantify the data. The data was analyzed using Percentage analysis, weighted average, Chi square test and One way ANOVA.

RESULTS AND DISCUSSIONS

- Out of 75 employees 43% of them, are of the age ranges between 25-35 and in which 67% are married and 33% of are unmarried. 33% of employees have more than 4 family members. 63% of employee takes less than ½ hr to reach the organisation. Majority of the employee (41%) are having an experience of 5-10years.

- 59% of employee comes to the job on time but at the same time around 57% of them take leave without intimation. 32% of employees avail leave even when the application is not sanctioned by the superior. 44% of employees take leave due to family or personnel problems and 41% of them take leave due to health issues.
- 27% of the employees agree that stress adds to their absenteeism, 28% of the employees disagree that they are healthy and energetic, 16%of the employees agree that they suffer from specific illness, 49%of the employees are highly satisfied with working condition & norms of the company, 49% of the employees are satisfied with the relationship with the supervisor and his behaviour towards grievance handling procedure and 48% of the employees are satisfied with the level of freedom in the organisation.
- From the analysis made using chi-square reveals that there is no significant difference between age of the employees and reason for absenteeism, number of family members and leave taken by the employees in a month, experience of the employees and kind of leave taken by them and finally age of the employees and reason for taking long leave.
- One way ANOVA shows that there is a significant difference between the employees satisfaction level with the rate of absenteeism.

ABSENTEEISM AND WORK REGULARITY OF EMPLOYEES

Attributes	W. Avg (3)	Rank
The regularity of the employees coming for work at correct time	2.25	**1**
Leave taken by the employees without any information	2.11	**5**
Possibility of getting leave whenever it is required	2.20	**2**
Leave taken by the employees even though the leave application is not sanctioned	2.19	**3**
Tiredness of work to the employees	2.13	**4**

WORKING ENVIRONMENT

Attributes	AVG(5)	RANK
Awareness of the employees about the availability of various leave facilities	4.44	**1**
Rate of employees informing the supervisor through phone	3.39	**4**
Level of balance between personal life with that of work life	3.47	**3**
Rate of employees says that stress leads to absenteeism	2.73	**5**
Rate of employees who are healthy & energetic	3.95	**2**
Rate of employees who suffers from specific illness	2.44	**6**

INTER PERSONAL RELATIONSHIP

Attributes	AVG (5)	RANK
Work, working condition & norms of the company	4.11	**2**
Relationship with the supervisor and his behaviour towards grievance handling procedure	3.89	**4**
Relationship with the co-workers	4.28	**1**
Level of freedom in the organisation	3.92	**3**

CHI SQUARE CALCULATIONS

1) Relationship between age of the employees and reason for absenteeism

NULL HYPOTHESIS HO: There is no significant difference between age of the employees and reason for absenteeism.

df = (c-1) (r-1); df-9 and Table value is 16.919@5% significance level. Since the calculated value is less than the table value, we accept the Ho at 5% significant level. So there is no significant difference between age of the employees and reason for absenteeism.

2) Relationship between number of family members and leave taken by the employees in a month

NULL HYPOTHESIS Ho: There is no significant difference between number of family members and leave taken by the employees in a month.

df = (c-1) (r-1); df-9 and Table value is 16.919@5% significance level

Inference: Since the calculated value is less than the table value, we accept the Ho at 5% significant level. So there is no significant difference between number of family members and leave taken by the employees in a month.

3) Relationship between experience of the employees and kind of leave taken by them

NULL HYPOTHESIS Ho: There is no significant difference between experience of the employees and kind of leave taken by them

O	E	$(O-E)^2$	$\frac{(O-E)^2}{E}$
0	2.05	4.2025	2.05
2	1.17	0.6889	0.59
5	3.22	3.1684	0.98
4	4.54	0.2916	0.06
6	3.92	4.3264	1.10
1	2.24	1.5376	0.69
5	6.16	1.3456	0.22
9	8.68	0.1024	0.01
7	5.79	1.4641	0.25
1	3.31	5.3361	1.61
10	9.09	0.8281	0.09
13	12.81	0.0361	0.0028
1	2.24	1.5376	0.69
4	1.28	7.3984	5.78
2	3.52	2.3104	0.66
5	4.96	0.0016	0.00032
TOTAL			**14.783**

df = (c-1) (r-1); df-9 and Table value is 16.919@5% significance level

Inference: Since the calculated value is less than the table value, we accept the Ho at 5% significant level. So there is no significant difference between experience of the employees and kind of leave taken by them.

4) Relationship between age of the employees and reason for taking long leave

REASONS FOR LONG LEAVE / AGE	Family Matter	Health issues	Religious Matter	None of the above	RT
<25	3	4	3	1	**11**
25-35	8	7	7	2	**24**
36-45	3	8	3	2	**16**
>45	0	5	1	1	**7**
CT	**14**	**24**	**14**	**6**	**58**

NULL HYPOTHESIS Ho: There is no significant difference between age of the employees and reason for taking long leave.
ALTERNATIVE HYPOTHESIS H1: There is a significant difference between age of the employees and reason for taking long leave.

O	E	$(O-E)^2$	$\frac{(O-E)^2}{E}$
3	2.05	0.9025	0.44
4	3.52	0.2304	0.065
3	2.05	0.9025	0.44
1	0.88	0.0144	0.016
8	4.48	12.3904	2.77
7	7.68	0.4624	0.06
7	4.48	6.3504	1.42
2	1.92	0.0064	0.003
3	2.99	0.0001	0.00003
8	5.12	8.2944	1.62
3	2.99	0.0001	0.00003
2	1.28	0.5184	0.405
0	1.31	1.7161	1.31
5	2.24	7.6161	3.400
1	1.31	0.0961	0.073
1	0.56	0.1936	0.346
TOTAL			**12.368**

df = (c-1) (r-1); df-9 and Table value is 16.919@5% significance level
Inference: Since the calculated value is less than the table value, we accept the Ho at 5% significant level. So there is no significant difference between age of the employees and reason for taking long leave.

ONE WAY ANOVA

5) Showing the attributes that satisfies the employees in relation to their level of absenteeism.

Attributes	HS	S	N	D	HD	Row total
Work, working condition & norms of the company	37	20	11	3	4	**75**
Relationship with the supervisor	19	37	14	2	3	**75**
Relationship with the co-workers	41	18	12	4	0	**75**
Level of freedom in the organisation	20	36	12	7	0	**75**
Column total	**1117**	**1111**	**449**	**116**	**77**	**300**

NULL HYPOTHESIS Ho: There is no significant difference between the employees satisfaction level with the rate of absenteeism

	X1	X2	X3	X4	X5	Total	$X1^2$	$X2^2$	$X3^2$	$X4^2$	$X5^2$
Y1	37	20	11	3	4	**75**	1369	400	121	9	16
Y2	19	37	14	2	3	**75**	361	1369	196	4	9
Y3	41	18	12	4	0	**75**	1681	324	144	16	0
Y4	20	36	12	7	0	**75**	400	1296	144	49	0
Total	**1117**	**1111**	**449**	**116**	**77**	**300**	**3811**	**3389**	**605**	**78**	**25**

ONE WAY ANOVA TABLE

SOURCES OF VARIENCES	SUM OF SQUARES	DEGREES OF FREEDOM	MEAN SQUARE	F-RATIO	5% TABLE VALUE
Between columns	2679	(c-1)4	669.75	F=14.70	F(4,16) 3.01
With in rows	729	(n-c)16	45.56		
TOTAL	**3408**	**20**			

Calculated value=14.70, Table value=3.01
Inference: Since the calculated value is greater than table value. So we reject the Ho at 5% significant level. There is a significant difference between the employees satisfaction level with the rate of absenteeism.

SUGGESTIONS AND RECOMMENDATIONS

Absenteeism is a serious problem for management because it involves heavy additional expenses. The management should take the following measures to reduce the rate of absenteeism:

- **The Return-to-Work Interview-** The training of supervisors in how to best manage absenteeism should include instruction on how to conduct effective and fair return-to-work interviews. Recent national surveys indicate that these interviews are regarded as one of the most effective tools for managing short-term absenteeism.
- **Employee Assistance Program-** Employees become frequently absent from work due to personal problems so the company can take initiative by providing employee assistance programs.
- **Sickness Reporting –** Tell employees that they must phone in as early as possible to advise why they are unable to make it to work and when they expect to return.
- **Return to Work Interview**- When an employee returns to work then ensure that they have a 'return to work interview' and routine enquiry must be done.
- **Medical care program** - The management can provide advanced medical care program at least twice in a year for the health care of the workers.
- **Attendance incentives** - The attendance incentives may be raised a little to motivate the employees regularity.
- **Induction programme for the family members –** The family members of the worker should also clearly inform about the loss the worker incurs due to his frequent absence for work. The management can also make the family members to actively co-operate in making the worker attend work regularly. This can be done by introducing a scheme which provides every year gifts, some home appliances, or some valuable things, for every worker's family, who attend for work for a specified number of days in a year.
- **Disciplinary action** - Some strict action could be taken on those workers who avail more than 2 days leave without any justifiable reasons.
- **Motivation programmes**- conducting some games for the employees once in a month or taking the employees for some entertainment trip will help in motivating and retaining the employees. This will also help in reducing the stress level of the employees.

CONCLUSION

Absenteeism has become a major problem in most of the Retail Industries. The absenteeism is mainly due to the poor educational background of the workers, backwardness of the society. The workers are not as committed as Japanese workers but for this worker class alone cannot be blamed but the employer's are also equally responsible. The management should provide good working environment which would create a feeling of job satisfaction. Absenteeism can be reduced to a great extent if the management takes initiative in making the workers feel responsible towards their job by introducing various motivational schemes. Absenteeism is the universal problem and every organization should strive to tackle the problem for future development. Establishing a good communication channel would reduce the gap between employer and employees, which brings in positive attitude, co-operation and good understanding towards each other.

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MEASURING OF QUALITY OF WORK LIFE IN TEXTILE INDUSTRIES - AN INTEGRATION OF CONCEPTUAL RELATIONSHIP WITH PRODUCTIVITY

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ABSTRACT

This article reviews the meaning of Quality of work life (QWL), analyses the drastic role of QWL on employee's work performance with reference to textile mills, especially the employees of weaving mills. Many advantages derived from Quality of work life (QWL), one of which is employee's work performance. The work performance of a group of workforces is greatly affected by QWL as a result of dynamic changes in work environment and conditions. QWL includes Adequate & Fair pay, Health and well-being, Job security, Job satisfaction, Growth opportunities, Interpersonal relations and Work and non-work life balance. In this study, three major factors of Quality of work life, such as Welfare facilities, Growth opportunities and Interpersonal relationship had been used to assess the most appropriate one helps for extracting best performance of the workers. The article concludes that QWL to textile employees is challenging both to the individuals and organizations. A high QWL is radical (essential) to organization to get things done from the employees as expected. Our findings suggest that welfare measures have important implications for their performance. Interpersonal relations and Growth oppurtunities may be 'a help' to employee's work performance.

KEYWORDS

Quality of work life, Work performance and Welfare measures.

INTRODUCTION

Quality of work life refers to programmes designed to create a workplace that enhances employee well-being (Thomas S. Bateman and Scott A. Snell: 2003). It is a multidimensional concept implying a concern for the members of an organization. Quality of Working Life (QWL) is a measure of how good your work is for you. Quality of Working Life is more than just job satisfaction or work happiness, but the widest context in which an employee would evaluate their job. J. Richard and J. Loy define QWL as "the degree to which members of a work organization are able to satisfy important personnel needs through their experience in the organization". Baba and Jamal (1991) listed what they described as typical indicators of quality of working life, including: job satisfaction, job involvement, work role ambiguity, work role conflict, work role overload, job stress, organizational commitment and turn-over intentions. Baba and Jamal also explored reutilization of job content, suggesting that this facet should be investigated as part of the concept of quality of working life. The basic underlying QWL is the humanization of work which means developing a work environment that ensure dignity to the employee, stimulates his creative abilities and facilitates self-growth.

EMPLOYEE PERFORMANCE

The latest mantra being followed by organizations across the world being – "get paid according to what you contribute" – the focus of the organizations is turning to performance management and specifically to individual performance. Organizations are run and steered by people. It is through people that goals are set and objectives realized. The performance of an organization is thus dependent upon the sum total of the performance of its members. According to Peter Drucker, 'an organization is like a tune; it is not constituted by individual sounds but by their syntheses. The success of an organization will therefore depend on its ability to measure accurately the performance of its members and use it objectively to optimize them as a vital resource. The Employees today are different. As soon as they feel dissatisfied with the current employer or the job, it affects their work performance.

The performance of an employee is his resultant behaviour on task which can be observed and evaluated. It refers to the contribution made by an individual in the accomplishment of organizational objectives. Performance can be possible by satisfying the employee's needs, which can be fulfilled by implementing Quality of work life activities. For creating a performing organization and to sustain the performance, HR orientation needs to be top-down and should also involve the line managers to ensure sustainable peak performance. Quality of work life activities helps the employees to acquire and/or develop technical, managerial and behavioural knowledge, skills and abilities and moulds the values, beliefs and attitudes necessary to perform present and future rules.

LITERATURE REVIEW

There are rising literature that tries to seek the association between quality of work life and work performance. Among the main focus included in this literature is the remuneration aspect. Remuneration aspects such as salary, salary increment, bonuses, allowances, pension and medical benefits are among the best examples that can motivate employee to give their best for their employer. A research entitled "Quality Of Work Life: Implications Of Career Dimensions" (2006) by Raduan Che Rose, LooSee Beh, Jegak Uli and Khairuddin Idris, supports the proposition that the degree of satisfaction in QWL is related to the degree to which the individual believes his or her success criteria have been met. The studies by Okpara (2004); Oshagbemi (2000) and Sloane and Williams (1996) who highlighted differences in remuneration aspects received by the employee will suddenly affect their work satisfaction and work performance. Besides the remuneration aspect, it can be noted in the literature, interpersonal communication aspects frequently are raised as one of the main factors contributing to work performance. Porter and Lawler (1968) identified three types of performance. First is concerning to productivity. Second, concerning ratings of individuals by someone other than the person whose performance is being considered. Self-appraisal and self-ratings become the third type of performance. Thus, job performance measures the level of achievement of business and social objectives and responsibilities from the perspective of the judging party (Hersey and Blanchard, 1993).

Studies done by Wan (2007); Martzler and Renzl (2007) and Davies *et al.* (2001) concluded that remuneration is an important aspect if an organization wants to see their "engine" performing their best. The interpersonal communication aspect such as respecting others, working together, believing others and information sharing if emphasized by the organization, will bring benefit to both sides, the employees and the employer. Candace *et al.* (2008); Daley (2003) and Madlock

(2008) in their researches have concluded that interpersonal communication does have an impact on employees' work performance. Conversely, Litterst and Eyo (1982) have other view where they accentuate on interpersonal communication as a positive element that should be cultivated among the employees in order to reduce any problem that can be caused by miscommunication. Referring to Mastura *et al*. (2006), work satisfaction and work performance depend on hygiene and motivation factors. The important hygiene aspects are organization performance and interpersonal communication while the important motivation aspects are responsibility and job promotion. Work environment also has been identified as one of the important determinants for work performance. Working environment such as ergonomics, recent ICTs availability, harmony environment and safety working environment will bring comfort to employees thus providing them a better environment to perform their best. Hardin (1960) in his study had noted that work environment has an impact on work performance while Darlene and Borman (1989) proved that working environment such as physical environment, office colleague, job satisfaction and management supervision can construct work performance. A study accomplished by Luchak and Gellatly (2002) has noted that systematic and established pension scheme can enhance employees' work performance. Kim *et al*. (1999) has produced interesting outcomes to be shared where they concluded that aspect such as free accident work place is indeed an important key to intensify employees work performance. Another study by Vloisky and Aguilar (2009) emphasized that stable and secured job have significant and positive relationship with employee work performance. Based on the previous studies, organization policy and management style found to have influence on work performance. It is noted organization support is also an important tool to strengthen employee work performance. Employer should be reminded that if their "main engine" is left working alone without any support or supervision, their performance will be less thus affects the quality of their productivity. Another study done by James W. Westerman and Bret L. Simmons (2007) indicates that the relationship between personality, work environment, and employee outcomes is interrelated and in need of further examination. The significance of employee goal-orientation preferences in fully mediating the relationship between personality and workplace outcomes provides further evidence to support the contention that the relationship between personality and performance may not be bivariate, and that intervening variables play a substantial role. According to Loscocco and Roschelle (1991), the most common assessment of QWL is the individual attitudes. This is because individual work attitudes are important indicators of QWL. The ways that people respond to their jobs have consequences for their personal happiness, the effectiveness of their work organizations and even the stability of society. Individuals selectively perceive and make attributions about their jobs in accordance with the expectations they bring to the workplace. Studies which use widely differing samples find consistent results: older employees are more satisfied, more job-involved and more committed to their work.

ABOUT THE INDUSTRY AND RATIONALE OF THE STUDY

The Indian textile industry contributes about 14 per cent to industrial production, 4 per cent to the country's gross domestic product (GDP) and 17 per cent to the country's export earnings, according to the Annual Report 2009-10 of the Ministry of Textiles. It provides direct employment to over 35 million people and is the second largest provider of employment after agriculture. The power loom sector occupies a pivotal position in the Indian textile industry. Though current growth of this sector has been restricted by technological obsolescence, fragmented structure, low productivity and low-end quality products, in future Technology would play a lead role in this sector and will improve quality and productivity levels. The power loom sector produces more than 60% of cloth in India and textile ministry's estimation says that more than 60% of the country's cloth exports originated from that sector. With its employment of 4.86mn workers, the power looms sector comprised approximately 60% of total textile industry employment. So, a specific study is essential to identify the need and prevailing conditions in this sector. This study is designed to explore the issue of representation of legitimate interests of workers in its entirety and make suggestion to help the policy makers to improve the quality of work life of workers of textile industry. No specific study has been so far made to identify the necessities of providing better QWL to the textile workers and their job performance. It is in this context a detailed investigation in the form of a systematic scientific study is required. In view of such concerns it is considered worthwhile to conduct the present study.

OBJECTIVES OF THE STUDY

The major objectives of this study is identify that the quality of work life is radical to employee's work performance and to find out most appropriate factor of QWL on employee's performance.

RESEARCH METHODOLOGY

This study was confined to the permanent workers of textile sector, especially the workers of weaving mills in Tamilnadu. Workers from three sections namely Warping, Sizing and Looming were interviewed. The methodology involved collecting primary data and secondary data and analyzing the same by using percentage analysis, chi-square and Factor analysis and other tools for interpretation. A questionnaire is prepared for the purpose of collecting primary data. The questionnaire was of multiple choice types and Likert scale was used as the rating scale in the questions and survey conducted among the workers from three sections namely Warping, Sizing and Looming. The secondary data have been collected from reference books, leaflets and brochures related to this industry. The researcher used Non- probability sampling method and Convenience sampling technique has been used.

ANALYSIS AND DISCUSSIONS

The data analysis is carried out to extract meaningful information from the collected data. It could be done after the data has been collected. The collected data are first edited, coded and tabulated for the purpose of analyzing them. It is found that employees at the grass-roof level experience a sense of frustration because of unfavorable terms, treatment by their superiors, lack of freedom etc.

TABLE: 1 RESPONDENTS' PROFILE

Items	Basis	Frequency	Percentage
Gender	Male	128	64%
	Female	72	36%
Age group	18 -25 years	96	48%
	26 -35 years	48	24%
	36 -35 years	32	16%
	46 -55 years	24	12%
Educational level	Schooling	106	53
	Diploma/ ITI	046	23
	UG Graduates	028	14
	PG Graduates	020	10
Marital status	Single	138	69
	Married	062	31

The findings showed that there was no significant difference in terms of gender, marital status and age group. The test (Bonferronil) showed that the Schooling group had a significantly higher factor score on welfare measure than the other group. Majority of the respondents are male (64%) and most of the respondents (48%) are in the age group of 18 -25 years.

The relationship between satisfaction on welfare measures and employee's performance was measured, in which an alternate hypothesis (H1) states that there is a significant relationship between satisfaction on welfare measures and Work performance. Here, the null hypothesis is rejected and alternate hypothesis was accepted.

TABLE: 2 RELATION BETWEEN WELFARE MEASURES AND EMPLOYEE'S PERFORMANCE (WITH THE HELP OF CHI- SQUARE DISTRIBUTION)

O	E	O-E	(O-E)2	(O-E)2/E
109	86.4	22.59	510	5.90
60	54	6	36	0.66
11	39.6	-28.59	817.38	20.64
5	8.16	-3.15	9.92	1.21
10	5.1	4.9	24.01	4.70
2	3.74	-1.74	3.02	0.80
2	7.2	-5.2	27.03	3.75
2	4.5	-2.5	6.25	1.38
11	3.3	7.7	59.28	17.96
2	9.6	-7.60	57.76	6.01
2	6	-4	16	2.66
16	4.4	11.6	134.56	30.58
2	8.64	-6.64	44.08	5.10
1	5.4	-4.4	19.36	3.58
15	3.96	11.04	121.88	30.77
				135.70

H0= There is no significant relation between welfare measures and employee's performance.
H1= there is significant relation between welfare measures and employee's performance.
Degree of freedom = (r-1) (c-1)
= (3-1) (5-1) = 2*4 = 8

Tabulated value at 8 degree of freedom and 5% of significance is =9.488 and the calculated value (Chi-square) 135.70. Hence, the null hypothesis is rejected at 5% level of significant. It is interpreted that the Chi-square value is greater than table value, so there is a significant relationship between level of satisfaction on welfare measurers and work performance.

TABLE NO.3: EMPLOYEE'S PERFORMANCE

Opinion	No. of respondent	Percentage
Highly	94	47%
Neutral	62	31%
Not at all	44	22%
Total	200	100%

Source: Primary data

The above table No. 3 interpreted that 47% of the respondents are strongly agreed that if they are given good QWL facility, they can improve their performance, 31% of the respondents have the opinion neutral and 22% of the respondents stand with the view 'not at all'.

From this study it is found that most of the employees agreed that they are satisfied with their overall Quality of Working Life, which is very close to the average for the textile sector. Majority of the employees report slightly lower levels of satisfaction with Home-Work Interface compared to the benchmark data. This area may warrant further consideration and respondents reported greater satisfaction with Working Conditions in comparison to the benchmark data. It is observed that majority of the respondents accepted that the better working condition will helps for work performance and reduce fatigue. 45% of the respondents accept that welfare measures motivate them towards better performance, 26% accept it is by Inter personal relations, 19% said that they perform well due to growth opportunities and rest of them are due to some other reasons. It is found that supervisor's support, working condition are the most essential factor for employee performance. The major reasons for low performance is that 24% of respondent said due to power shutdown and lack of training and 08% said due to in adequate welfare measures, 13% of the respondents are saying that due to personal reasons and remaining people have some other reasons for their low performance. In general QWL factors are the most influencing factors for employees work performance.

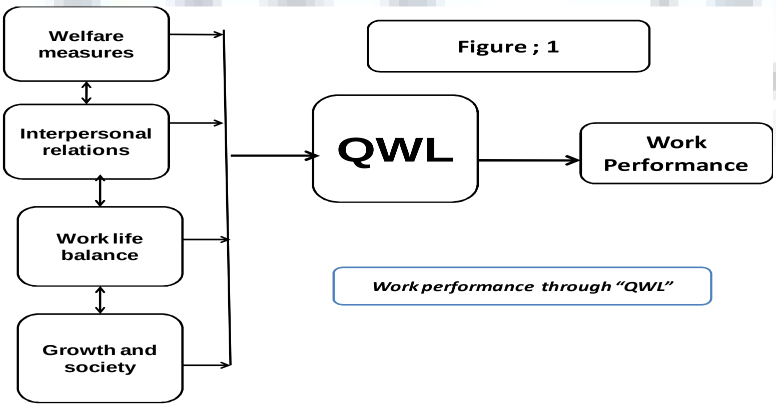

Figure: 1 clarifies that there is an inter dependency between three factors and which are the QWL indicators and has the significance on employees' work performance of the employees.

TABLE: 4 RELATIONSHIP BETWEEN FOUR DIMENSIONS AND OVERALL WORK PERFORMANCE

Relationship between four Dimensions and Overall Work performance			
Dimensions	**β**	**Beta**	**Sig. T**
Welfare measures	0.423	0.412	0.001
Interpersonal relations	0.170	0.177	0.004
Growth and Security	0.210	0.195	0.003

Table: 3, explain the relationship between three dimensions and its influence on work performance. As per the results of Multiple regression model shown in the Table No:3, the relationship between three dimensions and quality of work life are inter-related, the Welfare measures was statistically significant (Sig. T < 0.05). In addition, Welfare measures had a greatest influence towards Quality of Work life.

SUGGESTIONS

The research has suggested that the company may adopt an enlightened policy of frequent training and the promotion of welfare facilities will contribute to make the labour force to perform well. And it is suggested that there must be a proper understanding between supervisors, because the workers are expecting more understandable and care taking supervisors. It is found that the workers performing well even in poor working conditions. Our findings suggest that welfare measures have important implications for their performance. Inter personal relations and Growth opportunities may be 'a help' to employee's work performance; workers who work for joy or pleasure appear to perform better than those who do not. Finally it is suggested that, the company may adopt a regular system to assess the grievances and problems of the employees.

CONCLUSION

This study aimed to find out the importance of quality of work life on employees work performance, especially the employees of weaving mills in Tamilnadu. For that, textile mills workers are surveyed with a questionnaire. The different factors and causes that affect the employee's performance were found. From the results of these factors obtained from respondents of are analyzed and interpreted. It is hoped that, the QWL plays a radical role on employee work performance. The textile mills expected to introduce more innovative systems and frequent training to bring out the better performance. It can be concluded that the mills must concentrate more on welfare facilities and grievances handling. Importance must be given more on welfare facilities. If so, the employee work performance will be satisfactory.

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RISK MANAGEMENT STRATEGIES AND PRACTICES IN THE BANKING SECTOR: CHALLENGES ARISING FROM GLOBAL RECESSION –KEY TO SURVIVAL & GROWTH

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ABSTRACT
Risk management is a cornerstone of prudent banking practice. Undoubtedly all banks in the present-day volatile environment are facing a large number of risks such as credit risk, liquidity risk, foreign exchange risk, market risk and interest rate risk, among others risks which may threaten a bank's survival and success. In other words, banking is a business of risk. For this reason, efficient risk management is absolutely required. Carey (2001) indicates in this regard that risk management is more important in the financial sector than in other parts of the economy. The purpose of financial institutions is to maximize revenues and offer the most value to shareholders by offering a variety of financial services, and especially by administering risks. Rudra Sensarma and M. Jayadev (2009) observed that modern financial institutions are in the risk management business as they undertake the functions of bearing and managing risks on behalf of their customers through the pooling of risks and the sale of their services as risk specialists. Thus, effective risk management either in non-banking firms or in banking entities is expected to enhance the value of the firm and shareholder wealth. This article throws a light on how Indian Banks could effectively manage risk during this global economic downturn or recession by implementing risk management strategies and practices, when global banks are collapsing and also suggests measures how global banks can learn from Indian Banks experience?.

KEYWORDS
Risk, Banking, Challenges, Recession, Survival.

INTRODUCTION
There was, first, the stockmarket crash of 1987; then the collapse of the exchange-rate mechanism in 1992-1993; the bond-market crash in 1994; the Mexican crisis later that year; East Asia's turmoil in 1997; Russia's default and the near-meltdown in the capital markets in 1998; and, most recently, the virtual collapse of the junk-bond market and presently sub prime crisis and bankruptcy of Lehman Brothers (2008-09 – Cont.).(Richard Cookson, 2009)
Lehman Brothers went bankrupt September 15. A day earlier, Merrill Lynch had announced that Bank of America was acquiring it. A week earlier, US mortgage giants Freddie Mac and Fannie Mae went into federal receivership. (Prasanto K Roy, 2009)
The current global financial crisis signifies the importance of risk management in financial institutions and urged on the banks to follow risk management fundamentals in letter and spirit.
Risk is the fundamental element that drives financial behavior. Without risk, the financial system would be vastly simplified. However, risk is omnipresent in the real world. Financial Institutions, therefore, should manage the risk efficiently to survive in this highly uncertain world. The future of banking will undoubtedly rest on risk management dynamics. Only those banks that have efficient risk management system will survive in the market in the long run. The effective management of credit risk is a critical component of comprehensive risk management essential for long-term success of a banking institution.
The present turmoil in the financial sector provides an opportunity to learn from the financial worlds mistakes. This gives us the opportunity to look back and see what went wrong and structure our own financial houses so that this does not happen to us, or so severely affect the world again and the most significant lesson that has been learnt from recent events is the importance of fundamentals in risk management. For instance there is a basic rule since inception of banks which says do not put all your eggs in one basket.
If this simple rule is followed, many institutions could have avoided huge losses. Some fundamental principles form the cornerstone of risk management and if these principles are followed in letter and spirit financial institutions can be shielded from significant losses. These rules are simple and equally applicable on small institutions but simple means these are simple to understand; nevertheless implementing some of these fundamentals can be quite difficult.
Risk management is a cornerstone of prudent banking practice. Undoubtedly all banks in the present-day volatile environment are facing a large number of risks such as credit risk, liquidity risk, foreign exchange risk, market risk and interest rate risk, among others risks which may threaten a bank's survival and success. In other words, banking is a business of risk. For this reason, efficient risk management is absolutely required.

NEED FOR RISK MANAGEMENT IN BANKING SECTOR
- The current global financial crisis signifies the importance of risk management in financial institutions
- The raising complexities of banking management, the need to protect customer confidence, the greater weight of laws and codes of conduct over time are the most important causes of an increasingly high vulnerability of banks to non-traditional risks.
- According to Pagano (2001), risk management is an important function of financial institutions in creating value for shareholders and customers. The corporate finance literature has linked the importance of risk management with the shareholder value maximization hypothesis. This suggests that a firm will engage in risk management policies if it enhances shareholder value (Ali and Luft, 2002).
- Given the importance of risk management in a bank's functioning, the efficiency of a bank's risk management is expected to significantly influence its financial performance (Harker and Satvros, 1998). An extensive body of banking literature (Santomero and Babbel, 1997) argues that risk management matters for financial performance of banking firms.

OBJECTIVES OF THE STUDY
- To study the current risk management strategies and practices in the Indian Banking Sector.
- To study how Indian banks are managing risk during global recession.

- To suggest measures how global banks can learn from Indian banks with respect to risk management strategies and practices during global recession.

RISK MANAGEMENT IN THE INDIAN BANKING SECTOR

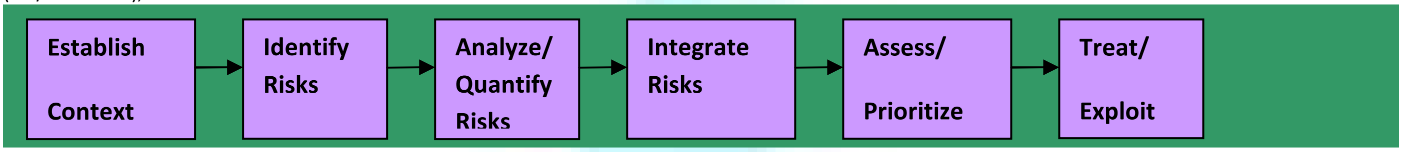
Risk management in Indian banking is driven by the central bank viz. the Reserve Bank of India (RBI)'s guidelines as well as banks' own recent initiatives towards risk management (RBI, 2007). This recent emphasis can be attributed to several reasons. Prior to 1992, Indian banks were subject to a regime of strict control enforced by the RBI.

A process of financial liberalization was initiated in 1992 to make the banking system profitable, efficient, and resilient. The liberalization measures consisted of deregulation of entry, interest rates, and branch licensing, as well as encouragement to state owned banks to get listed on stock exchanges. While banks took some time to adjust to the new operating environment, the year 1998 saw a second phase of reforms in the banking industry marked by the introduction of several prudential measures and the first set of comprehensive guidelines for Asset-Liability management and risk management.

Thus, the period after 1998 in Indian banking offers a suitable set-up for an analysis of risk management and its impact on banks' stock returns. During this period, the RBI also issued a comprehensive framework for implementation of integrative risk management systems and lately Indian banks have been preparing for the implementation of Basel-II norms, which includes a move towards better risk management practices.

PROCESS STEPS OF RISK MANAGEMENT

The following steps of the risk management process, which are based on those originally detailed in the Australian / New Zealand standard in Risk Management (AS / NZS 4360), describe seven iterative elements



THE ECONOMIC DOWNTURN AND INDIA

India is not de-linked from the world, and the financial meltdown has certainly impacted us. In the age of globalization, no country can remains isolated from the fluctuations of world economy. Heavy losses suffered by major International Banks is going to affect all countries of the world as these financial institutes have their investment interest in almost all countries.

The extent of impact has been restricted due to several reasons such as-

• Indian financial sector particularly our banks have no direct exposure to tainted assets and its off-balance sheet activities have been limited. The credit derivatives market is in an embryonic stage and there are restrictions on investments by residents in such products issued abroad.

• India's growth process has been largely domestic demand driven and its reliance on foreign savings has remained around 1.5 per cent in recent period.

• India's comfortable foreign exchange reserves provide confidence in our ability to manage our balance of payments notwithstanding lower export demand and dampened capital flows.

However, one positive point in favor of India is the fact that Indian Banks are more or less secured from the ill-effects of sub-prime mess.

ROLE OF RBI WITH RESPECT TO RISK MANAGEMENT

Executive Director of one of Indian's biggest public-sector banks, Bank of Baroda, RK Bakshi, says: "Due credit should be given to the Reserve Bank of India (RBI). Being the apex bank of the country, it managed the monetary policies quite efficiently. When inflation was on the rise, RBI strengthened its hold over the markets and increased interest rates. But immediately after the fall of Lehman Brothers, RBI reduced the interest rates to increase liquidity in the markets. RBI also ensured that inter-bank transactions were not affected during this economic crunch, which in effect led to smooth payments and money transfers."

There has been a sustained demand from various quarters for exercising regulatory forbearance in regard to extant prudential regulations applicable to the banking sector. As a part of counter-cyclical package, RBI has already made several changes to the current prudential norms for robust risk disclosures, transparency in restructured products and standard assets such as- (Nidhi Choudhari ,2009)

• Implementation of Basel II w.e.f. March 2009 by all Scheduled Commercial Banks except RRBs which would promote closer cooperation, information sharing and coordination of policies among sector wise regulators, especially in the context of financial conglomerates.

• Further guidance to strengthen disclosure requirements under Pillar 3 of Basel II.

• Counter-cyclical adjustment of provisioning norms for all types of standard assets (except in case of direct advances to agriculture and small and medium enterprises which continue to be at 0.25 per cent).

STRATEGIES ADOPTED BY INDIAN BANKS TO AVERT RISK

Measures the risk management function should take to manage risk in financial institutions.

1. A Risk Analysis Team is to have impartial and unbiased assessment of risk with no favoritism towards any business unit and its unbiased dissemination to the senior management and board. Obviously this can be accomplished only if the function is independent of risk units of the organization and which reports directly to the CEO regularly and the Board periodically.
2. The independent Risk Analysis Team can only be effective if they have influence in day to day operations of the institutions. In this regard, the support of the Board and CEO is a prerequisite. Two things will be suggested, firstly the stature of Chief Risk Officer (CRO) should be equivalent to the other business units and secondly there should be frequent dialogues between the CRO and senior management (CEO & Heads of various business units).
3. It is important to have an independent Risk Analysis Team; one cannot absolve the business units of their responsibility in relation to risk management. Risk Management can be durable if it is entwined in the overall culture of the organization. People who are taking risks must know the risks and rewards associated with the transactions they are undertaking and the risk appetite as well as the tolerance limits.
4. Therefore the risk managers in each business unit must understand how their independent risk management within their division integrates within the entire organization. Similarly, an important element of risk management is the establishment of risk discipline and oversight to insure that additions to or changes in the asset liability mix are consistent with the overall plan.
5. A reliable and respected information system is the foundation of risk identification and measurement. Timely availability of accurate information is essential to have meaningful assessment of risk. Many Indian banks realized its importance and invested significant resources in improving their IT systems. Accurate information and frequent dialogue with business units, institutions should take into account a few other things while designing and implementing risk measurement systems.
6. The risk measures adopted should encompass the whole organization. Risk identified in silos may undermine the enterprise wide risk the overall institution is facing. Similarly banks can use multiple techniques for assessment of risk factors which will add additional dimension and depth when viewing risk from different perspectives and in different economic environments. The banks should also use qualitative analysis in addition to quantitative risk measures. In effect the predictability of quantitative outcomes is highly dependent on the qualitative nature of the assets, and similar stability of liability accounts.

7. Risk measurement should be augmented by analyzing the banks position under extreme but plausible scenarios. Stress testing has gained further significance in the aftermath of the recent financial turmoil. It is noted that stress scenarios in the past cannot always be indicative of future events, meaning that banks should be somewhat creative in designing potential shocks.
8. Risk management begins with developing a culture to address business risks. The monitoring role that board members must play is vital to the success of risk management in any Bank.
9. Banking in modern economies is all about risk management. The successful negotiation and implementation of Basel II is likely to lead to an even closer focus on risk measurement and risk management at the institutional level. Thankfully, Basel II has, through their various publications, provided useful guidelines on managing the various facets of risk. The institution of sound risk management practices would be an important pillar for remaining ahead of the increasing competition. Banks can, on their part, formulate 'early warning indicators' suited to their own requirements, business profile and risk appetite in order to better monitor and manage risks. (Dr. Y.Venugopal Reddy, 2004)

TALKING ABOUT THE KEY PRINCIPLE OF GOVERNANCE

A sturdy risk management framework in any institution cannot be established unless it is given due recognition by its board and senior management. Risk Management is not just a regulatory compliance issue; it is the apparatus that will help you deal with the peril on your way towards achieving organizational objectives.

RBI Governor, Subbarao: Reserve Bank's policy response was aimed at containing the contagion from the global financial crisis while maintaining comfortable domestic and foreign exchange liquidity. (Dr. D. Subbarao , 2009)

STATE OF GLOBAL BANKS DURING ECONOMIC DOWNTURN

"Multinational banks in India are going through a very difficult period," says Viren H. Mehta, director of Ernst & Young India. "While they are well capitalized in India (from an Indian balance sheet perspective), they are highly dependent on their head offices. If the parents don't survive, they will not be able to survive here." Adds Robin Roy, associate director at international professional services firm PricewaterhouseCoopers (PwC): "Hit by global contagion, ransacked by investors, and almost deserted by many customer profiles, foreign banks need to consolidate and get their act together."

(Knowledge@Wharton, 2009)

"The fall of Lehman Brothers and the ensuing institutional uncertainty saw massive withdrawals from foreign banks and an increase in deposits with PSU (public-sector undertaking) banks, particularly SBI, as it was assumed that the government would always bail them out," says Chakrabarti. Notes Paresh Sukthankar, Executive Director of the private-sector HDFC Bank, which has weathered the storm: "People see PSU banks as government-owned. They feel the government will stand by them in case they are in trouble."

MEASURES HOW GLOBAL BANKS CAN LEARN FROM INDIAN BANKS WITH RESPECT TO RISK MANAGEMENT STRATEGIES AND PRACTICES DURING GLOBAL RECESSION

1. "Best practices" and state-of-the-art risk management models adopted by Indian banks. Foreign banks should emulate these models.
2. Transparency, robust risk management, optimum internal controls and reliable risk management practices by Indian Banks.
3. To bring market risks under effective control and ensure their healthy and steady development, foreign players should perfect their risk control measures and gradually localize their risk management functions.
4. "Foreign banks should establish independent and effective risk control departments with sufficient and competent risk-control personnel supervising their RMB operations.
5. Foreign lenders are required to evaluate their risk exposure and profits and losses more accurately, providing reliable information and data for authorities to better control market risks.

CONCLUSIONS

To conclude the crisis is forcing countries around the world to test the limits of their fiscal and monetary tools. This is true for macroeconomic policy. Our economy remains fundamentally strong despite the adverse impact of the global financial crisis. With the right mix of macroeconomic policy and corporate strategy, as an economy, we will emerge from this global recession stronger than before. Banks must consider how procedures may be improved in order to reduce risk. There are pressing immediate reasons why banks should be reconsidering their risk management strategies. It is sensible to adopt a systematic approach to risk management by banks. Indian banks are efficient in managing risk, risk identification and risk assessment by averting any unexpected risk through risk management practices when compared to foreign banks

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PREVENTIVE MEDICINE TO COMBAT OCCUPATIONAL STRESS OF EMPLOYEES IN BPO ORGANISATIONS – INDIA'S NEED OF THE HOUR

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ABSTRACT

Macro and Micro HR issues confront organizations engaged in globally distributed work .These impact not only the work and organizational productivity but also the people delivering that work and therefore, need to be addressed adequately for the benefit of all stakeholders. In the present globally competitive environment outsourcing has emerged as a feasible option through which in-house operations/business processes are contracted to an outside agency- a method to reduce operational costs and get access to superior technologies or more efficient personnel at reduced cost. This BPO industry has been rapidly expanding in over the last 10 years growing at the rate of 40 – 50 %.There are however concerns regarding issues of health and safety that are unique to this new and developing industry. The lack of reliable and relevant information on which to base the response to this concern poses a challenge for safe guarding the health of BPO employees. Today it is not uncommon to see a person in the 30 – 40 age group to suffer from cardiac arrest, block in angina, high diabetics, high cholesterol etc.. The criminal is occupational stress. It is a costly problem to the employees and to the employers. The management across the sector is increasingly aware of occupational hazards associated with the job, but dearth of innovative techniques can be felt as small companies are still gearing up to provide employees with proper working conditions. In this context there is a paucity of empirical work on this emerging field. However this paper aims to include through a survey of specialist medical practitioners preventive techniques to combat occupational stress- as this sector has elevated our society from poverty, it also faces threats of outsourcing of health problems to our people. The results of the survey will enable our BPO vendors to enhance their health care strategies to combat the inbuilt stress factor in this occupation – else the phenomena of stress will dig a grave for this industry amidst the other threats that this flourishing industry is facing in the competitive scenario.

KEYWORDS

Occupational stress, BPO, Preventive healthcare, Pre diagnostic techniques, Asana, Lifestyle diseases

INTRODUCTION

20 years back – Have you ever heard of a cardiac arrest, blockage in angina, high cholesterol and high diabetes to an employee in the age group of 30-40 years? Similarly have you heard of early retirement, mental strain, absenteeism and burnout? Obviously no, which you have not come across - such a scenario. Occupational stress is the interaction of the worker and the conditions of work. Downsizing, increased workloads, high competition, growing population etc. are taking their toll. "Stress, in essence, is a feeling of doubt about being able to cope, a perception that the resources available do not match the demands made. When it persists, stress can cause physical and psychological ill-health and adversely affect social functioning". Occupational stress has become a common and costly problem leaving a few workers untouched. Over 20% of corporate employees in India crave to strike a right balance in life (McKinsey, 2009) .If one looks beyond this craving there's an unsettling world of long work hours, strict deadlines, sleep debt , precipitous drop in physical activity , eating fatty foods of convenience and stress loop at home and at work spiraling into a an abyss of chronic lifestyle disorders. In the present day scenario, IT and BPO companies jobs are being termed as more competitive and stressful. Even though by virtue, some jobs are highly stressful like army, police, and fire service etc. Some are relatively moderate viz. Service sectors and health care industry etc..

The BPO industry has been rapidly expanding in India over the last 10 years. It has been growing at the rate of 30-40% a year. It is observed that the top 13 companies have grown by 67.4% while the next seven have grown by 27.5%. This brings us a full circle that the industry is still evolving. Another dimension observed was that Indian BPO's have got listed on the stock markets making it one of the most important years in the evolution of this industry. (Source: Data Quest 2008)

However there is a concern regarding issues of health and safety that are unique to this new & developing Industry. The lack of reliable and response to this concern poses a challenge for safeguarding the health of BPO employees. Elevated stress levels, shift duties, high work targets, lofty income may force many towards addictions to keep them going. Call centers are blooming field of employees in the present age of information technology. People with basic minimum qualification and good communication skills are getting in the BPO industry, gaining exposure to the westernized working environment and at the same time affecting the Indian way of living in various fields such as physical, social, cultural leading to various problems amidst good pay, perks, fast lifestyle, several researches have drawn their interest towards the physical, psychological and social stress faced by these employees and their revelations are astounding. According to (Ernst & Young, 2010) India's loss in terms of potentially productive years due to lifestyle diseases is among the highest in the world. India is slated to lose $237 billion between 2005 and 2015 due to drop in productivity (WHO report, 2010).No wonder the management across the sector is increasingly getting aware of occupational hazards associated with the job. However there is paucity of research of preventive healthcare to combat occupational stress of employees in BPO organisations.

Preventive healthcare holds enormous promise for the competitiveness of Indian BPO Companies; and for the Country's economy in the global arena. In an era when the service sector is gaining pre-eminence, the value of the individual employee has increased more than ever before. Employees with specialised skills are the focal point on whose well being and performance the productivity of a company rests. In a highly competitive corporate environment, companies cannot afford the absence of their employees due to sickness, caused by a sedentary lifestyle, etc as a poor performance at the workplace due to poor health. Both as part of their corporate social responsibility and to boost their profits, a number of firms are offering preventive health care facilities to their employees. This awakening however is only in the inception phase as one sees only top corporate like WIPRO , TCS , HP , PepsiCo Maruti Suzuki venturing into wellness measures but a vast majority companies across sectors lack practice.This paper tries to examine the empirical evidence of the relationship between preventive healthcare and labour productivity and corporate profitability with specific reference to ITes/BPO sector. While doing so it generates awareness on the positive role of preventive health care in boosting the corporate sectors performance and improving the country's economy.

THE CONCEPT OF BPO AND OCCUPATIONAL STRESS

BPO Defined: Business Process Outsourcing is a general term used to describe the outsourcing of Critical, but non-core, business process or functions of an organization to external vendor for long periods of time on a set of predefined performance metrics.

BPO services have gained prominence during the past couple of years as more and more organisations have recognized the practical and enhanced value of externally delegating processes as opposed to doing them in house. BPO is not a new concept many larger organisations have been outsourcing non core activities such as IT maintenance, housekeeping and security services for decades. These activities are simply and require placement of low-skilled labour-on-site at the location itself. Critical activities were never on the agenda as companies were scared of losing control over such activities; moreover it was assumed that it would be costlier to outsource them than to do them in-house. All this has changed in the last 15-20 years. Improvements in technology in recent years have enabled companies to 'Virtually' Control processes outsourced to distant locations of third party vendors of outsourcing services. The rapid advances in internet technology and its omnipresence made this even simpler. This led to a trend of companies outsourcing more complex processes to outside vendor by keeping in touch with their vendors 24 x 7 x 365. Some of the top 10 BPO service providers in India in the year 2008-2009 in shown in the table below:

Company	Revenue 2008-2008	Rank FY '09
Genpact	4,086	1
TCS BPO	1,817	2
WNS Global Services	1,787	3
WIPRO BPO	1,641	4
First Source Solutions	1,560	5
Aegis	1,558	6
IBM Daksh	1,486	7
Infosys BPO	1,471	8
Aditya Birla Minacs	1,430	9
HCL BPO	1,077	10

Source: Data Quest July 2009 (Cyber media Research)

INDIA –AN ATTRACTIVE OUTSOURCING DESTINATION

As outsourcing has increased at a rapid pace due to the advancement in modern satellite and internet technologies, better connectivity and a constant search for less expensive labour to cut costs and achieve competitive advantage. Some of the attractive outsourcing destinations are China, India, Philippines, Malaysia, Canada, Mexico Thailand etc. India is one of the major offshore outsourcing industry as it has a well educated, talented, low cost, English speaking workforce, excellent IT and networking infrastructure a fairly stable political scenario, friendly laws ad well laid taxes and quality certified software firms. The offshore outsourcing market in India in ever growing and has produced many success stories, making India a very popular offshore outsourcing destination for IT related and other BPO services.

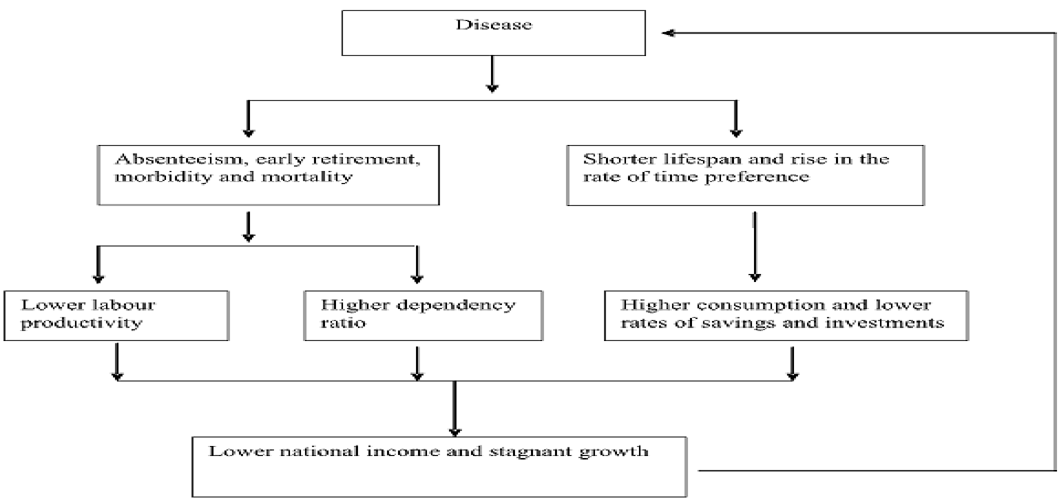
Based on the projections of growth in this sector by Nasscom – Mckinsey and others it is observed that in the year 2010 BPO industry will directly support the livelihood of about 1.0-1.5% of India's population. In sheer GDP terms assuming India's GDP to be about USD 600 Billion by 2010, 4% of the GDP will be contributed by BPO. On the other hand China and South Africa will pose tough competition to India in the future in this sector.

Occupational Stress defined: Occupational stress is defined as the physiological and emotional responses that occur when workers perceive an imbalance between their work demand and their capability and / or resources to meet these demands. Importantly, stress responses occur when the imbalance is such that the worker perceives they are not coping in a situation where it is important to them that they cope. However it is not a disease. All stress is not bad too. Learning how to deal with and manage stress is critical to maximizing job performance, staying safe on the job, the maintaining physical and mental health. However stress activation can lead to illness like Cardiovascular, musculoskeletal and mental illness.

Preventive Health Care: According to the definition by the WHO "Health is a state of complete physical, social and mental well being and not merely an absence of a disease of infirmity". In the recent years, the statement has been modified to include the ability to lead a "Socially and economically productive life". Preventive health care is an important determinant of health sincere prevention means avoiding or showing the course of a disease which is essential for a good quality of life. According to Industry analysts, there has been a growth of 25% in the preventive health care market over the last five years. Apollo Hospitals, which pioneered the concept of preventive health packages in India, conducts a couple of hundred health check-ups a day.

Besides in knowledge based economy, many of the business rely on the intellectual capital including creativity and innovation which is critically dependent on the health of the employees as shown in Fig 1.

Figure 1: Relationship between disease and economic growth



NEED FOR THE STUDY

No wonder the BPO industry has uplifted the economic strata of our Indian population providing 2.5 million jobs, It has today become a growth engine for the economy, contributing substantially to increases in the GDP, urban employment and exports, to achieve the vision of a "young and resilient" India. It is observed that the Industry is expected to witness sustainable growth over a two-year horizon, going past its USD 60 billion export target in 2010 (www.nasscom.com). The woes of this sunrise sector cannot be ignored as BPO today has become all about outsourcing health problems along with the work. Further India is facing and would face a much tough competition from China and Philippines who are gearing themselves up to win a larger share of the global offshore outsourcing work. Further the health care Industry is also seeing a facelift and many global players are entering the healthcare scenario. Health is being recognized as a basic fundamental right of all citizens and health promotion is becoming an intrinsic part of health care .Since people are becoming health conscious and this is correlated to labour productivity and corporate profitability. This study is India's need of the hour to tailor make healthcare packages and promote awareness for preventive health care through critically evaluating its positive impact to combat occupational stress.

LITERATURE REVIEW

Literature Review was attempted by going through various secondary data published in National and International journals so as do enable the researcher to evaluate the scenario of need for preventive medicine to combat the occupational stress of employees in BPO organisations and the review is detailed below.

According to the world health organization (2005), the estimate loss in India's national income due to heart diseases, stroke and diabetes in 2005 was US $ 9 billion compared to US$ 3 billion for Brazil. These losses are projected to exceed US$200 billion in the next decade, unless preventive measures are taken in which case, an accumulated economic growth of US $ 15 billion can be expected.

Abegund and Stanceole (2006) in nine countries using a growth accounting framework found that deaths due to chronic diseases will adversely impact labor supplies and savings and hence countries will lose large amount of national income. As more people die every year, there losses tend to accumulate over time. It is estimated that average loss in national income as a result of three chronic diseases namely cardiovascular, stroke and diabetes -India will lose US $ 23 billion annually in forgone income over the decade 2005 and 2015 owing to deaths relating to just three chronic diseases. In particular, the income loss as a percentage of GDP for popular countries like India will be high, around 1.25% in 2015.

Oscar de Mello (2008) country head (India) Hay Group, Reward Information Services in his report showed that, in general, staff turnover in India is 15.7% but in BPO it is around 23.5% the Country's highest due to the remuneration that is less than pretty, and also the irregular work schedules and stress related diseases. It is evident from his report that the overall compensation structure design is not Competitive when compared to general market practices and it is limited to those that can be enjoyed only post retirement.

R.Kesavan (2003) in his research work occupational hazards of people working with VDT, has highlighted that the introduction of VDT into the workplace has brought about increased visual complaints such as eye-strain, eye-soreness, blurred vision, headache etc. It is actually defined as a kind of visual discomfort that occurs due to prolonged study of visual details with reduced eye movements. In this experimental investigation optimal values for various factors like viewing distance, angle etc have been obtained.

Arman (2009) in his article reviews the work-life conditions of the employees in the call centers in India and attributes the stress in the job to the tight deadlines, monotonous nature of the work and night shifts. The increasing incidences of death in the call center shop floor due to the continuous high stress levels could not be completely ruled explaining the death of a call center employee at Thiruvanmaiyur, Chennai at the workplace.

The above review of the literature also necessitates the need for preventive strategic planning to combat occupational stress of employees in BPO Organisations.

OBJECTIVES OF THE STUDY

The proposed objectives of the study are

1. To evaluate the opinion of the medical professionals as to the major stress causing factors among BPO employees.
2. To critically estimate various preventive measures of stress control.
3. To suggest measures of work-life balance and to ascertain the efficiency of preventive medicine to combat occupational stress of BPO employees.

METHODOLOGY OF THE STUDY

An empirical analysis was conducted to evaluate the role of preventive medicine to combat occupational stress of BPO employees in Chennai and Puducherry.

DATA SOURCES

Both secondary and primary data was used. Primary data was collected through a questionnaire. About 50 medical practitioners from various medical fields from both the towns were selected in the sample. Various secondary sources like Anna University Library, Pondicherry University Library, and JIPMER Library was visited to collect the data apart from referring national and international journals and internet. A well structural Questionnaire with open and close ended questions was used and data was collected through personal Interview method. Statistical tools like chi square (one sample test), ranking methods were also used so as to judge the credibility of the survey results. The findings of the study are tabulated below:

TABLE 1 : DOCTORS PROFILE

SPECIALISATION – WISE DISTRIBUTION OF DOCTORS	
Specialization	% of the Respondents
Cardiologists	24
Psychiatrists	12
Orthopedician	20
Ophthalmologist	12
Gastroenterologist	8
General Practitioner	8
Diabetologist	4
Gynecologist	12
Total	100
TENURE OF DOCTORS SERVICE	
Tenure	% of respondents
5 – 10 yrs	11
10 – 15 yrs	35
15 – 20 yrs	45
20 + yrs	9

The above Table 1 shows the doctors profile whose opinion was sought with regards to the role of preventive healthcare to combat stress of BPO employees. It is observed that medical practitioners from various fields of medicine from Chennai and Puducherry were included in the sample. Further doctors with mostly 10 – 20 yrs of service have been interviewed thereby adding value to the results of the study.

TABLE 2 : OBSERVATIONS ON OCCUPATIONAL STRESS DIMENSIONS AMONG PATIENTS

MAJOR STRESS FACTOR	
Factor	% of the respondents
Work related issues	70
Family / relationship issues	22
Health reasons	8
Other (specify)	-
AGE GROUP SUSCEPTIBLE TO STRESS	
Age Group	% of respondents
20 – 30	44
30 – 40	52
40 – 50	4
50 +	-
FREQUENCY OF VISIT OF PATIENTS WITH STRESS RELATED DISEASES / SYMPTOMS	
Frequency	% of respondents
Always	40
Sometimes	48
Often	22
Rarely	-
Never	-

The Table 2 shows that a typical stress causing factor observed by doctor is work related issues (Work load) and the age group most susceptible these days to stress related diseases is 20 – 30 and 30 – 40 age group. Further doctors find more of their patients are subject to stress related diseases especially very true in the case of patients visiting psychiatry and diabetology. This also indicates that more and more BPO employees are prone to mental illness due to depression etc or sugar due to their lifestyle change.

CHI SQUARE HYPOTHESIS (ONE SAMPLE TEST) WAS APPLIED ONTO TABLE 2 AND THE FOLLOWING ARE THE OBSERVATIONS

Hypothesis 1:
Ho: Factors causing occupational stress are uniformly distributed among patients.

O	E	(O-E)	$(O-E)^2$	$(O-E)^2/E$
35	16.6	18.4	338.56	20.39
11	16.6	5.6	31.36	1.96
4	16.6	12.6	8.76	9.56

$\sum (O-E)^2/E = 31.91$

The calculated value of chi square was 31.91 and the table value was 5.99 at 5% level of significance and degree of freedom equal to 2.Hence the null hypothesis is rejected and it is concluded that factors causing occupational stress are not uniformly distributed among patients.

Hypothesis 2:
Ho: Age group susceptible to stress is uniformly distributed.
The calculated value of chi square was 19.88 and the table value was 5.99 at 5% level of significance and degree of freedom equal to 2.Hence the null hypothesis is rejected and it is concluded that age groups susceptible to stress are not uniformly distributed.
Hypothesis 3:
Ho: Frequency of visit of patients with stress related diseases is uniformly distributed.
The calculated value of chi square was 5.89 and the table value was 5.99 at 5% level of significance and degree of freedom equal to 2.Hence the null hypothesis is accepted and it is concluded that frequency of visit of patients with stress related diseases are uniformly distributed among patients which is mostly always , sometimes , often..
These hypothesis testing clearly indicate that the variations observed in the sample survey are not due to chance and therefore there is a need to pay attention to the results of the survey.

TABLE 3: EMPLOYEES MOST SUSCEPTIBLE TO LIFESTYLE DISEASES

Employees	Rank
IT/ITes	1
Media	3
KPO	2
Financial Services	4
Telecom	5

Table 4 indicates that the doctors consider IT / ITeS employees to be more susceptible to lifestyle diseases like obesity, diabetes, high BP, High cholesterol, heart ailments, spondolysis, sleep disorders and depression. This is indeed characteristic of the sectors working style

TABLE 4: MOST COMPLAINED STRESS SYMPTOMS OF PATIENTS

Symptoms	Always	Sometimes	Rarely
Tension	✓		
Irritability	✓		
Inability to Cope		✓	
Excessive tiredness		✓	
Trouble in sleeping	✓		
Anxiety	✓		
Pounding heart		✓	✓
Pains & trembling		✓	

Table 3 indicates the most frequent stress symptoms as complained by the patients in the BPO sector and we observe that most of these symptoms are influenced / dependent on their workload and work style. Thus workload seems to a major stress factor among them.

OTHER MAJOR FINDINGS FROM THE STUDY

- It has been clearly established that major of stress related diseases lead to critical illness like heart attacks, high diabetes, high cholesterol and the like which could have been much under control / avoided in some cases through preventive medicine.
- About 82 % of the doctors are of opinion that preventive healthcare increases productivity as well as profitability of a company.
- Some of the diseases that can be detected through preventive health care are

Hypertension
Anemia
Diabetes
Gastro Intestinal
Heart diseases
and musculoskeletal diseases
A number of pre-diagnostic measures were evaluated and their level of importance to combat occupational stress is ranked as

Pre diagnostic methods	Rank
Regular health screening	1
Stress relieving techniques	2
Facilities for exercise	3
Preventive health care	4
Life style related advice	5

However post diagnosis medical treatment is recommended and to some extent counseling, shifting to less stressful job in the company is also advised.

- The employee oriented measures that can be adopted to reduce stress are ranked as exercise, spending time with family followed by meditation in the same order.
- The employer oriented measures to combat stress are ranked as follows creating awareness on weight control, exercise, curbing smoking, and blood pressure control and health risk assessment.
- In the future occupational stress can be promoted by the following in the same order of importance as employee, employer, government, NGO & then finally hospitals.
- It has been unanimously accepted by doctors that there is need for acceptance of the working style and culture by the BPO employees.
- Employers can take new initiatives like counseling, psychiatry and providing in-house medical facility to combat the growing lifestyle diseases.

SUGGESTIONS

The survey has brought about very interesting revelations to combat stress of BPO employees as stated below:

- Government intervention through its comprehensive care and commitment to regularly introduce innovative schemes, infrastructure development, environment protection at the Macro level and also provide incentive and subsidies to these companies or indirect subsidies cover the whole range of preventive health care. Measures like counseling, gym, health check- ups, follow – up to this check – ups etc. should also be covered by government schemes.
- Though some companies provide wellness measures they are used by employees only in certain situations. Hence government must ask these companies to make preventive checkups mandatory.
- Corporate can offer preventive health care vouchers for fixed time periods at regular intervals of time.
- When you are in Rome be like a Roman" This philosophy has to be realized by the employees to accept the demands of the BPO job profile apart from the income from it.
- The role of HR personnel has to be unbiased towards the Employees and the employers to provide a more stress free work environment.
- Providing music in the background of the shop floor, would give them relaxation to monotony and boredom in the work.
- Fixing up smiling, pictures of philosophers like Swami Vivekananda to calm the employee stress.
- Follow guidelines for arrangement of the employee work station like in the aspect of height, depth, back rest of the chair.
- Good lighting design can be followed to significantly help reduce discomfort due to glare.
- Tips should be followed to protect the employees from (CV) computer vision syndrome with respect to areas like monitors positioning, angle of viewing, attaching antiglare screen etc.
- Following tips while regularly using the keyboard so as to avoid stiffness of the hand / fingers
- Following de stress exercises during Lunch break like eye exercises.
- Sedentary work style in BPO jobs can be combated through neck relaxation exercises otherwise one will end in stress and end up in spondolysis.
- Yoga is a traditional and cultural science of India. Some of the stress relieving asana like Makarasana to eliminate physical and mental tension can be followed. The regular habit of de-stressing exercises and meditation must be instilled in the minds of the employees through regular counseling and stress relieving lectures.
- Ergonomics at work place has to be regularly audited and this is the most useful approach for preventing stress at work and plan suitable remedial actions for organizational and individual growth.

Finally as no job is stress free and also even the best effort to improve working conditions cannot completely eliminate stress, there is a need for a mental change in the employers and employee to combat stress through realizing "Prevention is better than cure".

CONCLUSION

It is increasingly being recognized that occupational stress is a major hazard at the work place of BPO employees. This is taking a toll on the lifestyle of our youngsters. The deaths in the recent years in this sector have to some extent brought the attention of policy makers to regulate the health and safety related issues. Combating occupational stress of BPO employees has to follow 360^o approach wherein a mental change is required in these BPO employees to accept their job profile and have to respond to new behaviors this sector calls for, while the employers should also promote awareness and provide necessary facilities to control their employee stress. Also the various sections of our society should understand that healthier the population of a country, the greater is its economic growth.

Further while liberalization of the economy has expanded opportunity for employment and additional incomes in this BPO sector, it has also brought with it urbanization and changes in lifestyles. There changes have had a profound impact on the epidemiology of diseases and health care demands of the people. To some extent large companies like Infosys has introduced programme like (Hale) Health Assessment Lifestyle Enrichment for reducing absenteeism and psychological stress. Similarly WIPRO runs a programme called Mitr (Friend) to take care of the emotional and physical well being of its employees. But however such initiatives are beyond the reach of the smaller BPO's which are in our Country more so than the larger ones extending to the Tier II and Tier III towns and cities extracting the work at cheap labour costs. This can be checked only through government initiatives through strict policy formulations and through public-private participation. The role of the hospitals comes only after the initiatives have been taken by the other participants namely government, NGO, employee and employer.

No wonder India is ranked somewhere like 134 in the Human Development Index. Finally Business enterprises have to realize their stake in optimally using their health budget to reduce attrition, absenteeism, building team spirit and enhancing productivity for the mutual benefit of the various interest groups in our economy to combat occupational stress through the strategic measures of preventive medicine.

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AYURVEDIC WELLNESS TOURISM IN KERALA: A GATE WAY FOR ENTREPRENEURS TO EMERGE SUCCESSFUL

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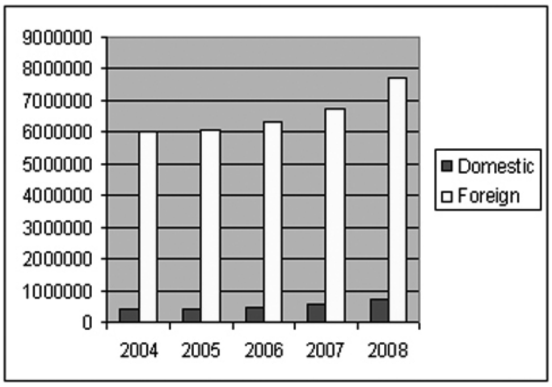
ABSTRACT
Health/Wellness tourism refers to trips that are taken by tourists with the principal purpose being to improve their health and/or wellbeing. India is the most touted healthcare destination for countries like South-East Asia, Middle East, Africa, Mauritius, Tanzania, Bangladesh and Yemen with 12 percent patient inflow from developing countries. What attracts medical tourists the most to India is its low cost treatment, compared to western standards, along with the diverse tourism opportunities. Here, tourists can enjoy the vivacious culture, amazing contradictions, diverse geography , the most unique attribute – unity in diversity and are able to receive an orientation that will help them improve their life in terms of health and general wellness. Government and private sector studies in India estimate that medical tourism could bring between $1 billion and $2 billion US into the country by 2012. The reports estimate that medical tourism in India is growing by 30 per cent a year. Today, Kerala Tourism is a global super brand and is regarded as one of the destinations with the highest brand recall. The tag line Kerala- God's Own Country was adopted in its tourism promotions and has become synonymous with the state. Kerala's equable climate, natural abundance of forests (with a wealth of herbs and medicinal plants) and the cool monsoon season (June - November) are best suited for curative and restorative packages. Health care tourism has many exciting prospects for entrepreneurs. For those entrepreneurs with a willingness to be early to market and the tenacity to wait out the inevitable market acceleration in the medical tourism industry, this is a very attractive entrepreneurial opportunity. In order to cope with the growing demand for wellness, resorts, hospitals, medical practitioners and Government have taken ample measures to promote alternative health care in Kerala. This paper examines the various factors that contribute to Kerala's strength as a preferred destination for Ayurveda based Wellness tourism.

KEYWORDS
Ayurveda, Kerala, Tourism, Wellness.

INTRODUCTION
India is one of the most sought after destinations for medical tourism. In the year 2004, some 150,000 medical tourists from UK, US, Middle East and other foreign countries visited India seeking medical care in Indian hospitals. Since then, medical tourism in India has been growing at the rate of 20% per annum. Cheaper treatment is a huge attraction and during recession, that's a big fact. In 2007, Indian hospitals treated 4.5 lakh patients from other countries against topper Thailand which treated about 10 lakh patients. A significant factor for India's popularity as a medical tourism hub is the absence of long waiting time to avail medicare that is very common in the US, UK and Canada. Medical tourism showcases the potential of Indian healthcare sector to the world which dreaded India for the incidence of AIDS, Tuberculosis, Cancer, Malaria and Diabetes. As a move in promoting medical tourism, many hospitals are deemed as "corporate hospitals" that specially cater to the needs of medical tourists in India. Apart from offering world class treatments, they offer various services that make medical tourists' stay in India hassle free. The country's National Health Policy declares that treatment of foreign patients is legally an "export" and deemed "eligible for all fiscal incentives extended to export earnings." Government and private sector studies in India estimate that medical tourism could bring between $1 billion and $2 billion US into the country by 2012. The increasing attractiveness and economic significance of health and wellness tourism is further apparent in the growth of both domestic and international visitors since the beginning of this decade. Figure 1 indicates the foreign tourist arrivals from 2004 to 2008

FIG: 1 FOREIGN TOURIST ARRIVAL FROM 2004 -2008



Source: The Economic Review 2009

Along with the tremendous opportunities for tourism and leisure, India offers the best treatments in conventional medicine: Ayurveda, Homeopathy, Naturopathy, Yoga and Modern medicine such as cardiology, orthopedic surgery, eye care, gynecology, cosmetic surgery and dental surgery. Southern states of India, especially, Kerala has developed Wellness Tourism as one of the products for the promotion of tourism in the state. The top 10 source countries for foreign tourist arrivals to India during 2005 and 2006 is shown in Table 1

Table 1- Top 10 Source Countries for Foreign tourist Arrivals 2005 -06

Rank	Country	Tourist Arrivals	Rank	Country	Tourist Arrivals
1	UK	651083	1	UK	734240
2	USA	611165	2	USA	696739
3	Canada	157643	3	Canada	176567
4	France	152258	4	France	175345
5	Sri Lanka	136400	5	Germany	156808
6	Germany	120243	6	Sri Lanka	154813
7	Japan	103082	7	Japan	119292
8	Malaysia	96276	8	Australia	109867
9	Australia	96258	9	Malaysia	107286
10	Nepal	77024	10	Nepal	91552

Source: Bureau of Immigration, India Tourism Statistics

OBJECTIVE OF THE STUDY AND REVIEW OF LITERATURE

The study examines the diverse challenges that need to be addressed by the medical tourism industry to realize its potential and suggests relevant guidelines for Entrepreneurs to choose this niche area and evolve successful. Earlier studies carried out in the field were analyzed and it reveals that a striking gap exists in the field of research in this highly potential but understudied area. The study is carried out with an objective to analyze the strength, weakness, opportunities and threat of alternative health care industry in Kerala. Related data were collected from the Directorate of Tourism, Govt. of Kerala, KTDC, Govt. Ayurveda College Thiruvananthapuram, Directorate of ISM, reputed and classified wellness resorts in the private sector as well as from the published research reports on health tourism. Among the classified health care units, selected ones were visited and primary data were collected from domestic / international medical tourists on acquiring prior permission from the respective management. The chief operating managers, resident doctors and masseurs of the wellness centers were also interviewed to arrive at the final judgment.

STATEMENT OF THE PROBLEM

The present study enquires into the current infrastructure and the market potential of Ayurveda based wellness tourism offered at Kerala in attracting international medical tourists and also the scope for entrepreneurs to emerge into the scenario. An attempt is made to study the Ayurvedic health care scenario by focusing on the strengths, weaknesses, opportunities and threats posed by the sector.

ANALYSIS AND INTERPRETATIONS

AYURVEDA BASED WELLNESS TOURISM IN KERALA

Kerala – The mesmerizing land located in the south of India enjoys geographical features that are unique and rich. This state is also the only place in India which practices Ayurveda in its purest form. Ayurveda is the traditional Indian system of medicine that has brought true health, happiness and wellbeing to millions of individuals throughout the ages. This ancient art of healing has been in practice for over 5000years, and was also the mainstream medicine in the ancient times. Derived from its ancient Sanskrit roots – 'ayus' (life) and 'ved' (knowledge) – and offering a rich, comprehensive outlook to a healthy life, it is the only medical science in this universe which is useful even when one is not ill. Ayurveda is a complete science of health that is being applicable in all stages of life starting from birth, neonates, infants, childhood, youth, old age and even life before and after death. For many people, the image of Ayurveda is limited to the use of herbal or home/kitchen remedies and a traditional way of treatment. But in reality, Ayurveda is a much serious medical science, which strongly emphasizes on the diagnosis, examination, analysis of the disease, diet, medicinal properties, dose, frequency of the medicine and the medium with which it should be consumed. The Medicare in Ayurveda has broadly two parts: one is preservation of health and prevention of diseases and the second, diseases and their treatment. Ayurveda follows a totally different way of treating diseases known as "Panchakarma", which means literally "Five Therapies" which are the subtly harmonizing purification procedures that dissolve metabolic waste products and toxins generated from the environmental ill effects, in a gentle and effective way from the tissues and eliminate them from the body. This treatment is advisable to the diseased as well as the healthy. Ayurveda also has a comprehensive system of massages and body treatments that gives relief from a wide range of illnesses, from migraine and sinus to arthritis and paralysis; that detoxify and cleans the body through controlled emesis, purgation, making the individual sweat; and that makes the body receptive to further treatment. These therapies are more effective in Kerala due to the almost year around humid climate of the state. In 2006, Kerala attracted 8.5 million tourists–an increase of 23.68% in foreign tourist arrivals compared to the previous year, thus making it one of the fastest growing tourism destinations in the world. Table 2 shows the position of Kerala among other States in terms of foreign tourist arrivals.

TABLE 2- FOREIGN TOURIST ARRIVALS TO INDIA- TOP 10 STATES/UT

Sl No	State	2005	2006
1	Delhi	1511893	1974836
2	Maharashtra	1449875	1712302
3	Uttar Pradesh	1174597	1328974
4	TamilNadu	1179316	1319501
5	Rajasthan	1131164	1220164
6	West Bengal	895639	998029
7	Andhra Pradesh	560024	669617
8	Karnataka	545225	505524
9	**Kerala**	**346499**	**428534**
10	Goa	336803	380414

Source: India Tourism Statistics – 2006

CURRENT INFRASTRUCTURE

Kerala, the state almost synonymous with the word 'Ayurveda', is now all set to reap the benefits of Ayurveda through health tourism. The reason for this is the popularity of Ayurvedic treatments and the manner in which Kerala is marketing Ayurveda in medical tourism. The promotion of Ayurveda in health tourism started in 1994 and the Kerala Tourism Development Corporation (KTDC) started Ayurvedic health centers in its premium properties like Hotel Samudra, Kovalam, during the same period. KTDC has tied up with the most reputed Ayurveda treatment providers and hence the authority of doctors and the quality of the medicines used are not compromised. While all the hotels and resorts in Kerala have now started including Ayurveda in their services, there are some resorts, which are exclusive for Ayurvedic treatments. With a view to facilitate the wellness tourism industry to achieve the targets and to give a greater momentum for this growth, the Ministry of Tourism, Government of Kerala, in association with the Department of Indian Systems of Medicine (ISM) has identified an urgent need to evaluate the safety and service standards of the prevailing and newly establishing Ayurveda centers and classify them accordingly. Standards have been set in terms of **Personnel** – Qualified physicians and masseurs having sufficient degree and training from recognized Ayurveda institutions, **Quality of medicines and Health programmes** – Prior approval by the advisory committee for the levels of treatments, clear exhibition of the treatment programmes offered and usage of medicines manufactured by approved firms with proper labeling, **Equipments** - Standards are fixed for the size and make of massage tables, facilities for medicated hot water , sterilization, electric/ gas stove and the hygiene , **Facilities** - in terms of number of treatment rooms with prescribed size , proper ventilation and attached bathrooms, quality and finishing of floors and walls, consultation room with proper equipments, separate rest rooms, locality , ambience and the cleanliness of surroundings. Ayurvedic centers fulfilling all the mentioned essential conditions are awarded a certification named ***Olive Leaf***. Apart from the same, Government has also set some optional conditions in terms of the construction and architectural features of the building, adequate parking space, facilities for steam bath, separate hall for yoga and meditation, herbal garden attached to the center and the picturesque location. The Ayurveda centers also fulfilling these optional conditions will awarded ***Green Leaf***. The Department of Tourism does not take responsibility of any centre, which is not classified in either of the above categories.

ANALYZING THE SWOT

Strengths

The strengths of Kerala's Ayurvedic tourism were identified from the potentials listed below:

- Ayurveda is synonymous to Kerala
- World class Medicare facilities at affordable costs established at aesthetic locations.
- International visitors are already well versed with the alternative therapies prevailing in Kerala
- State- of-the-art equipments, technology and procedure
- Patients are welcomed as 'guests' and made to feel at home in unfamiliar surroundings.
- Recognition and classification of centers facilitated by the State Government.
- Ayurveda & spa available in all major resorts.
- Permanent cure of disease and rejuvenation of body , mind and spirit imparted by the Wellness therapies
- Consecutive national award winner for best performing State in tourism by Govt. of India
- Wide range of tourism resources, equable climate, variety of cuisine and vivacious culture.
- Kerala has been selected by World Travel and Tourism Council as a partner State
- Wide usage of English.

Weaknesses

The major weaknesses that should be improved to attract more health tourists are:

- Poor infrastructure in terms of roads, drainage and traffic systems.
- Unscientific waste management system and pollution control.
- The positive message and curative therapies of Ayurveda has not yet spread globally to the full extend
- Presence of a large number of unlicensed alternative medical practitioners.
- If Ayurvedic medicines need to be exported, many countries pose compulsion of a certification regarding non-existence of metals in medicines.
- Open latrines, contaminated water and sewers convey a negative image
- Spread of diseases like swine flue, chikungunya, birds' flue and leptospirosis.
- Irritating behavior from the local public towards foreign visitors
- Lack of standardization in alternative Medicare and costing methods.
- Poor internet connectivity.
- Threat of terrorist activities
- Lack of international accreditation.
- Poor coordination among tourism providers.

Opportunities

- Preventive healthcare
- Combination of Ayurveda with leisure tourism
- More stress management and holistic treatment centers
- Medical outsourcing
- Government controlled information centers on Ayurveda in all countries
- Organizing of International Wellness expos in Kerala, annually
- An exclusive website for Ayurveda based wellness tourism facilities in Kerala monitored by Government missionaries.

Threats

- Commercialization of health care
- Threat on public health system due to over emphasis on health tourism.
- Sexual exploitation and development of sex tourism.
- Travel agents stress only on the massage part of Ayurveda
- Unlicensed and unqualified medical practitioners getting established.
- Hike in charges
- Adverse effects on culture
- Unhealthy competition among Wellness providers.

FINDINGS AND SUGGESTIONS

With the destination firmly established as the 'Wellness Capital of Asia', achieving world-class status is next on the national agenda. Kerala is the foremost state in India that realized the potential of Ayurvedic health tourism and has widely marketed it throughout the state. About 10-12 years back, Kerala started with the task of promoting Ayurveda on a larger scale. It is estimated that about 30% of the foreigners coming to Kerala avail themselves to Ayurvedic care and about 40% of the State's tourism revenue is generated from the same. The Kerala government realizes that it is of vital importance to offer assurance to spa guests and visitors to the state that safety, hygiene, service quality and quality assurance are top priorities. This is to be achieved through the introduction of quality standards, registration, certification and regulation, and legislation. The comprehensive plan also includes guidelines and measures to ensure fair pricing. Beyond a competitive pricing strategy, achieving quality is another key to Kerala's competitiveness. The ability to attain international standards and consistently deliver high quality products and services are critical success factors in the promotion of Kerala products on the global market. Kerala, as part of its marketing strategy, continuously organizes road shows all around the world for the promotion of Ayurveda along with modern medicine. It is vitally important to create confidence in the products Kerala offers. There is much greater awareness and operators have come to realize that delivering quality translates into greater business efficiency, lower operating costs and increased profits.

The opportunity to visit a vacation destination for medical treatment coupled with easy access to air transportation has given medical tourism a lot of thrust, and many countries and individual entrepreneurs are beginning to take steps to benefit from it. Medical tourism has many exciting prospects for entrepreneurs and insurance companies. Patient misconceptions like lack of hygiene and other fears can be allayed by providing information and encouraging interaction with previous beneficiaries. An entrepreneur has to make many decisions on how much money to sink in, whether to partner, how to work with relevant government or regulatory entities, whether to invest in local or global brands or none at all, etc. The initiatives to build on the quality of service delivery for the customer can be on both a strategic and tactical level. At the very top are issues such as defining the mission and scope of business for the service provider.

1. Is Ayurvedic medical tourism a small initiative on the part of the institution or is it an area of major focus?
2. What type of segmentation and target market selection can the management undertake?
3. Who would form the biggest, most profitable, most attractive customers?
4. Do they fall under a logical group?
5. Which segmentation criteria or combination of criteria would be the most appropriate?

Table- 3 below provides some examples of various segmentation bases as applied to medical and health tourism.

TABLE 3- BASES OF SEGMENTING THE HEALTH AND TOURISM MARKET

Segmentation base	**Examples**
Geographic	USA, UK, Nepal, Arab world, Africa.
Demographic	Age, sex, income, education, NRI's.
Psycho graphic/Lifestyle	Spending patterns, risk averse, attitude toward health and fitness.
Benefits sought	People wanting to mix fun with treatment, People seeking less expensive treatment. People seeking faster treatment without waiting time, better quality of treatment; issues of confidentiality.
Behavioral	First time consumers, frequent purchasers of service; membership status

An Entrepreneur, who wish to emerge successful as an Ayurvedic Wellness Tourism Provider, should explore the following questions and to formulate a detailed business plan before commencing the real activities

1: Define the business

- Product or service
- Geographic marketing area - neighborhood, regional or national
- Competition from other Wellness providers
- How to differ from the competition
- Price and Charges
- Distribution methods or business location

2: Define the customers

- Current customer base: age, sex, income, neighborhood
- How the medical tourists learn about the product or service - advertising, direct mail, word of mouth, yellow pages
- Patterns or habits potential medical tourists share
- Qualities, customers value most about the offered product or service - selection, convenience, service, reliability, availability, affordability
- Qualities, customers like least about the product or service - can they be adjusted to serve them better?
- Prospective customers who are not currently reached

3: Define the plan and budget

- Previous marketing methods used to communicate to the medical tourists that have been effective
- Cost compared to sales
- Cost per customer
- Possible future marketing methods to attract new and potential tourists
- Percentage of profits which could be allocated to the marketing campaign
- Marketing tools within the budget - newspaper, magazine or yellow pages advertising; radio or television advertising; direct mail; tele-marketing; public relations activities such as community involvement, sponsorship or press releases
- Methods of testing the marketing ideas
- The marketing tool that could be implemented immediately.

The final component in the business plan should be the overall promotional objectives: to communicate the message, create an awareness of the product or service, motivate customers to buy and increase sales, or other specific targets. International patients seeking medical services across borders or globally look at more than just cost comparisons in their search for the right physician and right facility to address specific needs. The top priorities include

1. **Credentials** - recognized international accreditations & certifications.
2. **Experience** - board certified doctors, training, years of experience.
3. **Patient References** - patient testimonials, before & after pictures.
4. **Specific Treatment Methods** - uniqueness of center & procedures offered.
5. **Comprehensive Solution** - provide complete solution to a treatment.
6. **Reputation** - locally as well as internationally e.g., publications, research papers.
7. **Language** - effectively communicate in patient's preferred language.
8. **Geographic Location** - local conveniences, transportation services, attractions.
9. **Cost** - clear price list, services included in the package, pricing options.
10. **Benchmark Data** - any comparative information that will convince patients

Despite the priorities, patient misconceptions like lack of hygiene and other fears can be allayed by providing information and encouraging interaction with previous beneficiaries. It then outlines a range of strategic and tactical initiatives, which would contribute to a faster growth of the industry. Special emphasis needs to be placed on the need for partnership amongst the various stakeholders such as medical and healthcare providers, hospitality and transportation services, tourism departments and the Government. Hospitals are also eager to tap this revenue boosting stream and will be eager to co-operate with agencies and join the network of health service providers. Travel and stay logistics can now easily be arranged online and do not need any specific infrastructure or know-how. The only real challenge is to be able to reach out to the right segments and address their concerns.

CONCLUSION

The Indian tourism industry has outperformed the global tourism scenario in terms of growth, revenue and the volume of international tourist visits. A recent trend has shown that people from developed countries are seeking treatment from the health professionals from developing countries. The destination in wellness tourism is often an alternative space in which one can engage in self analysis without the stresses and distractions of home as well as work place. In the long run, Wellness tourism can become the niche for foreign revenue generation as there is an increasing trend in the number of visitors to Kerala as wellness seekers. The study reveals that the most favourable factor for Kerala to emerge as the Global Wellness Hub is its authenticity and rich Ayurvedic heritage with multifaceted attractions. The enormous scope and growth of alternative health tourism provides a great opportunity for Entrepreneurs to commence Ayurveda based healthcare establishments in the state to tap the potential of international patient market.

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THE BANNED SURROGATE MARKETING AS BRAND - NEW BRAND EXTENSION ADVERTISING

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ABSTRACT

Several years back, the brand LUX of HLL's beauty soap was extended to shampoos. Similarly Dabour's Vatika hair oil brand was extended to shampoos a couple of years back. This practice of extending brand name of one product line to another is named as brand extension advertising. The advantages are many like carry forwarding the brand image of one product line to another product line, brand awareness, same distribution chain etc. But the same useful practice is proving as harmful to the society by promoting the products which are legally banned to promote. The Government of India was imposed ban on promoting some products like liquor, tobacco etc. The companies stopped promoting the products but started promoting the brand name of the banned products through Brand Extension Advertising. For Example, In India, the liquor is prohibited to promote in media. But the liquor products of Royal Stag Company are promoted in another way. By establishing a new product, Royal Stag Music CDs, the company will promote the Brand Name. The Actual product Whiskey of Royal Stag Brand, which is banned to promote, and the brand extended product is Royal Stag Music CD, which can be promoted. Promoting a product, which is prohibited to promote through another product of the same brand, is called Surrogate Advertising. Government of India also imposed ban on Surrogate Advertising. But the Companies are practicing it by the name of brand extension advertising because they cannot lose the big markets like liquor and tobacco. This case study was undertaken to review various practices of the companies in promoting banned-to-promote products.

KEYWORDS

Brand Extension Advertising – Branding – Surrogate Advertising – Banned-to-promote products.

INTRODUCTION

Never mind the formulations of marketing gurus Al Reis and Jack Trout, companies globally are prepared to sin against the light and extend the brands form familiar to unfamiliar. It is believed nearly one out of every three new products launched in the developed markets primarily the US are brand extensions of the some kind or the other. No such studies have been reported for the Indian market, but look everywhere and the evidence suggests that companies have run out of manes for new products. In the last decade, Indian marketers have outdone on brand extensions. This is done for the products that can be promoted in media.

In India, the ban was imposed on promoting some products like tobacco, alcohol in media. The potentiality of these markets is very high, but product promotion is not possible. Then the players in the market started practicing Surrogate Advertising where the banned-to-promote products can be promoted in the media with the help of the same brand name. Literally Surrogate Advertising means using the Brand Image of one product (i.e. legally Allowed-to-Promote), the companies attempt to promote another product (i.e. legally Banned-to-Promote). In Surrogate Advertising practice, the brand name will be same but products are different.

NEED FOR THE STUDY

In a holistic country like India, some products like tobacco, alcohol are not socially acceptable. The Government of India banned promoting those products in the media. But a huge country with more than one billion population, the consumption rate of tobacco and alcohol is huge and also earns billions of rupees revenues to the players in tobacco, alcohol markets. No product can be successful in this competitive market without proper promotion. But in India, a different situation, theses type of products are much in demand but products are banned to promote. Obviously, the corporate world will find out a way to promote these products in mass media even if such kind of practice is legally objectionable. The key is Brand Extension Advertising. The brand name will be same but products are different.

OBJECTIVES OF THE STUDY

The study aimed at reviewing the surrogate advertising practices; discuss the role of the Government, Media and Corporate World. It also provides legal inputs with respective media, broadcasting and promotion. Finally reminds the advertising ethics.

LITERATURE REVIEW

Classical 4Ps (Marketing Mix: Product, Price, Promotion, Place) is in continuous use by marketing practitioners and academicians to design an integrated marketing plan. Along with STP (Segmentation, Targeting and Positioning), marketing mix plays a major role for designing marketing roadmap starting from early stage of new product development until maintaining market share. Regardless what content inside the product, how much it is priced, how intensive the promotion takes, and how large the coverage of distribution, a clear identity to distinguish the product to other products that have existed in the market is crucial. In marketing study, such identity labeled to a product is called brand. A brand is created to foster long term-chained connections between company and customers. As more alternative of products available in market, customers take bigger trust on brand they can rely on, to products that offering values closely meet their needs.

A brand can be an identifying symbol, words, or mark that distinguishes a product or company from its competitors. Usually brands are registered (trademarked) with a regulatory authority and so cannot be used freely by other parties. For many products and companies, branding is an essential part of marketing. A series of programs to promote products relying on brand images is called branding. Branding is crucial to increase perceived consumer value. Successful branding programs lead to brand loyalty and consequently transfer the loyalty to brand extension. Similar with humans, brand has an image as accumulations of some attributes. Physical product quality, the most tangible and easiest to detect, belongs to the collection of attributes. In the long run, however, the product quality is perceived separately from brand image. Some argues that brand image is more important that physical product quality. In executing brand extension, high profile and well-known brand image is more applicable than one with low image.

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Brand extension is a part of brand management to diversify and leveraging the existing brand by entering into new product category by new product development. Positive images and strengths of existing brand / parent brand are leveraged to bring another success story for new product. Brand extension is increasingly used by companies as a part of strategy for product developments. It is viewed as one of means to attain integrated brand architecture. The use of same brand on existing product (parent brand) for a new product in different category (extension brand) increases rate of new acceptance and purchase intention to consumer. The strategy maintains efficiencies on advertising and promotion expenditures yet still can create new market segment. Company is not in position to allocate marketing expenses at the same level as spent by the parent brand, yet may gain similar level of success. A strong reputation of parent brand can minimize risk of new product launch by taking advantages on consumers' knowledge and experiences of the established brand.

In Surrogate Advertising, using the Brand Image of one product (i.e. legally Allowed-to-Promote), the companies attempt to promote another product (i.e. legally Banned-to-Promote). Here, the legally Allowed-to-Promote product is the surrogate product (ex. Royal Challengers) and the legally Banned-to-Promote product is the actual product (ex. Royal Challenges). Literally Surrogate Advertising means duplicating the brand image of one product extensively to promote another product of the same brand. It means promoting some other product with the same brand name because the original product is not allowed to promote in the market. In Surrogate Advertising, a product, which is different from the main product, is advertised which has the same brand name as the main product. The product is called as "Surrogate Product" and advertising through this channel is called as "Surrogate Advertising". These Surrogate Products may include CDs, Mineral Water, Clothing, Apple juice, Fashion Accessories, Sports Goods or even Event- Sponsoring. Critics call this practice as Surrogate Advertising whereas Cooperates call it as Brand Extension Advertising.

THE ISSUE OF SURROGATE MARKETING

"It is unfortunate that things like these are happening out there and we will be taking up the issue with the Information and Broadcasting ministry. But then yesterday the Supreme Court has not taken any cognisance as well" - Dr Anbumani Ramadoss, Former Union Minister**,** Ministry of Health & Family Welfare on 28 April 2008 said when asked by reporters what the Minister thought about the IPL allegedly promoting surrogate marketing. The Minister criticised IPL when the Bangalore based IPL Cricket team named as Royal Challengers. Dr.Vijay Mallya, chairman of UB group, owned the IPL Bangalore cricket team and named as Bangalore Royal Challengers. The alcohol product namely Royal Challenge is the product of United Beverages group. The Union Minister made an objection that UB Group was attempting Surrogate Marketing Practice where the Banned-to-Promote product (Royal Challenge) is surrogated as IPL cricket team (Royal Challengers).

The Govt. of India has banned product advertising for Liquor and Cigarette companies from 1995 under the Cable Television Network (Regulation) Act 1995. There is also a mention in the Law that prohibits any direct or indirect promotion of such items in the public domain (Rule 7 of the Cable Television Rules, 1999). The purpose of banning theses products is to discourage the citizens of India to smoke and drink. On one hand Liquor Industry in India is very huge (records says that more than 100 million cases in India). Huge market attracts many players. Huge market definitely needs huge promotion. Along with the domestic players the Liquor Industry attracts the MNCs also. Liquor and Cigarette sales are the biggest revenue generators in terms of taxes and duties on these items. That's why an overt acceptance of the marketing in these sectors is not legally acceptable.On other hand, the Govt. cannot allow public advertising of liquor companies. But ironically, this has led to one of the biggest ironies of the country – Sales of these items are not banned, yet advertising on the same has strictly been prohibited! A lot of Innovative ways are found to promote the Banned-to-Promote products. Surrogate Marketing is one of those. The companies are promoting the brands using the same brand name but different product. Literally Branding is a process of promoting the products with the sense of differentiation among all products in the same market. Here, A Brand can be a name, logo, symbol, image etc. But in Surrogate Marketing, the branding is used to recall different product that of what is promoted. Different media are selected for advertising the products. The companies perform more branding building process than selling process to promote the sales of the original product and building the brand of marketed process. This double-faced attitute of companies testing the patence levels of the Governing Bodies. So The Banned Surrogate Advertising is repracticed as brand-new Brand Extension Advertising.

BRAND EXTENSION ADVERTISING PRACTICES

Surrogate marketing is used in two contexts: The first is when a company "farms out" the entire marketing function and the group providing the service is called a "surrogate marketing department." The second is duplicating the brand image of one product extensively to promote another product of the same brand through Broadcasting Media, Print Media, Internet Media and Out-of-door Advertising. The sponsoring of sports/cultural/leisure events and activities using a liquor brand name also falls in the category of surrogate advertising.

Some practices…

(1) Haywards 5000 alcohol as Darting Kits.
(2) Bagpiper Whiskey as Bagpiper Club Soda.
(3) Kingfisher Beer as Minaral Water.
(4) Royal Stag Wine as Music CDs.
(5) Royal Challenge Whiskey as Golf Accessories.
(6) Charms Cigarette as Audiocassettes and CDs.
(7) Smirnoff Vodka as Fruit Juices.
(8) Royal Challenge as IPL Cricket Team Royal Challengers Banglore.
(9) McDowell alcohol as No.1 Soda
(10) Wills cigarette as Sports Gear.

Royal Challenge (An Alcohol Brand)	Royal Challengers (IPL Team Name)

Exhibit 1: The Alcohol Brand name (Royal Challenge) was surrogate as the IPL Cricket Team Name (Royal Challengers)

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Some exhibits of Surrogate Advertising Practice

Left side of exhibit is the actual product and the right side is its surrogate

Exhibit 2: Bollywood Film Actor Saif Ali Khan endorsing surrogate products Royal Stag Music CDs as Rock Star.

Exhibit 3: Bagpiper Whiskey and its surrogate product Club Soda promoting through Para Cricket.

Exhibit 4: Kingfisher Beer and its surrogate Mineral Water.

Exhibit 5: Charms and its surrogate Audio Cassettes.

Exhibit 6: Smirnoff and its surrogate Apple Juice.

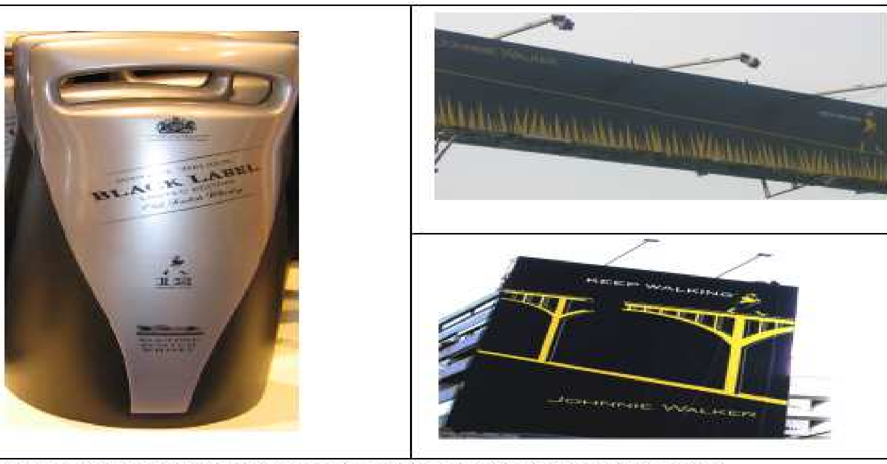

Exhibit 7: Johnnie Walker in out-of-door advertising billboards.

Exhibit 8: Seagram in out-of-door advertising (Drink or Drive)

Exhibit 9: McDowells and its surrogate No.1 Club Soda.

Exhibit 10: Royal Challenge and its surrogate Golf Accessories in Internet Surrogate Advertising.

THE ROLE OF GOVERNMENT, MEDIA AND CORPORATES WORLD

"It's difficult to digest that an industry which is allowed to sell its products, is banned from advertising the same products, despite the fact that the commercials carry health warning, advising the customers to use the product in temperance."

- Prof. Atul Tandan, Director, Mudra Institute of Communications, in July 2002

In June 2002, the Information and Broadcasting (I&B) Ministry of India ordered leading television (TV) broadcasters to ban the telecast of two surrogate ads of liquor brands, McDowell's No. 1 and Gilbey's Green Label. The Ministry also put some other brands - Smirnoff Vodka, Hayward's 5000, Royal Challenge Whiskey and Kingfisher beer - on a 'watch list.' The surrogates used by these advertisements ranged from audiocassettes, CDs and perfumes to golf accessories and mineral water. By August 2002, the I&B Ministry had banned 12 advertisements. The channels were asked to adhere strictly to the Cable Television Regulation Act 1995 (Cable TV Act, 1995). As a result, Zee and STAR stopped telecasting the advertisements. Aaj Tak and Sony soon followed suit. In addition, the I&B Ministry hired a private monitoring agency to keep a watch on all advertisements for violations of the Act.

In late 2000, a group of broadcasters, who were members of the Indian Broadcasting Foundation (IBF), submitted their recommendations on surrogate advertising to the I&B Ministry. In August 2002, broadcasting industry sources revealed plans to put in place measures for self-regulation and monitoring, even before the I&B Ministry took concrete steps in this regard. The broadcasters, who were members of the IBF, announced that they would come up with an advertising code of conduct specific to surrogate advertising.

In late 2001, the broadcasters began airing socially responsible advertisements sponsored by liquor companies. By early 2002, surrogate advertising of liquor brands had intensified like never before on satellite TV channels. In a notification of 25 February 2008, the Information and Broadcasting Ministry removed the provision which permitted advertisements by brand names for products like soda and water, which is generally known as 'brand extension' by the advertisers. Former I&B Minister Priyaranjan Dasmunsi said in the Lok Sabha that *"failure to comply will entail action as per the provisions of the Cable Television Networks (Regulation) Act, 1995 and rules framed there under"*. The Minister added that even the Press Council of India, a statutory autonomous body, has laid down the norms for journalistic conduct under Article 13 (2)(b) of the Press Council Act 1987, stating that *"no advertisement shall be published, which promotes directly or indirectly production, sale or consumption of cigarettes, tobacco products, wine, alcohol, liquor or other intoxicants"*.

Even after the ban, liquor companies continued to advertise their drinks in the form of surrogate advertisements. In this type of advertisement, a product other than the banned one is promoted using an already established brand name.

ADVERTISING ETHICS AND PRINCIPLES

Ehtcis concerns the idea of what is right and what is wrong. Ethics concerns values and attitudes. Ethics are embodied in principles or rules of conduct. American Advertising Federation defines Advertisining Ethics as follows….

- Truth: Advertising shall tell the truth, and shall reveal significant facts, the omission of which would mislead the public.
- Substantiation: Advertising claims shall be substantiated by evidence in possession of the advertiser and advertising agency, prior to making such claims.
- Comparisons: Advertising shall refrain from making false, misleading, or unsubstantiated statements or claims about a competitor or his/her products or services.
- Bait Advertising: Advertising shall not offer products or services for sale unless such offer constitutes a bona fide effort to sell the advertising products or services and is not a device to switch consumers to other goods or services, usually higher priced.
- Guarantees and Warranties: Advertising of guarantees and warranties shall be explicit, with sufficient information to apprise consumers of their principal terms and limitations or, when space or time restrictions preclude such disclosures, the advertisement should clearly reveal where the full text of the guarantee or warranty can be examined before purchase.
- Price Claims: Advertising shall avoid price claims which are false or misleading, or saving claims which do not offer provable savings.
- Testimonials: Advertising containing testimonials shall be limited to those of competent witnesses who are reflecting a real and honest opinion or experience.
- Taste & Decency: Advertising shall be free of statements, illustrations or implications which are offensive to good taste or public decency.

Adopted by the American Advertising Federation Board of Directors, March 2, 1984, San Antonio, Texas.

CONCLUSION

The ban could prove to be boon for big and established players. These brands which are having higher brand recall value, they would not need much advertising to push their products further. At the same time, smaller companies and new entrants would find it difficult to establish themselves in the changed scenario. Though the industry is not healthy for the young consumers, some processes and laws need to be formalized and established in the system. Else, innovative workarounds and arm-twisting of laws would be the norm of the day for the entire liquor industry! Surrogate marketing at best leads customer to the water, but the choice is customers whether to accept what is on offer.

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COMPARATIVE STUDY ON RETAIL SHRINKAGE OF INDIA, ASIA-PACIFIC AND GLOBAL COUNTRIES

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ABSTRACT

India tops retail shrinkage chart again out of 42 countries in the year 2010, according to the Global Retail Theft Barometer 2010. Shrinkage means reduction or loss in inventory due to shoplifting and theft. India is one of the fastest growing retail markets in the world. Retail shrinkage is a large and growing challenge for Indian retailers and which is having a detrimental impact on retailer's bottom-line profits. Regardless of where retail operation is located, shrink is a universal adversary. Retailers worldwide are recognizing that as their business expands so does shrink. But over the years, inspite of increased efforts by retailers to combat the problem, retail shrinkage has been high as a percentage of retail sales, particularly in India. This raises the question of whether the problem is being addressed sufficiently, or with enough precision or persistency. The purpose of the study was to find out the main causes for India's high shrinkage rates in the world and whether it's spending towards loss prevention/security to combat shrinkage is more than that of Asia-Pacific and Global countries. This research paper attempts to overall compare the India's retail shrinkage with that of Asia-Pacific and Global countries. This comparison was made on the basis of selected parameters such as shrinkage rate, sources (causes) of shrinkage, loss prevention/security cost and method of loss prevention for the period from 2007 to 2010.

KEYWORDS
Global Retail Shrinkage, India's Retail Shrink Rates, Sources of Shrinkage, LP Cost, LP Methods.

INTRODUCTION
Global retail shrinkage had cost retailers a whopping Rs. 4.98 trillion – Indian retailers registered Rs. 92.96 billion which added Rs. 6,631 to the shopping bill of the average family—as a result of theft by customers, disloyal employees, and suppliers and vendors, along with the cost of preventive measures in 2010.

--- Business Standard, Nov 24, 2010

The term 'Retail Shrinkage' means the difference between book stock and actual stock – when goods leave the retail store or the warehouse without a matching payment. It is the unaccounted loss of retail goods. The fact that both customers and employees steal is a persistent – and costly – headache for retailers of every size, from megastores like Wal-Mart, Target, Pantaloon and Shopper stop to "Mom and Pop" local drug or grocery store. Indeed, large retail chains spend great sums in the area of loss prevention to counteract both internal and external thieves. And overall, the impact is substantial – and far greater than most people realize. The theft losses experienced by retailers are driving consumer prices higher, hurting our economy, and even forcing some retailers to close stores or go out of business. Retail theft is in all actuality a global problem on a massive scale.

India is one of the fastest growing retail markets in the world. By 2012, the retail market is projected to grow to around $551.4 billion and the organized retail market expects to increase at a more aggressive rate, projected at 44 percent CAGR. This rapidly growing market is prompting retailers to understand the importance of the word 'shrinkage' and look for effective and innovative loss prevention methods to combat it [Frost & Sullivan (2008)].

OBJECTIVES OF THE STUDY
- To find out the main causes of India's high retail shrinkage rate in the world.
- To find out India's spending on loss prevention/security cost as compare with Asia-pacific countries and Average Global cost.
- To make overall comparative analysis of retail shrinkage of India, Asia-Pacific and Global Countries.
- To give suitable conclusion and suggestion based on the study.

SCOPE OF THE STUDY
The present study covers the shrinkage in retail sector of India, Asia-Pacific and Global Countries. Parameters are retail shrinkage rate, sources (causes) of shrinkage, loss prevention cost and methods of loss prevention.

PERIOD OF THE STUDY
2007 to 2010

RESEARCH METHODOLOGY
The study is mainly descriptive in nature. It is based on secondary data that has been collected from the published documents of Nottingham Centre for Retail Research viz. Global Retail Theft Barometer. For the purpose of the study, India, Asia-Pacific and Global retail sectors are selected. Statistical tools like percentages are made use of.

TABLE 1: SAMPLES TAKEN FOR THE STUDY

Countries		2007	2008	2009	2010
Global	Countries	32	36	41	42
	Retail Companies	820	920	1,069	1,103
	No. of Stores	1,38,603	1,15,612	1,21,741	-
Asia-Pacific	Countries	5	6	9	10
	Retail Companies	103	131	196	206
	No. of Stores	16,230	10,949	13,174	-
India	Retail Companies	21	28	33	30
	No. of Stores	1,440	1,120	1,285	5,932

Source: The Global Retail Theft Barometer 2007, 2008, 2009 and 2010.

REVIEW OF LITERATURE
- National Supermarket Shrinkage Survey (2003) studied 100 supermarket companies representing 9000 grocery stores in U.S. in 2003 by measuring total shrinkage at retail value and found out that total shrinkage amounts to 2.32 percent of sales. This study concluded that not only does the retailer lose the

purchase price of the product, but additionally the cost of processing the product through the chain from the warehouse through shelving & displaying all the way to the point of sale. Furthermore, the retailer lost the expected margin as well.

- Jack Hayes International Inc. (2008) conducted a survey on 24 of the largest retailers in America during 2007 and found that both shoplifting & employee theft rose sharply. This study also revealed reasons for increase in shoplifting such as poor economy, increase in organized theft ring, ease of selling stolen merchandise on the street & over the internet & reduction of loss prevention. Reasons for employee theft such as reduction in employee supervision, relaxed hiring standards & pre-employment screening, increase in part time vs. full time employees (less loyalty) & decrease in honesty in our society.
- Loss Prevention Research Council (2007) targeted a sample of 107 major U.S retailers and found out that 90 percent of retailer's characterized their retail shrinkage as average or lower than average. Only 10 percent of respondents said that their retail shrinkage is comparatively high. This study cited reason for this misperception is of method of measuring shrinkage. While 42.9 percent of retailers said they measure shrink at cost, 57.1 percent measured at retail price. This study concluded that to obtain logical result, retailers should preferably use retail price method for measuring retail shrinkage.

TABLE 2: OVERVIEW OF LITERATURE SURVEY

Author	Sample Size	Objectives	Findings (Results)
• RLPXchange (Oct'98 to Jan'99)	429 Worldwide retailers	to determine the major cause of their company's shrinkage.	• 53% (Internal Theft) • 12% (External Theft) • 33% (Paperwork Errors) • 3% (Vendor Theft)
• RLPXchange (Jan'99 to Mar'99)	493 worldwide retailers	to focus on where dishonest associates were doing the most damage to their employers.	• 45% (Merchandise Theft) • 40% (Fraudulent POS transaction) • 10% (Cash Theft) • 5% (Discount Abuse)
• NRS Survey (2006)	139 Retailers of North America	to rank the most frequently used tools for loss prevention.	• 1st (Video Surveillance) • 2nd (Return & Void Management) • 3rd (Sales Audit)
• Frost & Sullivan (2008)	Indian Retailers	to find the major cause of their company's shrinkage.	• 50% (External Theft) • 20% (Internal Theft) • 30% (Paperwork Errors & Vendor Theft)
• Frost & Sullivan (2008)	Indian Retailers	to give ranks to the most frequently used tools for loss prevention.	• 1st (POS Monitoring System) • 2nd (EAS)

Retail System Research (RSR) (2009) conducted the online survey during September and October, 2008, including respondents from retailers with stores around the world. Among its findings:

- Employee theft of goods and cash are top retailer concerns, with internal theft as number one source of shrink, shoplifting second and internal theft of cash third.
- While almost half of top performers use EAS to control shrink, only 17% of underperformers use EAS.
- Top performers use business intelligence tools like returns and void management technologies 46% more than underperformers.
- 53% of all respondents cite better business intelligence as needed to make effective use of the vast amounts of loss prevention data that exists.

An independent research firm, Preference Research (2008), anonymously surveyed 329 qualified subscribers of a national loss prevention magazine I May 2008, asking them a series of questions about their Loss Prevention (LP) budget practices & shrink levels. The majority of respondents correlated reduced LP spending with increased theft, with 68 percent reporting that shrink increased when LP spending was cut. 60 percent of respondents expected merchandise shrinks to increase as a result of reduced or delayed LP budgets/spending, compared to 30 percent who said shrink would remain the same.
Business Line (2008) interviewed few Indian retailers on the retail shrinkage to find out their opinion and observation on it and found out that Indian retailers don't take retail theft seriously and that they underestimate the extent of loss that is being made.

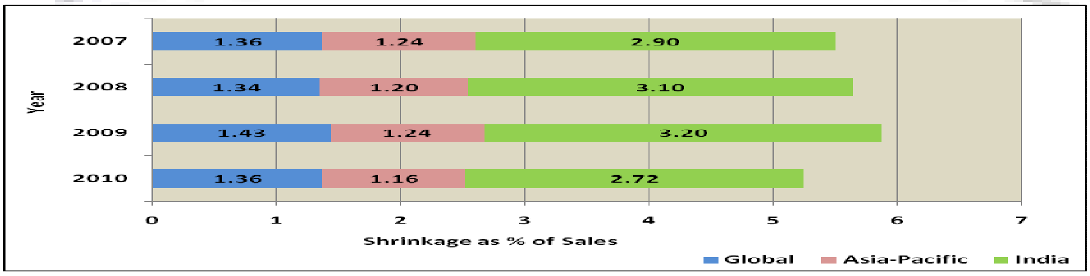
RESULTS AND DISCUSSIONS

TABLE 3: TOTAL RETAIL SHRINK RATES

Countries	Total Shrinkage (US $ million) 2007	2008	2009	2010
Global	98,630	1,04,529	1,14,823	1,07,284
	(1.36%)	(1.34%)	(1.43%)	(1.36%)
Asia-Pacific	15,264	15,405	17,892	16,866
	(1.24%)	(1.20%)	1.24%)	(1.16%)
India	2,379	2,543	2,625	2,232
	(2.90%)	(3.10%)	(3.20%)	(2.72%)

Source: The Global Retail Theft Barometer 2007, 2008, 2009 and 2010.

FIGURE 1: TOTAL RETAIL SHRINK RATES



(%)

Source: The Global Retail Theft Barometer 2007, 2008, 2009 and 2010.

Table 3 and the above fig. shows India's shrinkage rates has been very high with 2.90 % in 2007 to 2.72% in 2010 when compared with the Asia-Pacific and Global average shrinkage rates. That means India has consistently maintained its position in top spot in Global retail shrinkage rates. Although the percentage has been reduced from 3.20% in 2009 to 2.72 % in 2010 but still the rate is almost double than the rate of Asia-Pacific and Global average.

TABLE 4: SOURCES OF RETAIL SHRINKAGE

Countries		Sources of Shrinkage (US $ million)			
		2007	**2008**	**2009**	**2010**
Global	Shoplifting	41,504 (42.0%)	43,064 (41.2%)	48,900 (42.5%)	45,500 (42.4%)
	Employee Theft	34,671 (35.2%)	38,150 (36.5%)	41,900 (35.5%)	37,800 (35.3%)
	Internal Errors	16,248 (16.5%)	17,223 (16.5%)	18,800 (16.4%)	18,100 (16.9%)
	Supplier Fraud	6,207 (6.3%)	6,092 (5.8%)	6,400 (5.6%)	5,800 (5.4%)
Asia-Pacific	Shoplifting	8,031 (52.6%)	7,897 (51.2%)	9,214 (51.5%)	8,922 (52.9%)
	Employee Theft	3,335 (21.9%)	3,503 (22.7%)	4,044 (22.6%)	3,930 (23.3%)
	Internal Errors	2,764 (18.1%)	2,845 (18.5%)	3,274 (18.3%)	2,918 (17.3%)
	Supplier Fraud	1,134 (7.4%)	1,160 (7.5%)	1,395 (7.8%)	1,096 (6.5%)
India	Shoplifting	1,194 (50.2%)	1,137 (44.7%)	1,186 (45.2%)	1,056 (47.3%)
	Employee Theft	459 (19.3%)	604 (23.7%)	612 (23.3%)	590 (26.4%)
	Internal Errors	547 (22%)	472 (23.2%)	594 (22.6%)	387 (17.3%)
	Supplier Fraud	202 (8.5%)	214 (8.4%)	234 (8.9%)	145 (6.5%)

Source: The Global Retail Theft Barometer 2007, 2008, 2009 and 2010.

Table 4 reveals that in India's major sources for retail shrinkage, shoplifting ranks first with 50.2% in 2007 to 47.3% in 2010 similar with the Asia-Pacific and Global sources. But second rank shared by both employee thefts with 19.3% in 2007 to 26.4% in 2010 and Internal Errors with 22% in 2007 to 17.3% in 2010 which is not same in the case of Asia-Pacific and Global sources for retail shrinkage.

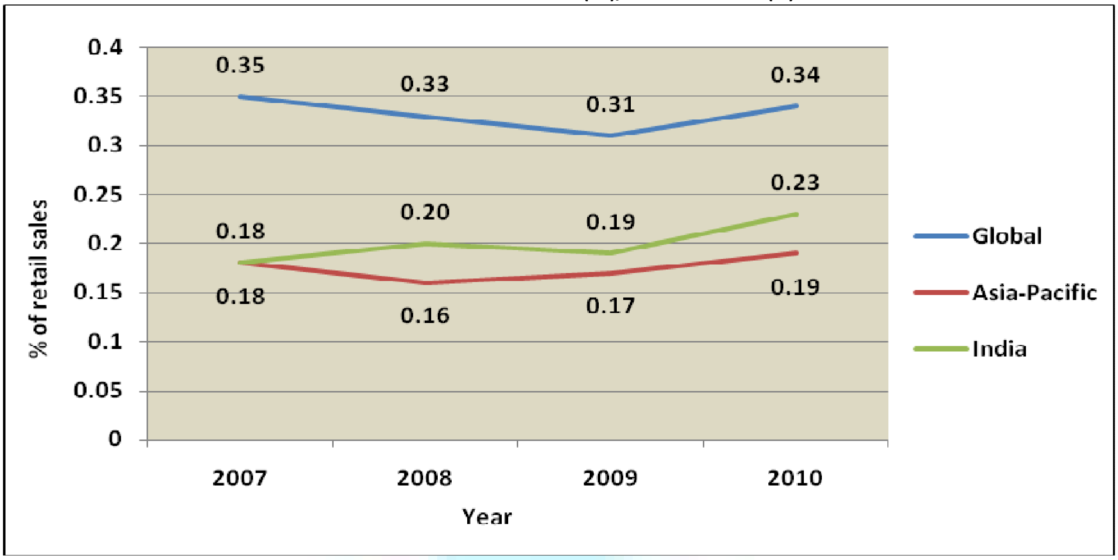
TABLE 5: LOSS PREVENTION (LP)/SECURITY COST

Countries	Loss Prevention (LP)/Security Cost (US $ million)			
	2007	**2008**	**2009**	**2010**
Global	25, 590	25,478	24,500	26,800
	(0.35%)	(0.33%)	(0.31%)	(0.34%)
Asia-Pacific	2,169	2,195	2,517	2,686
	(0.18%)	(0.16%)	(0.17%)	(0.19%)
India	148	150	158	156
	(0.18%)	(0.20%)	(0.19%)	(0.23%)

All above figures shows amounts & % of retail sales.

Source: The Global Retail Theft Barometer 2007, 2008, 2009 and 2010.

FIGURE 2: LOSS PREVENTION (LP)/SECURITY COST (%)



Source: The Global Retail Theft Barometer 2007, 2008, 2009 and 2010.

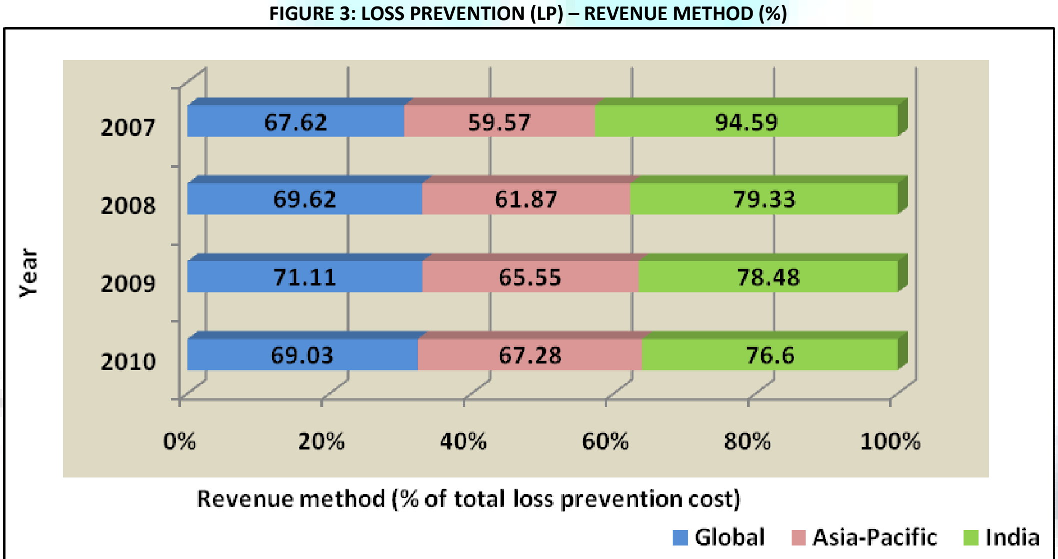
It is evident from the table 5 and the above fig. that to combat retail shrinkage, the Security spending in India has increased from 0.18 % in 2007 to 0.23% in 2010 and most importantly, it has increased considerably as compared to last year 2010 which reflects the reduction of shrinkage in India in the year 2010. Although this percentage is slightly higher than the Asia-Pacific countries but it is lower than the Global average.

TABLE 6: LOSS PREVENTION (LP) METHODS

Countries		Loss Prevention (LP) Methods (US $ million)			
		2007	2008	2009	2010
Global	Revenue*	17,303	17,737	17,421	18,500
	Capital**	8,287	7,691	7,127	8,300
Asia-Pacific	Revenue	1,292	1,358	1,650	1,807
	Capital	877	837	867	879
India	Revenue	140	119	124	120
	Capital	8	31	34	36

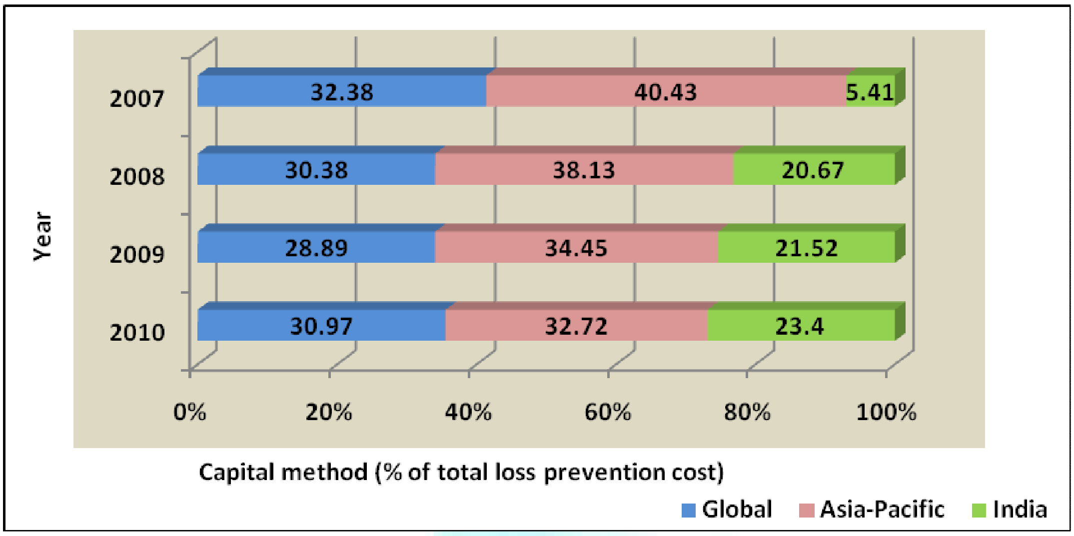
*Revenue Methods include operational/Current Cost such as pay roll & services.
**Capital Methods include security equipment, IT & other long term assets.
Source: The Global Retail Theft Barometer 2007, 2008, 2009 and 2010.

FIGURE 3: LOSS PREVENTION (LP) – REVENUE METHOD (%)



Source: The Global Retail Theft Barometer 2007, 2008, 2009 and 2010.

FIGURE 4: LOSS PREVENTION (LP) – CAPITAL METHOD (%)



Source: The Global Retail Theft Barometer 2007, 2008, 2009, 2010.

It is clear from the table 6 and the above figures that India along with Asia-Pacific and Global is spending slightly more in revenue method as it is evident from 94.59% in 2007 to 76.60% in 2010. But in case of capital method its spending is lower when compare to both Asia-Pacific and Global which is evident from 5.41% in 2007 to 23.4% in 2010. But this spending is showing increasing trend from 2007 to 2010 that means Indian retailers understood the importance of investing in capital methods such as security equipment, IT & other long term assets.

FINDINGS

The main findings of the study are as follows

- India has consistently maintained its position in top spot in Global retail shrinkage from 2007 to 2010. Although the percentage has been reduced from 3.20% in 2009 to 2.72 % in 2010 due to considerable spend in loss prevention measures but still the rate is almost double than the rate of Asia-Pacific and Global average.
- Shoplifting ranks first in India's sources (causes) of retail shrinkage which is similar case with the Asia-Pacific and Global sources.
- But second rank shared by both employee thefts with 19.3% in 2007 to 26.4% in 2010 and Internal Errors with 22% in 2007 to 17.3% in 2010 which is not same in the case of Asia-Pacific and Global sources for retail shrinkage.
- The Security spending in India has increased from 0.18 % in 2007 to 0.23% in 2010 and most importantly, it has increased considerably as compared to last year 2010 which reflects the reduction of shrinkage in India in the year 2010. Although this percentage is slightly higher than the Asia-Pacific countries but it is lower than the Global average.
- India is spending slightly more than Asia-Pacific and Global average towards revenue cost of loss prevention methods as it is evident from 94.59% in 2007 to 76.60% in 2010.
- But in case of capital method its spending is lower when compare to both Asia-Pacific and Global average which is evident from 5.41% in 2007 to 23.4% in 2010. But more importantly this spending is showing increasing trend from 2007 to 2010 that means Indian retailers understood the importance of investing in security equipment, IT & other long term assets.

CONCLUSIONS AND SUGGESTIONS

The rapid growth of modern retail formats in India boasting the world's second largest population has made it a market with the world's highest shrink rate. Retail shrinkage has definitely come down from 3.2% in 2009 to 2.7% in 2010, but if we see the past trend of last four years then it can be concluded that in India, most retailers do not consider shrinkage as a major concern. Still India has high shrink rate in the world. Unfortunately it is an accepted fact and retailers do not realize that it is killing their bottom line directly.

About 94% of the Indian retail market is unorganized (mom-and-pop family stores) and only 6% is organized (modern format and large retail chain stores). In mom-and-pop stores, the owners don't feel the impact of retail shrinkage as they think manning the store themselves is vigilance enough. In large format stores, it is difficult to check as wares are spread out, multiple entrance of large format such as malls, employees quitting job frequently, limited investment in technology etc. By 2012, this large format stores in India expects to increase at a more aggressive rate, projected at 44 percent CAGR, so retailers must quickly understand the need to correct this trend of retail shrinkage and began to invest in smart deployments that can be quickly implemented with high ROIs, such as increased protection of high-theft merchandise, more employee training and store audits.

At global level, the challenges facing by store managers at major retail stores have never been more daunting: Merchandise theft has become much more sophisticated; pressures on store managers to squeeze more sales per sq. ft of store space continue to increase; and shrink, as a percentage of retail revenue, is on the upswing. Confronting these challenges is becoming more difficult each day. Store managers could create a blanket of security over the store, placing more merchandise behind glass shelves and in lock displays, hiring more security guards and examining every bag that enters or leaves the store. But that would erode the positive customer experience that retailers devote tremendous amounts of time, energy and money to create. There must be a better solution.

Technologies such as Electronic Article Surveillance (EAS) and CCTV cameras have helped significantly; yet, much more clearly needs to be done. A new generation of loss-prevention systems is needed to help retailers better safeguard their merchandise, without disrupting consumer behavior. These new systems not only must detect theft and help stop merchandise from literally walking out the door, but actually prevent the attempted theft in the first place through the sophisticated set of data analytics tied to everything from inventory management, store traffic patterns and employee staffing levels to back-office accounting and customer record systems.

Sell more, lose less. It's the single most critical imperative for all retailers in the world…… now, more than ever.

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QUALITY OF WORK LIFE (QWL) FOR FINANCE PROFESSIONALS IN DUBAI

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ABSTRACT
In today's high tech, fast-paced world, the work environment is very different than it was a generation ago. According to the Institute of Industrial Engineers, it is not uncommon for a person to change careers on an average of six times in his or her lifetime. On an average we spend around eight to twelve hours daily in the work place, that is one third of our entire life; it does influence the overall quality of our life. It should yield job satisfaction, a fulfillment of having done a task, without any flaw and having spent the time constructively and purposefully. Regular assessment of Quality of Work Life (QWL) can potentially provide organizations with important information about the welfare of their employees, such as job satisfaction, general well-being, work-related stress and the home-work interface. This study contributes to the literature of Quality of Work Life by testing the relationship between QWL and job security, autonomy in decision making, job satisfaction and attitude of management by using a questionnaire to survey a sample of 32 finance professionals in three multinational corporations (MNCs) in Dubai, United Arab Emirates. The global recession has created a major ruckus on these individuals in Dubai, as they had to endure tremendous pressures from banks, sub-contractors, and all other entities related to financial obligations of the organization due to huge outstanding accounts receivables, loans and payments to banks, redundancy payments to employees who faced lay-offs and not to mention about the bounced checks and financial frauds/scams. The findings indicate that 72 percent of the finance professionals consider their Quality of Work Life good compared to their counterparts in the industry. Further the results indicated a significant positive relationship between QWL and Job security, Autonomy in decision making, Job satisfaction and Attitude of management.

KEYWORDS
Autonomy, Job satisfaction, Job security, Quality of Work Life (QWL), Stress.

INTRODUCTION
Quality of Working Life is not a unitary concept, but has been seen as incorporating a hierarchy of perspectives that not only include work-based factors such as job satisfaction, satisfaction with pay and relationships with work colleagues, but also factors that broadly reflect life satisfaction and general feelings of well-being (Danna & Griffin, 1999). More recently, work-related stress and the relationship between work and non-work life domains (Loscocco & Roschelle, 1991) have also been identified as factors that should conceptually be included in Quality of Working Life. Work is an integral part of our everyday life, as it is our livelihood or career or business. On an average we spend around twelve hours daily in the work place, which is one third of our entire life; Even if it is a small step towards our lifetime goal, at the end of the day it gives satisfaction and eagerness to look forward to the next day. Regular assessment of Quality of Working Life can potentially provide organizations with important information about the welfare of their employees, such as job satisfaction, general well-being, work-related stress and the home-work interface. Studies in the UK University sector have shown a valid measure of Quality of Working Life exists and can be used as a basis for effective interventions.

The **global financial crisis of 2008–2009** became prominently visible in September 2008 with the failure, merger or conservatorship of several large United States-based financial firms. The underlying causes leading to the crisis had been reported in business journals for many months before September, with commentary about the financial stability of leading U.S. and European investment banks, insurance firms and mortgage banks consequent to the subprime mortgage crisis.

With the global recession and the fall in oil prices, most Gulf countries are expected to have limited economic growth in 2009. Many companies in the region have responded with staff cuts and recruitment. Freezes, with professionals in investment, administration and marketing functions most affected. Demand for infrastructure and audit professionals has increased. The UAE and Dubai in particular, has seen its share of vacancies fall, with some residents seeking opportunities in other Gulf States. However, it still has significant recruitment levels and remains the region's most popular destination. Limited pay increase is expected in the near term, due to falling inflation, reduced demand, rising global unemployment and strength of the US dollar. Economic growth is expected to recover in 2010, with employment activity gaining momentum as a result, but in the long run remaining dependent on the oil price.

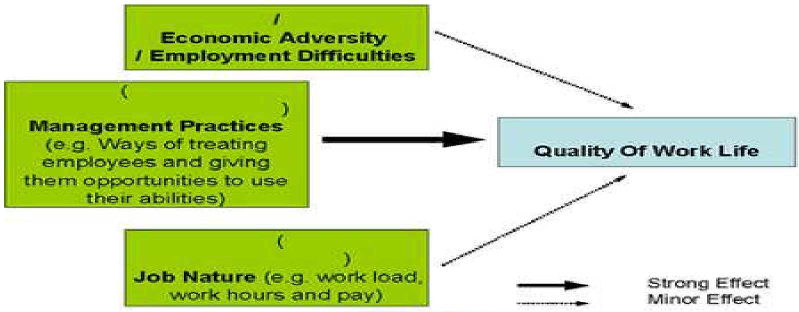
In the past, financial figures were the major factor in defining good company, but in recent years, Quality of Work Life is increasingly being identifies as progressive indicators related to the function and sustainability of business organizations (koonmee 2010).

Worrall and Cooper (2006) reported that a low level of well-being at work is estimated to cost about 5-10 per cent of Gross National Product per annum, yet Quality of Working Life as a theoretical construct remains relatively unexplored and unexplained within the organizational psychology research literature.

A large number of peoples' lives will be spent at work. Most people recognize the importance of sleeping well, and actively try to enjoy the leisure time that they can snatch. Too often, people tend to see work as something they just have to put up with, or even something they do not even expect to enjoy.

Some of the factors used to measure quality of working life pick up on things that do not actually make people feel good, but which seem to make people feel bad about work if those things are absent. For example, noise – if the place where someone works is too noisy, they might get frequent headaches, or find they cannot concentrate, and so feel dissatisfied. But when it is quiet enough they do not feel pleased or happy - they just do not feel bad. This can apply to a range of factors that affect someone's working conditions. Other things seem to be more likely to make people feel good about work and themselves once the basics are comfortable at work. Challenging work (not too little, not too much) can make them feel good. Similarly, opportunities for career progression and using their abilities can contribute to someone's quality of working life.

FIGURE 1: SHOWING THE VARIOUS CONSTRUCTS OF QUALITY OF WORK LIFE



The success of any organization is highly dependent on how it attracts recruits, motivates, and retains its workforce. Today's organizations need to be more flexible so that they are equipped to develop their workforce and enjoy their commitment. Therefore, organizations are required to adopt a strategy to improve the employees 'quality of work life' (QWL) to satisfy both the organizational objectives and employee needs.

STATEMENT OF THE PROBLEM

Multinational Corporations (MNCs) are recognized for their dedication to providing satisfying and innovative work environments that attract and retain top-notch finance talent. "Now, more than ever, organizations are relying on the knowledge and skills of financial professionals, viewing them as valuable assets to the workplace," said Jim Kaitz, AFP's (Association of Finance Professionals) president and CEO. "While these are difficult economic times, companies should not diminish their focus on attracting and retaining top talent," said Richard T. Roth, CPA, managing director of The Hackett Group.

Robert Half Management Resources Survey (2010) found that executives face greater job demands today than five years ago. More than eight in 10 (81 per cent) chief financial officers (CFOs) interviewed recently said they believe it's more difficult to be a company leader today than it was five years ago.

2010 has seen unprecedented turmoil sweep through the economy of Dubai. Without the oil and gas resources of its neighbours to provide shelter from the storm of global recession, Dubai's heavy reliance on financial services, construction, real estate and tourism spelled gloomy news for its expatriate professional community, many of whom had come to accept exuberant prosperity and a lavish lifestyle as the norm. Where skill shortages and high salaries once meant good times for talented finance professionals, prudence and caution now prevail.

The recession has reduced the demand for finance professionals and their working life has changed for many expatriate accountants in Dubai. The mood amongst people here isn't good and a mass small and medium-sized companies closing down, unemployment is rising and many employees face salary cuts. People are finding it tough going – and with revenues and margins falling, management teams are keeping a sharp eye on cost reductions. However, even so, there are still good opportunities for management accountants. In fact, though, it's not all doom and gloom, despite the high profile given in the financial press to Dubai's fall-out from the global recession.

Although the job market has tightened, there's still scope for well-trained, experienced people. In fact, the economic turmoil may even have honed the skills of some Dubai-based finance professionals. People used to be concerned primarily about how to get high returns and deal with surplus funds, cash was taken for granted. But with the onset of the financial crisis, everyone was forced to start learning basic business principles once again; namely, that cash is king. With investors withholding funds and customers delaying payments – or even going out of business – many finance managers in companies here have been forced to shift their focus to cash generation, for instance, by negotiating credit facilities with banks.

The majority of accountants who have been made redundant but have chosen to stay in the Gulf haven't sought to change career paths; instead, many will consider a broader range of locations outside Dubai: More vacancies are becoming available in Abu Dhabi and Saudi Arabia, whose economies have proved more robust at withstanding the global recession. Even the construction and property sector is recovering there, due to government investment in infrastructure. And Doha's continued development as a regional centre of excellence for science and technology mean opportunities are being created in Qatar too.

Although some accountants in more adversely affected world economic centres have regarded the Middle East as a market for their talents, candidates already based there are generally favoured: Employers prefer to hire people with local knowledge, unless there's a specific technical skill that can't be sourced locally, Longer-term Middle East experience and the ability to speak Arabic are definitely assets. Working in Dubai gives people the Middle East experience that many employers in the Gulf want, a number of accountants who live in Dubai but now commute 90 minutes each way to Abu Dhabi due to the down turn in the economy.

Employers have a much more positive outlook – but with a healthy dose of realism; nobody in the UAE expects a return to the excessive levels of recruitment previously seen. There's a far greater emphasis on only hiring into business-critical roles – anything deemed to be a luxury or just a nice-to-have is unlikely to be given the green light.

Therefore, the researchers have to come to this conclusion that as finance professional job entails a lot of responsibilities, risks in financial decisions and subsequently immense stress, organizations will have to definitely attract and retain financial professionals by lucrative emoluments and benefits and a healthy working environment. Herein, the current study, financial professionals of select MNCs of Dubai, United Arab Emirates (UAE) will be administered with a structured undisguised questionnaire that will aim at measuring their overall QWL and the professionals work attitude, level of job satisfaction/stress, job security, autonomy at work and well-being.

RATIONALE FOR THE STUDY

The researcher's rationale for selecting particularly this category of professionals is due to the increasing concerns within the financial industry, it is important for employers to understand how to successfully retain their financial professionals. With increased satisfaction, job security, positive work attitude, autonomy for decision-making at work, pay-equity and overall well-being, organizations financial potential will be on uptrend; and employers will continue to retain these professionals and earn profits. Recent economic changes due to the current recession, including mergers and acquisitions, bankruptcies and changing regulations, have created increased stress among finance industry professionals. The surviving financial professionals have been impacted physically, with increased workloads, and emotionally, though increased anxiety and pressure from dealing with client concerns. The researchers through this study would attempt to highlight certain continuous improvement strategies that employers need to understand in terms of the challenges the finance professionals face, and suggest organizations to develop techniques and service structures that promote success and satisfaction among those professionals.

OBJECTIVES OF THE STUDY

The main objectives of this research are as follows:-

To measure the Quality of Work Life among Finance Professionals of select MNCs in Dubai, United Arab Emirates.

To identify the impact of the following attributes on the measure level of Quality of Work Life among the Finance Professionals: Work Attitude, Job Satisfaction, Autonomy, Pay / Pay-Equity, Stress, and Job Security.

HYPOTHESES

Hypothesis 1: There is no significant association between the demographic profiles of finance professionals with their perception about QWL
Hypothesis 2: There is no significant association between job satisfaction and QWL
Hypothesis 3: There is no significant association between autonomy at work and QWL
Hypothesis 4: There is no significant association between attitude of management towards employees and QWL
Hypothesis 5: There is no significant association between quality of life and Quality of Work Life (with special reference to the professional being able to devote enough time for family responsibilities)

REVIEW OF LITERATURE

Suman Ghalawat (2010) states that QWL is a Process of work organizations which enables its members at all levels to actively participate in shaping the organizations' environment, methods and outcomes. This value based process is aimed towards meeting the twin goals of enhanced effectiveness of organization and improved quality of the life at work for employees. Work is an integral part of our everyday life, as it is our livelihood or career or business. On an average we spend around twelve hours daily in the work place, that is one third of our entire life; it does influence the overall quality of our life. It should yield job satisfaction, give peace of mind, a fulfillment of having done a task, as it is expected, without any flaw and having spent the time fruitfully, constructively and purposefully. Even if it is a small step towards our lifetime goal, at the end of the day it gives satisfaction and eagerness to look forward to the next day. The factors that influence and decide the Quality of Work Life are: Attitude, environment, opportunities, nature of job, people, stress level, career prospects, growth and development, risk involved and reward.

The inspirational part of success is to hold a reputed job. On an average, we spend around twelve hours daily in the work place that is one third of our entire life. Job, occupies one's thoughts, prefixes the schedule of the day, determines the purchasing power of an individual, and contributes to the social identity. Today's literate workforce expects more than just pay from their work. The dynamic work environment demands equal importance to both technology and human needs, where the individual perspectives play a key role in humanization of work atmosphere and democratization of work relations.

Davis (1983) defines QWL as "the quality of the relationship between employees and the total working environment, with human dimensions added to the usual technical and economic considerations". Quality of Working Life cannot be attained unless all needs arising in organizational settings are taken care of (Sinha and Sayeed, 1980). As organizations are struggling to survive and become more efficient, an accrued interest has evolved around the concept of professionals working life. (Dolan et al., 2008). Quality of Work Life (QWL) should be viewed as a two way process, from organizational perspective it should consider, employee as the most important resource as they are trustworthy, responsible and capable of making valuable contribution and they should be treated with dignity and respect (Straw and Heckscher, 1984). Whereas from the employee's perspective, QWL should be conceived as a set of methods, such as autonomous work groups, job enrichment, high-involvement aimed at boosting the satisfaction and productivity of workers (Feuer, 1989).

EMERGENCE OF QWL CONCEPT

Quality of Work Life is a concept of behavioral scientist, and the term was first introduced by Davis in 1972 (Mathur, 1989; Hian and Einstein, 1990). According to Robins (1990) QWL is "a process by which an organization responds to employee needs by developing mechanisms to allow them to share fully in making the decisions that design their lives at work". The key elements of QWL in the literature include job security, job satisfaction, better reward system, employee benefits, employee involvement and organizational

The behavioral scientist Abraham (1973), Hall (1976), Andrews and Withey (1976), Campbell et al., (1976) and Blishen et al., (1975) believe and state their views of 'quality of work' that it is the combination of statistical and psychological factors. They assessed responsibility as subjectivity and the other people well-being as objective indicators. Stone (1978) has stated in his paper on organic solidarity and life quality indicators that quality of life has been accepted by psychological factors. That has been considered as an individual satisfying or frustrating factors. Later, Mishra (1985) found in his study that age and length of service did not affect QWL. It was a function of income of the employees, income leads to high QWL, and higher level of education higher level of QWL.

QWL AND ORGANIZATIONAL FACTORS

QWL practice involves acquiring, training, developing, motivating and appraising for the best performance of the employees as per organizational objectives. Indeed, core elements of QWL are of working conditions, employee job satisfaction, employees' behavioral aspects, and employees' financial and non-financial benefits, growth and development, and supervision (Lau & May, 1998; Hackman & Oldham, 1975; Taylor & Bowers, 1972).

Job satisfaction can be understood by explaining people want to come to work. Locke (1976) defined job satisfaction as "a positive emotional state resulting from the appraisal of one's job or job experiences". Though various researchers identified it in different ways and conclude that it's a combination of physiological, psychological and environmental circumstances, the result of this combination is a person's job satisfaction. Job satisfaction has significant effect on organizational performance in terms of wages, salary, incentives, boss-subordinate relationships, company policy, promotion, jobs itself, co-worker relationship (hygiene factors) (Nash, 1985). Job satisfaction in recent year has become associated with Quality of Work Life movement.

It is well known that employee intrinsic motivation has an impact on organizational performance and Herzberg et al. (1959) had shown that motivated employees tend to performs better. Company need to find out the factors that influence employees' satisfaction and to ensure their Quality of Work Life (Gilgeous, 1998). In the same vein, Muqtada et al. (2007) assert that workers had their common complaints related to wage and working conditions such as working hours, late attendance, and working lunch. Workers perceived that management always pays them (workers) inadequate wages and low overtime, few days of leave, long work hour without compensation and enterprises are very strict about late attendance. This complaint creates disputes and dissatisfaction at work. As workers have no structured labor-management consultation and negotiation, therefore complaints generate conflict and unrest in the zone. The expression "Quality of Work Life" evolved in the late 19th century. The first study of its kind done in Hawthorne Western Electric's plant by famous sociologist Elton Mayo, in 1933, highlighted the importance of environmental factors on plant workers' performance. The results tempered the Taylorian performance of "Scientific management theory" applied until then (Mayo, 1960). This led to the paradigm shift that, money was not the only motivator, where as other environmental factors also play a significant role in influencing the employee productivity.

Irving Bluestone, employee of General Motors, used the expression "Quality of work life" for the first time in late 1960s (Goode, 1989), to evaluate employee satisfaction. QWL as a discipline began in the U.S. in September 1972 when the phrase was coined at the International conference on "democratization of work" conference held at Columbia University's Arden House New York. In August 1973, the International Council for the Quality of Working Life was created, to promote research. Worrall and Cooper (2006) reported that a low level of well-being at work is estimated to cost about five-ten percent of Gross National Product per annum, yet Quality of Working Life as a theoretical construct remains relatively less explored within the organizational psychology research literature.

After conducting an extensive literature review, the researcher have come to this understanding that there have been varied constructs researched by yesteryear scholars and men of great realization, but the present study aims to measure the QWL among finance professionals, which not many have done in the past.

RESEARCH METHODOLOGY

The current study has a descriptive research design that aims at gauging the demographic profile and perception of 32 financial professionals of three MNCs in Dubai, towards Quality of Work Life and its different constructs. A random representative sampling technique was used to retain its representatives and manageability as it is commensurate with this quantitative research studies. An objective assessment of the qualitative factors is made possible through a structured un-disguised questionnaire that will measure the level of QWL and the impact of various constructs like, job security, workload, autonomy, job satisfaction/stress, pay-equity and work attitude. The questionnaire has a combination of scales used to measure the qualitative factors like the bipolar scale (YES/NO) and a four point scale, to suit the statements related to various constructs which will enable the professional in eliciting his feelings in a realistic manner. The primary data was tabulated and analyzed using simple percentage analysis – for the demographic profile of the respondents and subsequently, Statistical Package for Social Sciences (SPSS ver.11) was utilized to analyze the association between Quality of Work Life and demographic variable, as well as the independent variables through t-test and correlational analysis.

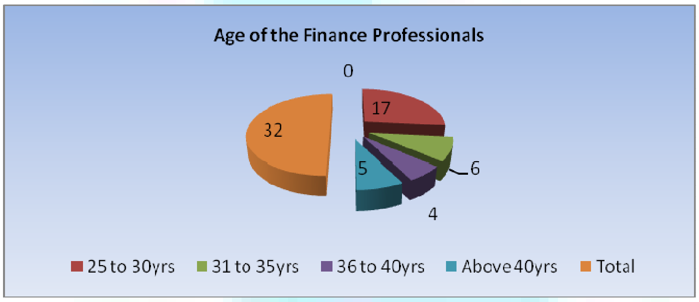
LIMITATIONS OF THE STUDY

- The sample size is small, due to the challenge of gaining access to the finance professionals and their non-response associated with their stressful and hectic schedules
- Lack of clarity of some constructs has led to its elimination, despite its assumed importance.
- The study was conducted exclusively in few areas of Dubai, United Arab Emirates during the period of Nov.2010 to January 2011.
- Given the research base, it was not possible to visit the site of every organization in the survey; this was prohibitive in terms of both time, and finances.

RESULTS AND DISCUSSION

- 53 percent of the finance professionals were in the age group of 25-30 years, which indicates that majority of the finance professionals considered for this study are in their early or mid-career stage and the pro is that they are emotionally more intelligent to tackle stress and job insecurity, but the con being that their level of job satisfaction is not healthy and have lot of expectations regarding pay, scope for advancement and other benefits.

GRAPH 1: SHOWING THE AGE DISTRIBUTION OF THE FINANCE PROFESSIONALS



- 97 percent of the finance professionals were of Indian Nationality, which also signifies that majority of the multinational corporations in Dubai have the practice of hiring Indians as financial advisors/managers/executives in the organization, may be due to the ethnic profiling concept of them being wise with numbers as well as self-disciplined and regulated.
- 91 percent of the finance professionals were men and the rest being women. This indicates that there are few women in Dubai who have been able to climb up to the managerial positions in the specialization of finance and on researching on this issue, it has been noticed that most women who are specialized in finance either chose to work in Banks or Universities and that explains the minor representation of women as finance professionals in the corporate.
- 53 percent of the finance professionals have a work experience of more than five years and it indicates that these professionals are in their mid-career stage or early stages.
- 47 percent of the professionals work 11 hours and more in a month as extra beyond their regular schedule of 8 hours per day and 38 percent of them work less than 5 hours per month.
- 75 percent of the finance professionals agreed that it is definitely somewhat hard to take time off during your work to take care of personal or family matters.
- 53 percent of the professionals agreed that sometimes the demands of their family interfere with work on the job and 16 percent claimed that often it interferes, creating family-to-work spillover stress.
- 72 percent of the professionals had only three hours to relax or pursue activities that they enjoy and 13 percent did not have any time at all for the same. Herein, we can interpret that the Quality of Work Life has a direct bearing on the quality of life, as the professionals do not get enough time to devote for themselves.
- 91 percent of the professionals do not undertake any extra work from other employers even as freelancers, this is probably because of the strict labor law from the employers side that one he/she is sponsored by an employer then they lose their freedom to work as a part-timer or freelance in the same profession. In fact it is liable to financial fines to the worth of even up to AED.30, 000.
- 69 percent of the professionals only sometimes took part with others in decision making that affects them, explaining the lack of decision making autonomy even in MNCs.
- 97 percent of the finance professionals claimed that their relationship with management at work place in neither good nor bad. This clearly explains that the morale of these professionals towards management, which clearly lacks a family feeling.
- The response was divided among the professionals when asked about getting a pay increase if a job was well done. 50 percent said a yes and other 50 percent a no. This indicates that pay equity especially external equity is discriminating and there is relative deprivation of pay scales internally too.
- 47 percent of the professionals claimed that they sometimes found their job stressful, 22 percent claimed often they felt stressful and 13 percent said that they always felt stressful. Stress is an independent variable, that appears to definitely have an impact on the Quality of Work Life of the professionals and if organizations do not work on stress reduction strategies, many of these professionals will look for greener pastures or will have reduction in their productivity.
- 62.5 percent of the professionals claimed that they are only somewhat satisfied with their current jobs. Indicating that once the market situation gets better, many of these professionals will move on, in fact majority of them are already in the pipeline by having applied for immigrations and registered with headhunters for jobs in Abu Dhabi, Qatar, Saudi Arabia and even India, wherein growth is at its best at this point of time.
- 69 percent of the professionals rate their emotional intelligence as moderate at work. Perhaps patience and tolerance is something every professional in Dubai develops over a period of time, as majority of the management act democratic and think autocratic.
- 72 percent of the professionals have rated the overall Quality of Work Life in their organization as good, since they feel that they have got the best of the opportunity compared to the market conditions and having retained their jobs during this economic recession and still being given performance based increments and bonus is a positive sign in many of these organizations.

- Only 57 percent of the professionals agreed on the fact that they had job security. In fact few professionals as a comment had written in the questionnaire that job security in Dubai means (Today + 30 days). As hire and fire policy is very vibrant in this market, many employees do find the lack of job security as a source of worry and chose to migrate to Canada, Australia, and New Zealand or to neighboring gulf countries.

HYPOTHESIS TESTING

Ho: There is no significant association between the demographic profiles of finance professionals with their perception about QWL

H1: Null hypothesis is accepted, as the t-test clearly indicated that there is no positive association between gender and quality of work life. Most of the other demographic variables too like age, nationality, work experience and extra hours at work had no significant association with QWL.

TABLE 1: SHOWING THE T-TEST RESULTS FOR ASSOCIATION BETWEEN GENDER AND QWL

Sl.no	Quality of Work Life	Mean	S.D	Statistical inference
1	Male (n=29)	1.72	.455	T = .204
2	Female (n=3)	1.67	.577	P > 0.05 Not Significant

Ho: There is no significant association between job satisfaction and QWL.

H2: Null Hypothesis rejected, as it has been proven statistically that there is significant association between job satisfaction as an independent variable and QWL.

Ho: There is no significant association between autonomy at work and QWL.

H3: Null Hypothesis rejected, as it has been proven statistically that there is significant association between autonomy in decision making as an independent variable and QWL.

Ho: There is no significant association between attitude of management towards employees and QWL

H4: Null Hypothesis rejected, as it has been proven statistically that there is significant association between attitude of management towards employees as an independent variable and QWL

Ho: There is no significant association between quality of life and Quality of Work Life (with special reference to the professional being able to devote enough time for family responsibilities)

H5: Null Hypothesis rejected, as it has been proven statistically that there is significant association between employees feeling deprived of their family responsibilities due to work thereby creating negative perception toward work life.

All the above stated hypothesis was proven with the help of a correlational analysis (values illustrated in Table 2) that was able to establish a positive and significant association between the following independent variables - autonomy for decision making, job satisfaction, attitude of management, quality of life (time spent with family) and QWL.

TABLE 2: SHOWING THE CORRELATION BETWEEN INDEPENDENT VARIABLES AND QWL

Quality of Work Life in this organization is	Correlation value	Statistical inference
How hard is it to take time off during your work to take care of personal or family matters	**.469(**)**	**P < 0.01 Significant**
n your job, how often do you take part with others in making decisions that affect you?	**-.355(*)**	**P < 0.05 Significant**
In general, how would you describe relations in your work place between management and employees?	**.420(*)**	**P < 0.05 Significant**
All in all, how satisfied would you say you are with your job?	**.520(**)**	**P < 0.01 Significant**

SUGGESTIONS & CONCLUDING REMARKS

The UAE has been ranked number 1, as the country with the best quality of life in the Middle East and North Africa region in the prestigious Economist Intelligence Unit 2009 Quality of Life Index. Globally, the Quality of Life Index ranked the UAE 15th in the world out of 160 countries evaluated. The ranking reflects the prosperity the UAE has witnessed over the past years and the results of ongoing strategic initiatives introduced by the UAE government across all sectors including the economy, security, health and education. Abdullah Nasser Lootah, Secretary General of Emirates Competitiveness Council, commented on the Quality of Life Index, saying: "While the results are gratifying, our goal is to continue to improve the quality of life of our citizens. This determination and vision of our leadership, represented by UAE President H.H. Sheikh Khalifa bin Zayed Al Nahyan and H.H. Sheikh Mohammed bin Rashid Al Maktoum, UAE Vice President and Prime Minister and Ruler of Dubai, to keep citizens at the heart of the nation's development, and to work towards improving the quality of life of every individual living in the UAE."

The researchers suggest the following strategies to the corporates and policy makers that will enable in enhancing the existing perception of Quality of Work Life among the finance professionals. We all desire a work experience that can fit neatly with our personal lives. Too often however peoples work life overpowers the rest of their life. And when that happens, we can very easily find ourselves struggling to keep up in all areas of our lives. The following ten tips are designed to apply as much to the CEO as they do to the front line worker:

1) **Have a personal vision** of who you want to be and what you want to!
2) **Test out your own personal vision** with that of your organizations - in how many ways do they support each other?
3) **Learn, and keep on learning -** go to training sessions and in-services, enroll in college courses, read books. Know why, not just how.
4) **Buddy-up -** find ways to share the load with other team members. Sharing the load makes work easier to manage and less stressful.
5) **Share your successes -** this allows you to learn from the successes of others, as well as giving you a boost when you need.
6) **Get it off your chest -** talk things over with your buddy, friend, supervisor when things trouble you, don't keep it bottled up inside.
7) **Find joy in being of service to others -** think about how the person you are serving is better off as a result of your work, and rejoice in that knowledge.
8) **Take time for breaks -** pay particular attention to the need to refresh body, mind and spirit.
9) **Try out new ideas -** to innovate is to grow. By using your creativity and innovation life becomes exciting and fulfilling.
10) **Have fun at work -** laughter is the best medicine, but use only appropriate humor. Damaging someone else's self-esteem for the fun of it is no laughing matter.

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ART OF DELIGATION- A POWERFUL TOOL FOR LIBRARIAN

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ABSTRACT

The brain bank of any institution i.e. Library requires management with utmost care and with a careful outlook. It requires not only managing the books, records, time, space, environment but also managing those people who are supposed to manage these resources in turn. With the advent of teams, downsizing, and fewer levels and increased number of direct reports, the kind of work that being asked to do is changing. Today, lateral coordination among cross-functional teams is accelerating. This requires librarian to delegate to his teams. The subordinates can be effectively managed by understanding the diversified work in the Library & also the attitude, psychology of the subordinates. Also they are to be treated with respective ness, participative management, trust, incentives etc. in order to motivate them and boost up their morale. The basis of delegation has not changed. Delegation is the process for empowering workers with decision-making authority. Because organizations are moving to team based structure, operating decisions are being pushed to lower levels. Therefore, understanding the principles, concepts, and mechanism of delegation is vital for today's librarians. Thus, the basic purpose of this article is too aware about the importance of delegation as a powerful tool by the Library administrators to manage the subordinates in an effective manner.

KEYWORDS
Delegation, library, planning,

INTRODUCTION

Management, recognized as omnipresent, is also the essential part in smooth functioning of; the most important part any education institution, Library. Which is undoubtedly the brain bank of the institution? To manage it properly, the responsibility is given to an especially skilled person, qualified in the Library science. Since this is the integral part of the institution up on which everyone whether being students, staff, research scholars, all rely. The richly equipped Library is going to lead quality in the educational system of the organisation. A Librarian in a Library is fully responsible for over all function of it as per the polices and guidelines which in turn are based on the Library and organisational objectives and goals.

FIGURE: 1

The main purpose of this article is to enlighten the managerial aspects of a Librarian; following all the principles of management and get the maximum output with his/her skills. In management of Libraries there are various areas like Planning, Organizing, Staffing, Directing, Directing, Co-ordination, Controlling and Reporting etc. It is accepted that the head of the Library though held responsible for the Library activities, alone cannot accomplish or fulfil the expectations of all. A numbers of supporting staff in terms of professional, semi professional are available to assist him. The number of staff under control depends on the span of authority i.e. number of subordinates he/she supervises. The role of Librarian is multidimensional fold. Librarian is accountable to organizational objectives, staff working under him/her and the society as a whole. One of the tools in the hands of the Librarian is DELEGATION. Delegation is one of the most important skills any head of the educational institution/Library must possess. Delegation of authority is a conscious effort on the part of manager. Therefore in delegating authority, he should observe certain principles so as to make it effective unless these principles are observed, delegation render ineffective, consequently organization may fail and the managerial process may be seriously impeded, Following are such principles:

1. The more people to whom a person reports, the less accountable he or she becomes.
2. The willingness and ability of people to do the work and make the decisions required limit the effectiveness of delegation.
3. The less authority people have, the more difficult it is for them to assume their responsibilities.
4. The more complete the accountability of individuals, the more effective the focus of control.

5. Delegation is limited by the availability of effective controls.
6. Offering constructive disagreement with loyal support of the final decision builds two-way communication and better decisions.

Individually, any Librarian can be overburdened this situation crops up when they do not know how to delegate. A single individual however efficient he might be, he can't accomplish all the works alone. Can one delegate his responsibility and authority to subordinates? Yes of course he can delegate, but now the question arises; what to delegate and what not to delegate? Certainly, a supervisor can't delegate his responsibility or authority completely but partly, the authority necessarily associated with some responsibility in the form of tasks. These can be delegated to make the entire work more easy, comfortable and quicker. Responsibility refers to the duties or sometimes duties associated with obligation which an individual is supposed to perform by virtue of his position in the organisation. It may be otherwise defined as an obligation of an individual to carryout assigned activities to the best of his ability. But then this depends upon the subordinates skills, qualification & dedication, how much responsibilities are to be delegated. For example a highly qualified librarian if associated by illiterate associates, would not be able to make the fullest use of his delegation Accountability refers to answerability for the conduct with respect to obligation fulfilled or unfilled. Authority is the sum of legitimate right and power is given to an individual to carry out the assigned duties. In other words while authority is right to command.

CASE l. In a Library issue and return section a semi-professional did not compete his I daily book issue and return register and concerned ledger for last one month. Hence the, the semi-professional has failed in his duties. Since this was a part of delegated assignment to establish proper control on delegated workers. The Librarian shall also be held responsible, as this delegated work was part of his overall responsibility .Here we find that if in library itself the subordinates are taught Library management and if are trained specifically for their own jobs, they would be able to work effectively on their individually delegated works.

CASE 2. Completion of assigned duties, like reference services. To complete all works of the Library in different sections, a particular section rests with the concerned section in charge. Non completion indicates the ultimate failure on the section in charge. It also denotes failure on the -part of administrator or librarian for lack of control over the subordinates. Delegation is practiced in all the libraries without exception. One of the reasons for excellence of a library is effective delegation may not compensate for the inefficiency and ineffectiveness in other quarters, but an inefficient library can above delegation is flawed.

WHAT EXACTLY IS MENT BY DELIGATION?

1. Division of principles over all work and entrust part of it to the others.
2. Grant authority to perform the assigned work.
3. Ensure that the assigned work is performed as per the established standard.

TEN STEPS OF EFFECTIVE DELIGATION

FIGURE: 2

1) PROVIDE THE PROPER CLIMATE FOR DELIGATION

Every manager should be willing to give others a chance to fail. When people are delegated challenging work and are given broad authority to make decisions, they have a sense of guiding their own destiny and can enjoy a feeling of real accomplishment when efforts are successful. Keep in mind that the best way for an intelligent person to learn is to make mistakes and profit from the experience. Patience is the key word here. Manage your staff members' discovery, for this is the best kind of learning.

2) RECOGNIZE AND DEAL WITH THE BARRIERS TO DELIGATION

Managers often fail to delegate because of psychological and organizational barriers. They may fear that subordinates will not do the job properly and, as a result, they will look bad. Although this fear is justified if subordinates are untrained or poorly motivated, the managers' responsibility is to take positive action to over-come such deficiencies. Organizational barriers, such as failure to define responsibility and authority, also may block delegation. If managers do not know what work to perform and do not understand the degree of their authority, they will not be able to delegate parts of this responsibility and authority.

3) DEFINE RESPENSIBILITY, AUTHOORITY AND ACCOUNTABILITY

The responsibility, authority, and accountability of each position should be defined in writing. Written statements enable managers to determine whether the workload is properly balanced: whether one individual or component has too much work, another too little. These written position guides also help clarify each person's responsibilities, making it possible for individuals to develop their own area of work and authority as fully as they are capable, while preventing subordinates from overlapping the work assigned to others.

4) CLARIFY PERFORMANCE STANDARDS

To be effective, accountability must be based on clear, understandable and measurable performance standards for the job's key performance indicators. These are the areas where work is repetitive and can be measured.

5) ESTABLISH A FORMAL METHOD OF RVIEW

Focus only on exceptions that are outside the agreed-upon control limits. Require corrective action plans that ensure that reverse delegation does not creep back, trapping upper management into making decisions that could easily be handled at lower levels.

6) CREATE A TRAINING PLAN

This will provide you with a gap analysis and training needs assessment. Assess skill levels periodically and retrain individuals as necessary to ensure that competency levels are maintained.

7) ENLARGE JOBS IN DEPT AS WELL AS BREADTH

When this happens, managers should delegate new work to the most capable people. They should also encourage improvement in depth. Everybody can think of new and better ways of doing their jobs, reducing costs, and increasing efficiency.

8) REWARD OUTSTANDING PERFORMANCE

By giving credit freely, managers encourage repeat performance of the kind of outstanding work they want. Sooner or later, this recognition should be reflected in an increase in salary or other compensation. Increased delegation also can build morale among dissatisfied team members.

9) KNOW EHEN TO RECAL DELIGATION

When ability to perform diminishes, delegated authority and responsibility should be temporarily withdrawn until the situation improves. This ebb and flow of responsibility and authority are to be expected. However, the manager should be aware of the human tendency to retain authority.

10) CONTINUE COACHING THE ORGANIZATION TOWARDS A CULTURE OF DELIGATION

For delegation to be effective, it must be part of a strategic intent. Moving from a top down command and control style to one requiring delegation of decision-making authority to lower levels and teams requires a conscious decision on the part of upper management.

ATTITUDE OF AN ADMINISTRATOR TOWARDS DELIGATION

RESPECTIVE-NESS: Willingness to give other people's ideas a chance is a needed attribute for an effective delegation. It involves some amount of direction on the part of librarian. Welcoming the ideas of subordinates and letting them know about implementation of their ideas will enhance the power of delegation. A librarian should believe in the concept of participative management.

FIGURE: 3

WILLINGNESS TO PASS AUTHORITY: The right to make the decision towards accomplishing the assigned duty should be given to subordinates. The reason for unwillingness may be many. The trust enjoyed by the subordinates play an important role in the delegation of authority. The competencies of staff should be identified and nurtured. Development of mutual understanding/trust is prerequisite for effective delegation. The attitude of making the subordinates come frequently to him/her for getting approval even on petty matter shows that administrator want to have his/her importance felt.

CASE 1. The Library is expecting a visitor of an outstanding repute. The Librarian wants that visit should be memorable work is assigned to a deputy librarian/ Assistant Librarian when this DL/ AL wants to draft the letters, invitation, list of requirement circulars etc., the typing clerk refused to do that, typing that he is not supposed to work under the order of DL/ AL etc. The DL/ AL because of the fear of Chief Librarian, tried to do everything without asking or taking help from anyone else and the result was that the Librarian was not satisfied with the arrangement.

DID THE LIBRARIAN DELEGATE AUTHORITY ALSO?

1. TOLERANCE TO DEVIATION AND MISTAKES: It is impossible to think that a 'Zero's mistake' system would be possible. Everyone is prone to mistakes. Delegation, also involves controls to see that repeated mistakes and serious mistakes are avoided. Handling the mistakes of subordinates by explaining or counselling's or training or some other means can maintain efficient delegation.

2. WILLINGNESS TO TRUST SUBORDINATES: It stems from the fear that the subordinate is not competent or not experienced or some negative attitude towards the subordinates can affect the trust and also affect delegation process.

3. FEAROF SUBORDINATES: Fear of subordinates excelling in the duties may also affect the delegation process. Sometimes this fear of the recognition of subordinates for this job makes the principle feel threatened.

CASE 2: A Library has assigned the duties for the purchase of furniture, books, stationary to his subordinates like DL/ AL and some other professionals but every time after the purchase he used to cross check the cost of the items. The subordinates refused the duties in the following year. Lack of trust?

ATTITUDE OF SUBORDINATES

1. WILLINGNESS TO RESPONSIBILITY: Even though the Librarian wants to delegate authority in respect of the assigned work, the subordinate may not be willing to accept the responsibility and turn authority. This attitude effect over all process of delegation.

2. SELF CONFIDENCE: The subordinates may have not self confidence in doing the work, hence reluctance to take up the work. They may fear the failure. It may also be fear of criticism Librarian should be able to instil confidence in them by giving a little leverage in performance.

3. INCENTIVES: Need not be material also play and important in the effectiveness of delegation's word of appreciation can do wonders in many cases.

4. RESOURCES: If the necessary resources are not available to the subordinates, delegation can be a failure. They are reluctant to take up the duties.

A FINAL OUT LOOK

It is in the light of above that a Librarian can become more effective by skilfully delegating the works to achieve the overall objectives of the delegation. He can success in the delegation of authority, if he follows the principle of participative management. Delegation of authority is one of the important factors in the process of organizing to achieve the overall objectives, goal and mission. It is essential to the existences of a formal organization like library the moden times, the Library is not only the store house of books but also a house of different types of services and that type of environment a single man can not accomplished all works lonely. So it is right **"Art of Delegation-A Powerful Tool For Librarian."**

ABBREVATION

DL-Deputy Librarian
AL-Assistant Librarian.

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A STUDY ON BENEFITS AND RISK ANALYSIS OF FUTURES AND OPTIONS IN MADURAI

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ABSTRACT

The economic system depends on an adequate supply of capital from private investors. The savings of individual investors is the main source of capital investment for business expansion. With increasingly complicated financial products available to investors and electronic financial transactions becoming the norm, people need to learn how to make wise financial decisions. The investors should be able to identify industries that are growing at a faster rate. This requires constant analysis and expertise to analyze the financial indicators. Hence, derivatives help in the process of shifting risk, earn high return in accordance to the risk taken (High risk-High return), and earn profit from price difference in two markets. Such instruments have to be analyzed in terms of its risks and benefits to help different traders to take right decision before trading in derivatives according to their attitude towards risk. Derivatives include forward contracts, futures contracts, options and swaps. A trader needs to understand the concept of derivatives and its applications and the risk associated with it and risk management strategies to play safe and successful in the market. Therefore the study aims at analyzing the benefits and risks in trading futures and options market. The research is focused on survey method to collect participants' responses to identify the level of awareness on futures and options market and analyze the risks and benefits associated with it .The responses are concluded with suggestions and recommendations managerial and research implications.

KEYWORDS
Arbitragers, Futures and Options, Hedgers, Stock Brokers, Speculators.

INTRODUCTION
Derivatives have changed the world of finance as pervasively as the internet has changed communications. Well they are everywhere nowadays. New ideas and innovations have always been the hallmark of progress made by mankind. At every stage of development, two crore factors drive man to ideas and innovations. These are increasing returns and reducing risk, in all facets of life. One such innovation in the financial market is Derivatives, which are contracts that originated from the need to minimize risk and maximize return to the investors. Hence it is introduced with the main purposes of enabling individual or corporate investors to either increase their exposure to certain specified risks in the hope that they will earn returns more than adequate to compensate them for bearing these added risks, known as speculation. On the other hand, reduce their exposure to specific financial risks by transferring these risks to other parties who are willing to bear them at lower cost, known as hedging. In addition, there is an important activity carried out known as Arbitration, which helps in earning profit from price differential existing in two markets by simultaneously operating in two different markets.

Cash market participants negotiate the buying and selling (the transfer of title) of a specific product; futures market participants focus on the buying and selling of a contract on the underlying product. With the contract standardized in terms of delivery months and locations, quantity and grade of the commodity, the only element left to negotiate in the exchange market is the price. Since price and not the commodity is the focus of the futures and options market, delivery of the actual commodity is a function that generally is assigned to the cash market. The market makes it easy to enter and exit the market before delivery becomes even a possibility. All the mechanisms of the futures marketplace focus on the taking of a "price" position and then closing it out at a profit or loss.

FUTURES

Futures contract means a legally binding agreement to buy or sell the underlying security on a future date. Future contracts are the organized contracts in terms of quantity, quality, delivery time and place for settlement on any date in future. The contract expires on a pre-specified date called expiry date of the contract. All the financial futures contracts are cash settled. There is no physical transfer of securities. Future contracts traded in India are based on commodities, indices, individual stocks, interest rate and currency.

OPTIONS

Options contract is a type of derivatives contract that gives the buyer/holder of the contract the right but not the obligation to buy / sell the underlying asset at a predetermined price within or at the end of specific period. The buyer/holder of the option, purchases the right from the seller/writer for a consideration which is called the premium. The seller/writer of an option is obligated to settle the option as per the terms of the contract when the buyer/holder exercises his right. Option contracts traded in India are based on commodities, indices, individual stocks, interest rate and currency. Option contracts may be

- Call Option where the buyer has the right but not the obligation to purchase a given volume of the underlying asset at a given price on or before a given future date.
- Put Option where the buyer has the right, but not the obligation to sell a given volume of the underlying asset at a given price on or before a given future date.

An investor needs to understand the concept of derivatives and its applications and the risk associated with it and risk management strategies to play safe and successful in the market. Therefore the study aims at analyzing the benefits and risks in trading futures and options market

OBJECTIVES
- ✓ To study the concepts, technicalities and mechanics of trading in futures and options.
- ✓ To examine the benefits of Futures and options.
- ✓ To analyze the risks of Futures and Options.
- ✓ To analyze the level of awareness among traders in Futures and Options.

RESEARCH DESIGN AND METHODOLOGY

The following research methodology and design has been used for the study.

(1) RESEARCH DESIGN: Survey method was used with a structured type questionnaire as the data-collecting instrument.

(2) PRE- TESTING: Pre – testing was done for clarity and reliability of the tool.

(3) SAMPLE SIZE: A total of 50 respondents were taken for the study.

(4) SAMPLING PROCEDURE: The sample for the study was selected from Madurai district of Tamilnadu. Convenient sampling was chosen after critical review of literature. Respondents were males and females who are interested in trading in futures and options.

(5) DATA COLLECTION: In total 70 questionnaires were distributed out of which 50 sample was finally selected.

(6) ANALYSIS OF DATA: The statements on traders were framed after critical review of literature and discussions with experts in the field. The answer to these statements was sought in terms of 'Yes or No' and percentage analysis and chi square analysis.

ANALYSIS AND INTERPRETATION

AGE

TABLE 1: AGE OF THE RESPONDENTS TRADING IN FUTURES AND OPTIONS

Age Group	No. of Respondents	Percentage %
21 – 35	28	56.0
36 – 50	12	24.0
Above 50	10	20.0
Total	50	100.0

Source : Primary Data

The table1 shows that the young aged people between 21 and 35 have High risk taking attitude of 56% and the around 24% of the respondents trading belongs to the age group of 36 – 50 .The study shows that the trading level decreases as the age increases.

EDUCATIONAL QUALIFICATION

TABLE 2: EDUCATIONAL QUALIFICATION OF THE RESPONDENTS TRADING IN FUTURES AND OPTIONS

Educational Qualification	No. of Respondents	Percentage %
Upto XII Standard	5	10.0
Degree Holder	45	90.0
Total	50	100.0

Source : Primary Data

Table 2 shows that majority of the respondents are degree holders who have greater exposure to the futures and options market as the exposure, understanding ability and practical analysis is more in college education compared to school.

OCCUPATION

TABLE 3: OCCUPATION OF THE RESPONDENTS IN FUTURES AND OPTIONS

Occupation	No. of Respondents	Percentage %
Retired	7	14.0
Professional	4	8.0
Government Employee	2	4.0
Private Employee	12	24.0
Business	20	40.0
Service	3	6.0
Agriculture	0	0.0
Home maker	2	4.0
Total	50	100.0

Source : Primary Data

Table 3 portrays that the majority (40%) of the respondents are Business people who are very interested in making money and risk taking. Around 24 % are private employees who are next to business people in risk taking.

MONTHLY INCOME

TABLE 4: MONTHLY INCOME OF THE RESPONDENTS TRADING IN FUTURES AND OPTIONS

Monthly Income	No.of Respondents	Percentage %
Less than 10000	7	14.0
10000 – 20000	18	36.0
20000 – 30000	12	24.0
30000 – 40000	4	8.0
40000 – 50000	2	4.0
Above 50000	7	14.0
Total	50	100.0

Source: Primary Data

Table 4 shows that the majority of the respondents who are trading in futures and options belong to the income group of 10000 – 20000 which depicts that the middle incomed people are more interested in trading in derivatives to maximize their earnings.

MARITAL STATUS

TABLE 5: MARITAL STATUS OF THE RESPONDENTS TRADING IN FUTURES AND OPTIONS

Marital Status	No.of Respondents	Percentage %
Married	37	74.0
Unmarried	13	26.0
Total	50	100.0

Source: Primary Data

Table 5 explains that the majority of the respondents (74%) are married as they have more responsibilities to take care of their family when compared to the unmarried traders.

SOURCE OF KNOWLEDGE ABOUT FUTURES AND OPTIONS

TABLE 6 :SOURCE OF KNOWLEDGE OF THE RESPONDENTS TRADING IN FUTURES AND OPTIONS

Source of Knowledge	No.of Respondents	Percentage %
Broker	35	70.0
Advertisement	5	10.0
Studied in course of my Education	10	20.0
Total	50	100.0

Source: Primary Data

Table 6 shows that majority of the respondents knew about futures and options through the awareness created by brokers, who market these products for earning revenue. Advertisements play only a trivial role in creating awareness about futures and options.

MODE OF CONTACT OF STOCK BROKERS

TABLE 7: MODE OF CONTACT OF STOCK BROKERS BY THE RESPONDENTS TRADING IN FUTURES AND OPTIONS

Mode of Contact	No. of Respondents	Percentage %
Telephone	13	26.0
Direct Personal Contact	17	34.0
Online trading	5	10.0
Telephone & Direct Personal Contact	8	16.0
Telephone & Online trading	4	8.0
Direct and Online Contact	0	0.0
Telephone, Direct Personal Contact and Online trading	3	6.0
Total	50	100.0

Source : Primary Data

Table 7 shows that the majority of the respondents have chosen direct personal contact to trade as the trader may feel comfortable to be with broker and other traders to get sufficient details about the market. The next mode was the telephone as they have direct conversation with the brokers.

TYPES OF TRADERS IN FUTURES AND OPTIONS

TABLE 8 : TYPES OF TRADERS IN FUTURES AND OPTIONS

Type of Traders	No.of Traders	Percentage %
Hedgers	12	24.0
Speculators	31	62.0
Arbitragers	0	0.0
Hedgers and Speculators	7	14.0
Total	50	100.0

Source: Primary Data

Table 8 shows that the majority of the traders play the role of speculators due to the natural human attitude of earning huge at a short span of time and addiction to gambling and people are not aware of Arbitragers in Madurai as they show nil percentage.

INFLUENCE OF OCCUPATION ON THE ROLE PLAYED IN THE FUTURES AND OPTIONS MARKET

TABLE 9: INFLUENCE OF OCCUPATION ON THE ROLE PLAYED IN THE FUTURES AND OPTIONS MARKET.

Occupation	Role played in the Futures and options Market			Total
	Hedger	Speculator	Hedger & Speculator	
Retired	2 (40.0)	3 (60.0)	0 (0.0)	5 (100)
Professional	1 (25.0)	3 (75.0)	0 (0.0)	4 (100)
Government Employee	0 (0.0)	1 (100.0)	0 (0.0)	1 (100)
Private Employee	3 (21.5)	9 (64.3)	2 (14.2)	14 (100)
Business	5 (23.8)	15 (71.4)	1 (4.8)	21 (100)
Service	0 (0.0)	1 (100.0)	0 (0.0)	1 (100)
Agriculture	0 (0.0)	0 (0.0)	1 (100.0)	1 (100)
Home maker	2 (66.7)	1 (33.3)	0 (0.0)	3 (100)
Total	13 (26.0)	33 (66.0)	4 (8.0)	50 (100)

Source: Primary Data, Figures in Parentheses represents percentage

From the table 9 it is clear that based on the occupation the role played by the traders varies. The government employees and service sector people have widely chosen the role of speculators followed by professionals and business people.

The calculated Chi square value is 28.071 and the p value is .014 ($p< 0.05$). Hence there is significant influence of occupation on the role played by the traders.

RANK GIVEN BY THE TRADERS ACCORDING TO THE SUITABILITY OF THE INSTRUMENT

TABLE10: RANK GIVEN BY THE TRADERS ACCORDING TO THE SUITABILITY OF THE INSTRUMENT

Product	Total Score	Mean Score	Rank
Index Futures	5666.5	59.02	I
Stock Futures	4133	49.2	II
Index Options	3988	48.05	III
Stock Options	3152.5	41.48	IV

Source: Primary Data

Table 10 shows that index futures are most suitable to trade because of its diverse nature and high volume even during economic recession, which makes traders to enter easily, earn high return and exit.

PRIORITY GIVEN BY THE STOCKBROKERS ACCORDING TO THE BENEFITS AND RISKS OF THE INSTRUMENT

TABLE 11: PRIORITY GIVEN BY THE STOCKBROKERS ACCORDING TO THE BENEFITS AND RISKS OF THE INSTRUMENT

Product	Total Score	Mean Score	Rank
Index Futures	1127	66.29	I
Stock Futures	853.5	56.9	II
Index Options	725	45.31	III
Stock Options	547	36.47	IV

Source: Primary Data

Table 11 shows that the members' opinion goes with the traders except in the shift in position between index option and stock futures. Index option gets second rank because of the diverse nature of index. Stock futures ranks third because of the high risk factor in it.

INFLUENCE OF EXPERIENCE OF THE TRADER ON THE RISK EXPOSURE IN FUTURES AND OPTIONS MARKET

TABLE 12: INFLUENCE OF EXPERIENCE OF THE TRADER ON THE RISK EXPOSURE IN FUTURES AND OPTIONS MARKET

Experience(in months)	Risk exposure in the futures and options		Total
	Yes	No	
1 – 24	18 (75.0)	6 (25.0)	24 (100)
25 – 48	10 (66.7)	5 (33.3)	15 (100)
Above 48	8 (72.7)	3 (27.3)	11 (100)
Total	36 (72.0)	14 (28.0)	50 (100)

Source: Primary Data

Note: Figures in Parentheses represents percentage

Table 12 shows that there is very mere difference in risk exposure between the trade having experience below two years and the traders of experience above 4 years.The calculated Chi square value is 0.496 and p value is 0.780($p>.05$).Hence there is no significant relationship between experience and the risk met by the traders in futures and options.

INVESTMENT PATTERN OF THE RESPONDENTS IN EQUITY AND DERIVATIVES MARKET

TABLE 13: INVESTMENT PATTERN OF THE RESPONDENTS IN EQUITY AND DERIVATIVES MARKET

Investment pattern	No.of traders	Percentage %
Equity	25	50.0
Futures	18	36.0
Options	7	14.0
Total	50	100.0

Source: Primary Data

Table 13 shows that majority of the traders of around 50% follow the investment pattern of equity shares than futures and options.

FINDINGS

- ✓ The analysis portrays that the majority of the respondents who involved in trading futures and options were youngsters under the age group of 21 – 35.
- ✓ The study reveals that business and privately employed people are interested in trading especially married degree holders.
- ✓ It is apparent from the study that the brokers were the main source of contact and created awareness to the traders.
- ✓ The study reveals that the majority of the traders preferred direct personal contact with the broker in trading.
- ✓ Majority (64%) of the traders plays the role of speculators and none of the traders were Arbitragers.
- ✓ The study reveals that the experience in the field of futures and options has no significant relationship with the rate of hedging and speculation
- ✓ Majority of the traders are exposed to high risk ,but even then they have not stopped trading .Instead they are trying to identify the better solution to reduce the risk.
- ✓ The study reveals that the majority of the traders invest in the cash market rather than in futures market and equity market.
- ✓ The analysis portrays that the hedgers has comparatively lower risk exposure than the speculators.
- ✓ The traders have given first rank to index futures, then to stock futures, index options and stock options respectively.
- ✓ The brokers have given first rank to index futures, then to index options, stock futures and stock options respectively.
- ✓ The analysis shows that majority of the traders follow the investment pattern of equity shares than futures and options.

SUGGESTIONS

- ➢ The traders should have proper knowledge about the instrument, its risk, benefits and strategies before entering the market to play safe and successful in the market.
- ➢ Read and properly understand the risks associated with investing in securities/derivatives before undertaking transactions.
- ➢ The traders must be aware of the risks and benefits in trading through various sources like media, news papers, magazines, websites etc.
- ➢ The trader must consider his/her financial strength and obligations before starting to trade in the derivatives market.
- ➢ The economic variables affecting the stock market are to be considered before placing the orders.
- ➢ The traders need to get the expert's opinion and advice before trading rather than merely relying on broker.
- ➢ The traders need to have detailed information about the broker with whom they are in contact for trading.
- ➢ The trends in futures and options market need to be analyzed to play safe and successful in the market.
- ➢ Investors who trade in derivatives at the exchange should carefully read the Model Risk Disclosure Document and the details contained therein before entering into the markets.
- ➢ Traders must not blindly imitate investment decisions of others who may have profited from their investment decisions.
- ➢ Be aware of your rights and responsibilities
- ➢ In case of complaints approach the right authorities for redressal in a timely manner.

CONCLUSION

Futures and Options market provides the benefits of playing different roles in the market according to the objective of the trader. It offers different instruments to trader to choose suitable instrument. It provides contracts of different duration to avail it according to the forecasting ability of the trader and objective in trading. In addition, the trader gets the benefits of high leverage, price discovery, lower transaction cost, cash settlement and initial payment in the form of collateral. Investors must understand that investment in derivatives has an element of risk. In addition , it is generally not an appropriate avenue for someone of limited resources/ limited investment, limited knowledge and low risk tolerance. An investor should therefore carefully consider whether such trading is suitable for them in lights of their financial condition. An investor must accept that there can be no guarantee of profits or no exception from losses while executing orders for purchase and / or sale of derivative contracts, Investors who trade in derivatives at the exchange should carefully read the Model Risk Disclosure Document and the details contained therein before entering into the markets.An efficient trader should know the benefits and risks involved in trading and try to manage the risks using the risk management strategies so as to efficiently trade in futures and options market.

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GREEN AND SUSTAINABLE MANAGEMENT – A DECIDING FACTOR FOR TOMORROW'S BUSINESS

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ABSTRACT

In the modern era of globalization, it has become a challenge to keep the customers as well as consumers in fold and even keep our natural environment safe and that is the biggest need of the time. As the society is becoming more and more aware and concerned with natural resources and environment, business organizations have begun to modify their working in attempt to increase the greenery to the maximum possible and to attain sustainability in business that becomes a deciding factor for tomorrow's business. Green management means implementation of management systems directed at the environmentally conscious segments. Keeping in mind all the points related to green environment protection, the role of green and sustainability management is expected to be observed at all levels and in all departments of management (may be Human Resource Management / Marketing Management / Finance Management / Operations Management / Production Management / IT Management) in this modern world of globalization and innovative hi-tech advancements. In this research paper, main emphasis has been made on analysis of concept and need of green and sustainability management. Research Methodology to be used while conducting this study takes qualitative approach. Data has to be collected from multiple sources of evidence to understand the importance of green and sustainability management, in addition to books, journals and news papers; we have to rely on different websites and other professional magazines. Additional data has to be collected through questionnaires and personal interviews with management experts of large companies and environment specialists along with some support personnel (consumers and customers). The interviewees have to be identified through prior knowledge of green and sustainability management. Coming to the findings, there is utmost need to create awareness, implement and follow green and sustainability management as much as possible in today's business world of innovative technology so as to make the business of tomorrow better.

KEYWORDS
Globalization, Green Management, Green Natural Environment,, Human Friendly Environment, Sustainability Management.

INTRODUCTION

In the present scenario of globalization and innovative technical advancements, we all are missing one thing-very important day by day and that is greenery. And second thing is sustainability. Increasing levels of green house gasses in atmosphere, widespread destruction of rain and forests, and a growing list of endangered species are just a few of the indicators that are not well. Since few decades the depletion of ozone layer is becoming more and more detrimental against sustenance of life on earth, may be in form of flora or fauna. Day by day increase of temperature and extra normal effect of ultraviolet rays are becoming harmful for life on earth. The effect is increasing in direct proportion to decrease of forestation on earth. One billion trees are used to build disposable diapers every year. Making a new can from scratch uses energy equal to half a can of gasoline. In a year the average Americans use as much wood in form of paper as the average resident of developing world burns as fuel. This is a fact that Americans only throw away 44 million newspapers everyday that means 5 lac trees a week. In one minute 50 acres of rain forests are destroyed. As society becomes more concerned with the natural environment, business has begun to modify their behavior in attempt to increase greenery all over. To do all this every company has a green story. For a company to survive and prosper it must be able to offer enough value with its products and services. With "green" becoming a big concern, the environment and traditional economic drivers are becoming twin dominant forces facing companies. This is welcomed by environmental groups and the community because it helps internalize solutions to the external environmental problems of a product that have been caused by company activities. Other pressures on companies are starting to appear and intensify. The political agenda now includes legislation, standards, voluntary initiatives and even financial penalties. Community pressure (often through Non Governmental Organizations (NGOs) is increasing; as are green demands from within companies, from staff and shareholders. No doubt the development and offering of green products and services positively impact consumer and natural environment. Green management is very well considered most essential in business organizations now a days. Green management means sustainable management that actually delivers on green objectives, not green washing. Green management is growing greatly as increasing number of customers are willing to back their environmental consciousness with their rupees. The consumer or public tends to be skeptical of green claims to begin with and companies can seriously damage their brands and their sales, if a green claim is discovered to be false or contradicted by a companies' other products or practices. Majority of green jobs in India are coming from managing natural resources such as water and land, not just from deploying renewable energy like wind and solar power. These employees are called green collar employees. Presenting a product or service as green when it is not, is called green washing. So it is the time to implement true green and sustainability management.

LITERATURE REVIEW

A number of empirical studies have attempted to identify various determinants at the level of firm as well as aggregated industries (Jaffe and Palmer, 1997; Hemmelskamp, 1999; Brunnermeier and Cohen, 2003; Zeigler and Rennings, 2004; Rennings et al., 2005; Rennings et al., 2006).

Jaffe and Palmer (1997) analyze the influence of environmental expenditures on innovation activities based on panel data for the U.S. manufacturing sector. They find a positive influence of environmental expenditure on future research and development (R&D) expenditure, but not on the number of patent applications. However, Brunnermeier and Cohen (2003) criticize that the simultaneous influence of environmental expenditure on R&D expenditure and patent applications was not modeled and that the number of patent applications did not focus on environmental innovations only.

Hemmelskamp (1999) analyses data from the Mannheim Innovation Panel of 1993 based on ordered probit models with regard to the influence of a number of variables on five innovation objectives which he identified by means of factor analysis, amongst which are “development of environment friendly products”, “reduction of environmental impacts from production”, “reduction of energy inputs”, and “improvement of working conditions”. A focus of the analysis was an assessment of the influence of environmental regulation on innovation activities.

A limitation of the research of Hemmelskamp (1999) is that the underlying Mannheim Innovation Panel survey which generated the empirical data was not specifically oriented towards environmental innovations (Rehfeld et al., 2007), that the study did not involve panel data which may result in unobserved heterogeneity being a problem and that the regulatory instrument measure applied was empirically gathered somewhat casual.

Rennings et al. (2003; 2005; 2006) analyze in their broad-based empirical survey the effects of environmental management system on firm-level innovation activities and competitiveness based on the European Eco-Audit and Management Scheme (EMAS). Using survey data and detailed case studies, they show that a stronger integration of innovation and environmental management can increase the competitiveness of firms. This finding is based on a telephone survey of 1277 EMAS-validated firms as well as detailed case studies. The analysis finds a positive effect on the realization of environmental innovations and shows, that the environmental statements required under EMAS strengthen information spillovers in that they are used by other firms to generate ides for own environmental innovations. A limitation of the study is that data was only collected for EMAS-verified firms which limit generalisability of identified determinants and links.

Ziegler and Rennings (2004), in another study cast doubt on the effects of EMS implementation and if they are related to EMAS validation, since they do not find a significant effect of the latter. They analyze a sample of German firms with regard to the effect of EMS and of specific measures such as life-cycle analysis or existence of recycling systems on environmental product or process innovations. They apply binary probit and multinomial logit models. In the case of former, only certification according to ISO 14001 has a significant positive effect on firms carrying out either environmental product or process innovation only and simultaneously product and process innovation, respectively) neither ISO certification nor EMAS has an effect.

Individual measures however do have a significant positive effect. These measures also have significant positive association with simultaneous product and process innovation in the multinomial logit model analyzed. In theses, also ISO 14001 certification has a significant positive effect.

MEANING OF GREEN AND SUSTAINABILITY MANAGEMENT

Green management means a process of managing business processes based on their environmental benefits. Sustainability Management means adopting business strategies and activities that meet the needs of the enterprise and its stakeholders today while protecting, sustaining and enhancing the human and natural resources that will be needed in the future. Green and sustainable management presents unique challenges, not the least of which is the lack of standards determining what is means to be a green and sustainable product or a green company. Along with rise of green consumers, the rise of ecolabelling, green advertising and importance of environmental reporting clearly observed. Green management is a golden goose. Green management involves managing business processes in such a way that satisfy customers’ wants and needs for quality, performance, affordable price and convenience without having a detrimental input on an environment.

NEED OF STUDY

In the present scenario, challenge is to keep the customers as well as consumers in fold and even keep our natural environment safe – which is the biggest need of the time. Companies may loose many loyal and profitable customers and consumers due to absence of green management. There has been a great urgency of green management as best as possible to compete well in today’s innovative business world of high technology due to growing community and consumer interests in green and socially responsible products, increased community pressure on companies to internalize externalities because communities do not want to bear the consequences such as health issues, loss of neighborhood amenity, waste or climate change; environmental and governmental legalizations and initiatives; innovative technologies and approaches that minimize the sort of dealing with pollution and improved resource and energy efficiency. So to save our natural environment, to create new customers and consumers and to retain old (loyal and profitable) customers and consumers, it is very much urgent to implement green marketing. Green marketing leads to human friendly environment and saves natural resources. Further more to say, as green management put in practicality produces new environment friendly customers and consumers and retains old environment friendly customers and consumers, leads to increase in sales and profits of an organization that leads to growth and development of business. The major importance of green management is that it also leads to good public image of the organization as it saves our natural environment, without which no business is possible. Lastly it is very much right to say that green management is deciding factor for tomorrow’s business and for sustenance of life.

OBJECTIVES OF STUDY

1. To realize the importance of green and sustainability management to save our natural environment in present scenario of globalization.
2. To create awareness about green and sustainability management.
3. To prove how green and sustainability management satisfies the needs and wants of today’s customers and consumers.
4. To realize the role of green and sustainability management in retaining old environment friendly customers and producing new environment friendly customers and consumers in this tough competitive business world.
5. To realize the contribution of green and sustainability management in creating good public image of the company in this highly innovative scenario.
6. To realize the importance of green and sustainability management to understand organizations to know their impact on people, clients, suppliers, society and environment.
7. To highlight the role of green and sustainability management in creating human friendly environment and proper usage of natural resources.
8. To disclose the importance of green and sustainability management in sustaining of life.
9. To make aware that green and sustainability management significantly affects a company’s public image.

RESEARCH METHODOLOGY

Research Methodology used while conducting this study takes qualitative approach. Data has been collected from multiple sources of evidence to understand the importance of green and sustainability management, in addition to books, journals and news papers; we had to rely on different websites and other professional magazines. Additional data was collected through questionnaires and personal interviews with management experts of large companies and environment specialists along with some support personnel (consumers and customers). The interviewees were identified through prior knowledge of green and sustainability management. The questionnaire before sending was first tested and refined after consulting with management experts and environment specialists.

EMPIRICAL DATA

Empirical Data is the detail of facts that are factual and reliably acceptable. We have discussed here the empirical data of Cadbury, PepsiCo and Nestle.

GREEN AND SUSTAINABILITY MANAGEMENT BY CADBURY

Cadbury is one of the world's largest confectionary manufacturers. John Cadbury opened for business in 1824. Cadbury operates in over 60 countries; work with around 35,000 direct and indirect suppliers and around 50,000 employees. It creates chocolate, gum and candy brands. The Cadbury Purple Goes Green initiative launched in July 2007 set a 2020 vision for company to tackle climate change. The company intend to shrink its global environment footprint by cutting our energy use, reducing excess packaging and managing the water use. The company has established a 'culture change' programme in order to create environmental awareness amongst employees at all levels of the organization. This programme is being led by 'green activists', who are committed to create environmental awareness within their sites. They operate in the form of a network that regularly shares information and tools through intranet and emails. The expanding network has around 65 members covering over 20 Cadbury sites across the globe. Cadbury is also designing 'Building Sustainability Development Programme' with forum for the future.

The company aims to reduce absolute carbon emissions by 50% by 2020. By end 2007, the company has reduced the carbon emissions by 3%, as compared to 2006- equivalent to almost 24,000 tonnes. The company estimates to reduce emissions by 10% by 2010 end. To support the rollout of energy reduction strategy and ensure transfer of knowledge across the global business, Cadbury has developed a toolkit for carbon and energy reduction. This toolkit has been shared with employees with the Supply Chain function through workshops in the first half of 2008. It covers areas such as how to structure an energy management programme and how to reduce energy.

In 2007, the company changed all the electricity in Ireland to power provided by wind turbines, reducing the carbon emissions for the Irish business by almost 40%. In 2008, the company launched the largest roof top solar installation in New South Wales, Australia, in Huntingwood factory. This system is made up of a total 640 solar panels manufactured locally at BP Solar facility in Sydney Olympic Park. It is capable of producing enough energy to power 21 homes while saving 140 tonnes of greenhouse gas emissions. A new feeding system for boilers in Cali plant in Colombia led to a 10.5% reduction in the consumption of gas in 2007.

The full range of packaging commitments are: 100% recoverable or biodegradable packaging; 10% reduction in packaging with a more stretching target of 25% for seasonal and gifting ranges; 60% biodegradable packaging including paper, board and biodegradable plastics.; 100% of secondary packaging to be recyclable where practicable; all paperboard packaging to be supplied by certificated sustainable forest sources by 2010 end.

In 2008, Cadbury North America launched a new display case for products such as Trident Xtra Care, using 50% less cardboard. Cadbury Buttons Easter Chick was a new product for Easter 2007, and was not sold in a carton. But instead was simply wrapped in aluminum foil on existing equipment and then sold in a plastic forming loaded directly into a low-wall shelf ready pack. This considerably reduced the packaging used.

The company has reduced water consumption by 10% between 2006 and 2007. Cadbury business used approximately 9 million tonnes of water in 2007 compared with 10 million in 2006. The water track is being sponsored by John Christophersen, who is Supply Chain Director for Asia Pacific region and is led by David Fell, who is Quality, Environment, Health and Safety Director for Asia Pacific. Huntingwood site of Cadbury in Australia was awarded a Sydney Water Innovation Award for introducing waterless lubrication in the production. This has now been introduced across 12 lines in Australia and New Zealand, saving tens of millions of liters of water a year.

Cadbury India aims for a goal of zero water discharge. Bangalore factory of Cadbury has harvested, cleaned and filtered rainwater for recharging the aquifer, providing assistance for 40% of the population dependant on ground water. The factory has implemented two forms of capturing this water for recovery and re-use from the 60 hectare site. The storm water from the roof of the factory is collected and is re-used directly into cooling towers and boilers.

GREEN AND SUSTAINABILITY MANAGEMENT BY PEPSICO

PepsiCo entered in India in 1989 and has grown to become one of the country's leading food and beverage companies. One of the largest multinational investors in the country, PepsiCo has established a business which aims to serve the long term dynamic needs of consumers in India. PepsiCo nourishes consumers with a range of products from treats to healthy eats, that deliver joy as well as nutrition and always, good taste. PepsiCo India's expensive port folio includes iconic refreshment beverages. PepsiCo's foods company, Frito-Lay, is the leader in the branded salty snack market.

PepsiCo believes that its performance represents the commitment to give back, as the company grows. Its CSR agenda, titled Performance with Purpose, encompasses the areas of Human Sustainability, Environmental Sustainability and Talent Sustainability.

Human Sustainability reflects PepsiCo's goal of nourishing consumers with products that range from treats to healthy eats. PepsiCo partners with governments, health officials and non-governmental organizations to help address obesity concerns as it continues to provide consumers with new product choices and innovations. In this domain of CSR, PepsiCo India continues to strengthen its Get Active programme.

Environmental Sustainability is based on PepsiCo's commitment to strive to replenish the resources used and minimize the impact on the environment. Across the world, PepsiCo has re-used water from its processing plants, converting waste to wealth. It has worked with local communities to provide access to clean water, while supporting farmers to deliver "more crop per drop".

Talent Sustainability is founded on PepsiCo's belief that cherishing its extraordinary group of people is crucial to building an empowered work force. PepsiCo pursues diversity and creates an inclusive environment which encourages associates to bring their whole selves to work

PepsiCo is committed to reduce its impact on climate change and to reduce its emissions of green house gases. Over the next fifteen years it will work to radically transform its business model, replacing its existing use of oil, gas and fossil fuels in manufacturing and distribution with energy from renewable sources. This objective is challenging and will involve much of its existing manufacturing and distribution infrastructure. It will require significant exploration of renewable alternatives such as hydrogen-powered vehicles, bio-mass generators and new power sources. The company needs to work with its suppliers, experts in these fields, retail customers and other PepsiCo markets to make this pledge a reality. The total Carbon footprint in 2007 was 209,797 tonnes CO_2e. The largest contribution to its Carbon footprint comes from the energy used at its manufacturing sites. Its direct energy used during 2007, the oil and gas burnt at its sites, was 501,959,311kWh. In addition to its indirect energy use, the electricity used to power its facilities, was 144,848,084 kWh.

As well as reducing the overall amount of energy the company uses, it is increasing the proportion of renewable energy. Currently 8% of the electricity is from renewable, and will increase this to 14% over the next three years. The new boiler which is around five times more expensive than a conventional fossil fuel boiler will generate enough steam and electricity to power the site, reducing the carbon dioxide emissions by 9m kg a year. In addition, for the first three years of operation, the site will prevent a further 1.8m kg of carbon dioxide a year being released as it will export over 1,300 megawatt hours of renewable energy back to National Grid. The move will further reduce carbon emissions by cutting 172,000 road miles, as the oat husks will no longer have to be transported from the site, eliminating further 600,000 kg carbon dioxide emissions annually.

Marketing of Aquafina – Mineral water is very good example of green marketing. Water is mankind's most precious resource. At PepsiCo India, the company is committed to give back the nature they use in their plant. Over the last two years, the company has reduced its water consumption by recycling efficiently. This has helped the company to save over 2 billions of water.

PepsiCo India has also recharged over 40% of the water it consumes through roof water harvesting and surface water ponds. The company targets to achieve "Zero Water Balance" with these initiatives.

GREEN AND SUSTAINABILITY MANAGEMENT BY NESTLE

Nestle is the world's leading nutrition, health and wellness company. With over 276,000 employees, the company has operations in almost every country in the world. The people know more by brands and the portfolio covers practically all food and beverage categories, with market leaders like Nestle, DRUMSTICK, NESCAFE, STOUFFERS, KITKAT, Nestle GOODSTART, Nestle PURE LIFE and PURINA , to name a few. Nestle has been awarded "Best in Class" status in the Dow Jones Sustainability Index, with the highest possible score for environmental policy.

Right from the beginning, the company has recognized the importance of protecting the environment in the business activities. Exercising this commitment, which is part of company's commitment towards Creating Shared Value, remain central to its business, today and tomorrow. Nestlé's commitment to the environment is articulated in the Nestle Policy on the Environment - in place since 1991 – and is enshrined in the core Nestle Business Principles. The actions are targeted at improving the environmental sustainability of Nestle products throughout their life cycle, sourcing sustainable raw materials, reducing packaging, managing-by-products and waste and every step between.

In 1996, Nestle implemented the Nestle Environmental Management System (NEMS). NEMS helps ensure compliance with legislation and with the Nestle Policy on the Environment, helps the company to achieve continuous performance improvement, and contributes towards sustainable development. By 2010, Nestle targets to have 100% of factories certified with ISO 14001, the environment al management system standard.

Water is essential to life-for basic health and survival as well as food production and industry. Water is a top priority for nestle worldwide. Respecting the three Rs – reduce, reuse and recycle – is a way of life for everyone at Nestle. Nestle continually works to reduce the amount of water it uses, respect local water resources and ensure that all the water it uses, is returned clean to the environment. Nestle has reduced water withdrawal in its direct operations worldwide by 28%, since 1998. At the same time, its production volume has increased by 76%. Water consumption per tonne of product is targeted to be reduced by 2%-3% more, over the next five years. In its ice cream factory in London, Ontario, it reduced its water use by 9% or 20.3 million litres in 2007, as compared to 2006, through cooling water reduction initiatives and increasing production efficiency to 91.6%. Confectionary factory in Toronto, Ontario, began removing ozone-depleting refrigerants more than 10 years ago, with complete removal and safe disposal.

Nestle is deeply engaged in seeking packaging solutions that contribute to an improved environment. In 1991, the company initiated a continuous review and assessment of packaging source reduction opportunities, which resulted in packaging materials savings of 315,000 tonnes, from 1991 to 2006. IN 2007, Nestle issued new packaging guidelines to assist markets in selecting materials from renewable resources, increase the use of recycled materials, increase recyclables and decrease the entire supply chain.

Nestle endeavors to reduce the environmental impact of transporting and distributing its products from factories and distribution centers to customers and consumers. To achieve this, the company has introduced methods to ensure that vehicles, containers, etc., are used in the most efficient way, improving load utilization and reducing both the number of vehicles and trips. Improved processes and practices have found new, more efficient ways to get its products to market. Through these efforts, fuel consumption has been lowered, and the company creates less traffic congestion, fewer emissions and less waste.

The Nestle Policy on the Environment commits to Nestle commitment to environmentally sound business practices include open dialogue with the suppliers, staff, customers, and the community on products and activities related to environmental issues; accurate environmental claims based on scientific evidence; encouraging the development and diffusion of environment friendly technologies.

SURVEY RESULTS

- Green and Sustainability Management is associated with reduction of carbon emissions thus minimizing the use of energy by improving processes and efficiency. More than 82% of the CIOs are of this opinion.
- Excellence, perfection and sustainability in the modern dynamic and global world is a serious challenge. 45% of the CIOs rated it as a serious challenge in the modern dynamic and global world, while 59% of CEOs rated - it may or may not be a serious challenge in the modern dynamic and global world.
- Green and Sustainability Management is a "top line" opportunity to enhance brand promises. Only 59% of CEOs and 46% of CIOs are of this opinion.
- Green and Sustainability Management is associated with recoverable or biodegradable packaging. More than 68% the CIOs are of this opinion.
- Green and Sustainability Management is associated with reduction of water consumption. More than 62% the CIOs are of this opinion.
- Need of human friendly environment is the reason to adopt Green and Sustainability Management. Only 57% of respondents are of this opinion.
- Green and Sustainability Management needs environmental awareness programmes for employees and other officials. . Only 50% of CIOs and 55% of CEOs are of this opinion.
- Green and Sustainability Management is being practiced. About 17% of the organizations contacted in the CIOs survey and 37% of the organizations contacted in the CEOs survey claim to be using green and sustainability management.
- Not so many companies are prepared about Green and Sustainability Management; thus leading to a healthier environment. But now industries have started feeling it a need of hour.
- Lack of environment awareness within the company (35%) and lack of funds (29%) are the factors impeding the implementation of Green and Sustainability Management in companies

FINDINGS

- Green and Sustainability Management is an effective tool to satisfy the needs and wants of environment friendly consumers and customers leading to customer and consumer loyalty.
- In the globalized hi-tech business world, Green and Sustainability Management significantly affects a company's public image.
- Standardized Green and Sustainability Management increases the profits and market share of an organization.
- Green and Sustainability Management acts as an effective tool to minimize the risk of environment friendly customer and consumer loss in this tough competitive business world.
- Green and Sustainability Management helps in sustaining business as well as life by saving natural environment.

SUGGESTIONS

- Bring openness to change amongst the employees in the organization, which is essential to introduce changes to meet the environmental commitments.
- Tap into the passion of the people within the organization to bring about changes which are beneficial to the environment and society.
- Think global, act local.
- Connect people and ideas in order to make relevant impact.

CONCLUSION

Consumers and customers are becoming aware about the environment day by day. Based on the research study conducted in this paper through questionnaires, market survey and personal interviews with various management experts and environment research scholars we conclude that along with rise of green consumers and customers, green and sustainability management is the need of today to save our environment, natural resources, energy and water. Every company is trying to get green. Everyone is getting aware and is looking for green products. The rise of ecolabelling, green advertising and environment reporting are clearly observed during the conduct of study, which radically reduces material, energy, waste, saves environment and finally helps sustain life. Green and Sustainability Management is growing greatly as increasing number of consumers and customers are willing to back their environmental consciousness with their rupees. Green and Sustainability Management also effects company's public image. Green washing (presenting a product or service as green when it's not) should not be practiced as it leads to loss of customers and decrease in profit levels. Lastly in few words we conclude – in present scenario of competition Green and Sustainability Management becomes the deciding factor for tomorrow's business.

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CHANGING CONDITIONS OF WORKERS AND PROCESSES OF WORK IN ADVERTISING AGENCIES IN INDIA

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ABSTRACT

There has been little effort to analyze the changing conditions of the workers and the processes of work in the advertising agencies in India. In this paper, author attempts to understand the context that how advertising agencies in India formulate their strategies which help to knows the changing trends in the working conditions of the workers in personnel department that how personnel department changes from earlier ancient times to new era. Even, author tries to clarify that how the strategies of advertising agencies vary across their nature, experience and size. In this paper, author attempt to clarify the strategies that how advertising agencies attain, maintain, retain and develop their human resources which helps in the reduction of the employees turnover.

KEYWORDS

Advertising agencies, Strategies, Personnel department, Human resource management.

INTRODUCTION

In the today's era, human resource is an asset of an organization. It is of paramount importance for the success of any organization. The values, ethics, beliefs of the individuals working in an organization also form a part of human resources. Success in managing the human resources function is certainly dependent on the organization's receptiveness to that function. Some organizations have a greater need than others for progressive human resource policies and practices. A new, small company, for example, needs only the most rudimentary activities like recruitment and selection while older large organizations require additional activities like formal training programmes, performance appraisal and career development. It is an established fact that human resource development has its impact on the productivity of the organization as organizations motivates the human resources of the organization by giving them monetary and non- monetary benefits and they take ownership of the organization which helps in increasing their morale and further leads to put their best efforts in the organization. That's why it can be said that productivity depends mainly on the morale of the employees. Advertising agency is no exception to this. The focus of personnel management is on people at work. The operative functions and strategies of personnel management are most important to any organization. If personnel functions are not properly looked into efficiently, it could result in employee turnover, absenteeism, low productivity, lack of commitment and alienation from the job and organization which adversely affects the overall strategies of the organization. To cope up with these challenges, agency has to formulate the different strategies as competent employees are the assets of their agencies.

The advertising agency is purely a service business, its products are ideas and its assets are creativity and expertise. The agency's business depends solely on the quality of people it has. The better the strategy regarding personnel; the better will be the operations. The real need in the agency is well-qualified manpower in all functions and at all levels. Towards this, training or development is needed right from the graduation stage to training and refresher courses for different levels in the agency itself. The procurement, development, maintenance and utilization of work force are the basic objectives of the human resource department. Such objectives are helpful for attaining the organization goals. And, it serves not only the organization and its employees but also the society at large. In changing scenario, one has to take into consideration how companies are changing and the trends that are causing these changes to occur for the better understanding of the role of personnel manager. Human resource department is one of the most vital functional areas of management. Human resource department plays the role of advisory, counseling, controller, human relations and also the legal role but all this depends on whether the unit is small or large one.

REVIEW OF LITERATURE

The review of literature provided a road map to identify the impact of changing trends in personnel department on advertising agencies that how their strategies varies with their nature, age and size. One of the first studies by **Cagley James W. (1986)** gave his view on the strategy of advertising agency regarding their selection factor. According to Cagley, many agencies gave importance to selection service strategy and client satisfaction with those services and he concluded by saying that most of agencies must use their own perception of what client desire in making selection factor strategy. He elaborated his views by saying that an agency select the employees and provide best training skills to them as they feel that human resource selection adversely affects the overall strategies of the organization.[1]

Mills Peter K. and Morris James H. (1986) reported a number of service typologies; the service performance of an advertising agency would be classified by them as a "task–interactive service". This is because overall agency performance is largely dependent upon the client, in both the domains of the client and the agency working closely together in production and is actually creating service performance. This idea places renewed emphasis upon the need for agencies to find out the satisfaction, or dissatisfaction, levels of their service performance which is one of the important policies to attract the clients and have number of accounts with them by providing good services to the clients. Further, author concluded by saying that for achieving this, agency has to provide good working conditions and work processes to the employees of the organization.[2]

Wackman Daniel B., Salmon Charles T and Salmon Caryn C (1986) - To investigate the relative importance of factors that influence the success of the agency client relationship, a census by using the questionnaire method was conducted. Four factors were identified for the purposes of study i.e. work product, work patterns, organizational factors and relationship climate. For this purpose, the authors adopted a dynamic approach viewing the agency-client relationship through a client life-cycle involving four phases i.e. Pre-relationship phase, Development phase, Maintenance phase and Termination phase.[3]

Tauber Edward M. (1987) focused on the changing strategy of advertising agencies that the advertising agencies had the research department for their personnel but some agencies are still very slow in this act and they believe to eliminate this department as it is expensive act for the agency. According to author, this coming department helps the agencies to have good and favourable relations among client–agency as it helps in understanding the behaviour, attitudes and motives of the clients and consumers, thus, every agency have to focused on the development of personnel department so as to grow.[4]

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Doyle P., Marcel C. and Mitchell P. (1990) found that agency client relationship problems during the campaign might arise due to the factors such as personality conflicts, changes in key personnel involved etc. These conflicts were likely to have a spilt over effect, undermining the success of an advertising campaign and adversely affects the human resources and their work culture which further influenced the strategies of advertising agencies[5]

Light Larry (1990) talked about the changing strategies of advertising agencies such as be global and compete local, producing best quality advertising by focusing on their energies and resources by improving and developing their personnel's skills.[6]

Bhagnari Shashi (2002) described a business model adopted by top advertising agencies such as HTA etc. that helped them to provide solution to their problems and this new model or system helped them to improve their quality and productivity by improving the skills and work culture of the human resource department so that they can timely complete their work and even helps in faster decision making.[7]

Brownstein Marc (2007) emphasized on the problems with ad agencies by focusing on small advertising agencies that to compete in this competitive era, the small advertising agencies have to get what they need by adopting new strategies like stop trying to employ all creative in – house and have fresh talented brains from outside.[8]

Arathoon Marion (2008) emphasized that the role of media agencies is changing and is now more central to communications and marketing strategies, and that the media bridge (not the ad agency) often leads in strategic design or holistic communications planning for brands across media. Further author said that many advertising agencies have not been able to grow their business, leave alone their profits, over the last few years, and that media networks have become strong as they have been able to adapt to change. And, even the advertising agencies tries to provide all services to their clients and do better than their rivals by developing their employees of the organization and adopting new different strategies such as providing good working infrastructure and work culture and process conditions etc.[9]

Arthoon Marion (2008) emphasized that how ad agencies usually work on brands, and is often agencies of record for clients and handles their entire brand portfolio by formulating different strategies at different situations. Further author focused that different strategies helped the agencies to have harmonious client–agency relations and encourage long term strategic vision which can be done by providing proper training and development to the employees of the organization and encouraged the employees by providing good working conditions and infrastructure so as they feel satisfied and put their best efforts in the agency's working and able to build good client relations.[10]

Trivedi Divya (2008) asserted that the advertising agencies have to be more creative, rethink on ways of getting commensurate returns, rethink their strategies and act smartly as the advertising agencies will slow down in their growth so to overcome this situation, the advertising agencies have to reformulate their strategies with respect to the human resource department. Further, author emphasized on the work culture of the employees working in the agencies that influenced the growth strategies of the agencies.[11]

The present study considers the advertising agencies in different ways that how the working conditions and the process of work has changed with the passage of time. There has been relatively little research focusing on the working and strategic approach of the advertising agencies, which are unique and different than the others. It was therefore, observed that carrying out such a diagnostic study would be timely and appropriate.

The study aims to explore some of the basic issues related to the changing conditions of the workers and process of their work in the advertising agencies. The study will explore the analysis of competitive environment, in terms of working conditions of the workers and their recruitment and promotion procedure in advertising agencies. The related literature has been reviewed as to make this study meaningful. The review of literature has gone a long way in making this study in the right direction.

OBJECTIVES OF THE STUDY

- To know how advertising agencies formulate and implement their strategies that impact on the working conditions of the workers.
- To examine the challenges and problems those have been faced by the workers working in the advertising agencies by changing their strategies.
- To study the impact of the changing strategies on the performance of workers in the advertising agencies.
- To study the overall performance of advertising agencies.
- To provide suggestions for better strategies to be adopted and implemented by advertising agencies.

HYPOTHESES OF THE STUDY

To achieve the above stated objectives, three hypotheses have been set up with respect to experience, nature and size which are presented in Tables 2.1, 2.2 and 2.4 respectively. Following are the various hypotheses of the study:

- There is no difference in the strategies of fully and provisionally accredited advertising agencies in India.
- The number of years of establishment has no impact on the strategies of advertising agencies in India.
- There is no difference in the strategies of advertising agencies in India across size.

SELECTION OF THE SAMPLE

The addresses of the advertising agencies were selected from *"The Press and Advertiser's Year Book – 2007–08"* and *"Indian Newspaper Society" (INS) – 2007–08".* The selection of agencies was based on the following steps which are clear from the Tables 1.1, 1.2 and 1.3:

- All agencies which were accredited either provisional or fully with *"Indian Newspaper Society" (INS) of INDIA* were selected, i.e.775.
- Only those advertising agencies, which had their head offices in all four regions of INDIA, were selected which include five metropolitan cities i.e. MUMBAI, NEW DELHI, KOLKATTA, CHENNAI and BANGLORE.
- 500 agencies were identified which fulfilled the conditions listed above.
- Out of those 500 agencies, to have best sample as against to total population in each category of fully and provisional accredited advertising agencies, only 10 percent of fully and 25 percent of provisionally accredited advertising agencies were finally selected for the sample.i.e.65 agencies.
- Out of these 65 agencies, 40 were Fully Accredited and 25 were Provisionally Accredited.

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TABLE 1.1: REGION WISE DISTRIBUTION OF ADVERTISING AGENCIES' HEAD OFFICES

Location of Head Offices	Number of Agencies	
	Fully Accredited	Provisionally Accredited
North	172	81
East	61	25
West	192	62
South	132	50
Total	557	218

Source: INFA 2005-06 & INS YEAR BOOK 2006–07

TABLE 1.2: METROPOLITAN CITY - WISE UNIVERSE DISTRIBUTION STRATIFIED RANDOM SAMPLE

Geographic Location	Agency Accredited		Total
	Fully Accredited	Provisionally Accredited	
Delhi	129	43	172
Kolkatta	48	12	60
Mumbai	144	24	168
Chennai	48	7	55
Banglore	35	10	45
Total	404	96	500

Source: INFA 2005-06 & INS years Books 2006–07

TABLE 1.3: SAMPLE SIZE WITHIN STRATA

Geographical Location	Agency Accreditation		Total
	Fully Accredited	Provisionally Accredited	
Delhi	13	11	24
Kolkatta	5	3	8
Mumbai	14	6	20
Chennai	5	2	7
Banglore	3	3	6
Total	40	25	65

PROFILE OF THE AGENCIES IN THE SURVEY

Tables 2.1, 2.2, 2.3 and 2.4 present the breakup of agencies according to nature, experience and size. And, Table 3.1 clears the performance of advertising agencies in India.

The age of advertising agencies also influences the firm's strategies. Hence, the age/experience of agencies need to be categorized on the basis of year of establishment which is clear from Table 2.1.

TABLE 2.1: AGE OF ADVERTISING AGENCIES

Age of Agency	Fully Accredited		Provisionally Accredited		Total	
	No. of Agencies	Percentage	No. of Agencies	Percentage	No. of Agencies	Percentage
Below 20 years	21	52.5	24	96	45	69.23
20 – 40 years	8	20	1	4	9	13.85
40 – 60 years	9	22.5	0	00	9	13.85
Above 60 years	2	5	0	00	2	3.07
Total	40	100	25	100	65	100

Source: Primary Data

Table 2.1 which presents classification of advertising agencies according to their age, indicates that 52.5 percent fully accredited agencies and 96 percent provisionally accredited agencies had less than 20 years of life. The advertising agencies having age between 20–40 years constituted 20 percent, 4 percent and 13.85 percent respectively of the sample units amongst the fully, provisionally and over all accredited agencies respectively. However, only 3.07 percent of advertising agencies had age of above 60 years life in India. Thus, on the whole, major proportion of sample agencies had below 20 years age. Further, to clarify the hypothesis, the age of agencies were categorized into two parts i.e. old advertising agencies which spent more than 40 years of life time in this area and new advertising agencies which had less than 40 years of life span.(Source: A&M 1998; basis for categorization of agencies)

The surveyed sample further classified on the basis of their nature in Table 2.2.

TABLE 2.2: CLASSIFICATION OF RESPONDENTS ACROSS ACCREDITATION

Type	Fully Accredited		Provisionally Accredited		Total	
	No. of Agencies	Percentage	No. of Agencies	Percentage	No. of Agencies	Percentage
Accredited	40	100	25	100	65	100
Non – Accredited	0	00	0	00	00	00
Total	40	100	25	100	65	100

Table 2.2 depicts that the sample apart from non-accredited advertising agencies, comprised only those advertising agencies which were accredited with the Indian Newspaper Society. The agencies under sample (65 agencies) were comprised of 40 fully accredited and 25 provisionally accredited advertising agencies.[12]

[12] Advertising agencies can be accredited and non – accredited. Accreditation of advertising agency is an institutionalized system of granting accreditation to advertising agencies enabling them, upon such accreditation, to access certain facilities from the members, has been in vogue for several decades. The system operates in terms of the "Rules Governing Accreditation of Advertising Agencies and Rulings of the Society" adopted by the Society, initially in the year 1943, and subsequently amended from time to time. And, accredited advertising agencies are those agencies which are accredited with any organization such as INS, INFA, ENS etc. and liable to have 17.5% commission but non- accredited advertising agencies received only 7% commission from the advertisers. Further, accredited agencies can be fully and provisionally accredited advertising agencies and they are termed by the agencies clear from their conditions. (Source: INS Book:2006-07)

The sample agencies were further classified on the basis of their geographical location in Table 2.3.

TABLE 2.3: GEOGRAPHICAL LOCATION OF ADVERTISING AGENCIES

Geographically Location	Fully Accredited		Provisionally Accredited		Total	
	No. of Agencies	Percentage	No. of Agencies	Percentage	No. of Agencies	Percentage
North	13	32.5	11	44	24	36.92
East	5	12.5	3	12	8	12.31
West	14	35	6	24	20	30.77
South	8	20	5	20	13	20
Total	40	100	25	100	65	100

It is clear from Table 2.3 that, at the overall level, the highest number of agencies were located in North India (36.92%) followed by those located in West (30.77%) and South (20%). On further analysis, it was found that only 12.31 percent of advertising agencies were located in East. The above pattern to some extend also held true when analyzed in case of fully accredited and provisionally accredited separately.

The classification of advertising agencies according to the size of capitalized billing is given in Table 2.4.

TABLE 2.4: CATEGORIZATION OF ADVERTISING AGENCIES ACCORDING TO AMOUNT OF CAPITALIZED BILLING

Capitalized Billing Amount (Rs.)	No. of Agencies	Percentage
Below 1crore	20	30.77
1 crore – 50 crore	30	46.15
Above 50 crore	15	23.08
Total	65	100

Table 2.4 indicates that 30.77 percent of sampled advertising agencies reported their capitalized billing up to rupees 1 crore and they are termed as small sized advertising agencies. On further analysis, it was found that 46.15 percent of advertising agencies fall in the category of billing from rupees 1 crore to rupees 50 crore and the same are termed as medium sized advertising agencies. The remaining 23.08 percent of advertising agencies had capitalized billing above rupees 50 crores and they are termed as large sized agencies. (Source: A&M, agency Report,1998 - For dividing line.)
The performance of advertising agencies is studied in terms of amount of capitalized billing and growth over the previous year in Table 3.1.

TABLE 3.1: OVERALL CAPITALIZED BILLING OF ACCREDITED ADVERTISING AGENCIES IN INDIA

Year	No. of Agencies	Average Capitalized Billings (Rs. Crore)	Year on Year Growth Rate (in percentage)
2000	750	44.24	-----
2001	757	49.43	11.73
2002	761	53.81	8.86
2003	770	58.65	8.99
2004	771	64.39	9.78
2005	775	70.76	9.89
2006	776	79.54	12.41
2007	778	89.88	12.99
2008	778	99.58	10.79

Source: INFA and INS

Table 3.1 exhibits that the capitalized billing of accredited advertising agencies in India had risen to rupees 99.58 crore in 2008 from rupees 44.24 crore in the year 2000. The amount of billing registered the maximum growth in the year 2007 (12.99%) followed by that in the year 2006 (12.41%). The year on year increase in the amount of billing remained limited to single digit during 2002 – 2005. On the whole, the advertising business continued to grow at a frenetic pace, making it resemble the Californian gold rush.

ANALYTICAL TOOLS USED

For analysis purposes, the agencies have been classified into fully accredited and provisionally accredited advertising agencies, also into old and new on the basis of experience and small, medium and large across size. The present study used percentage and chi – square test for analysis purpose. The chi- square test is used to test whether two or more attributes in fully, provisionally, old and new, small, medium and large size advertising agencies are associated or not in the present study. The chi- square test is one of most widely used non- parametric tests in statistical work.

FINDINGS

The author found that agencies feel there is a lack of co–ordination among the goals, techniques and procedures employed in the business schools and in the content and character of on–the–job training in the agencies. The graduates are mainly trained in advertising and not for the actual working of the advertising agencies. The emphasis in the curriculum is mainly on theoretical concepts and less stress is given on practical aspects. Also, the faculty members are mainly academicians; very few business schools have people from the industrial background because of salary constraints.
No agency has a choice of whether to develop its employees or not; the only choice is that of method. If no organized programme exists then it will largely be self – development while learning on the job and this need not necessarily be in direction needed by the agency. The author felt that planned development programmes which are one of the important strategies of this department to develop the talent of their personnel, would return values to the agency in terms to productivity, heightened morale, reduced costs and greater organization stability and flexibility. All this needs a place for personnel management in the organizational structure of the agency itself. The author found that very less of the surveyed agencies had this function designated on their organization structure, and this tells the whole story of poor human resource development in the agency business.
The responses about from where the agencies preferred to procure their personnel i.e., the source of recruitment preferred, and what is the strategy regarding that are clear from Tables 4.1, 4.2 and 4.3 across nature, experience and size respectively.

TABLE 4.1: SOURCES OF RECRUITMENT PREFERRED BY ACCREDITED ADVERTISING AGENCIES IN INDIA

Preferred sources	Full Accredited		Provisionally accredited	
	No. of Agencies	Percentage	No. of Agencies	Percentage
Fresh Graduates	12	30	13	52
Already worked elsewhere	26	65	5	20
None	2	5	7	28
Total	40	100	25	100
$\chi 2$ =14.34134 and Tab = 5.991 D.F. = 2 at 5% level of significance.				

Table 4.1 clears that 65 percent of fully accredited advertising agencies preferred experienced people from other agencies or from the advertising/marketing department of companies as against to 52 percent of provisionally accredited agencies preferred fresh graduates. In contrast to this, there were only 5 percent of fully and 28 percent of provisionally accredited agencies had internal recruitment because the agency either was totally taken care of by the family or it had stagnated and did not wish to expand or it had intentions of winding up.

TABLE 4.2: SOURCES OF RECRUITMENT PREFERRED BY OLD AND NEW ADVERTISING AGENCIES IN INDIA

Preferred Sources	Old Agencies		New Agencies	
	No. of Agencies	Percentage	No. of Agencies	Percentage
Fresh Graduates	3	27.3	22	40.74
Already worked elsewhere	7	63.6	24	44.44
None	1	9.1	8	14.82
Total	11	100	54	100
χ2 = 1.3468 and Tab = 5.991D.F. = 2 at 5% level of significance.				

Table 4.2 shows that 63.6 percent old and 44.44 percent new advertising agencies preferred experienced people from other agencies or from the advertising/marketing department of companies. In contrast, 27.3 percent old and 40.74 percent new advertising agencies preferred fresh graduates. As against to nature and size in Tables 4.1 and 4.3, the result of test depicted that the sources of recruitment were not dependent on age of agency which is clear from Table 4.2.

TABLE 4.3: SOURCES OF RECRUITMENT PREFERRED BY ADVERTISING AGENCIES IN INDIA

Preferred Sources	Small Agencies		Medium Agencies		Large Agencies	
	No. of Agencies	Percentage	No. of Agencies	Percentage	No. of Agencies	Percentage
Fresh Graduates	10	50	12	40	3	20
Already worked elsewhere	4	20	16	53.33	11	73.33
None	6	30	2	6.67	1	6.67
Total	20	100	30	100	15	100
χ2 = 12.9729 and Tab = 9.488 D.F. = 4 at 5% level of significance.						

Table 4.3 reveals that 50 percent of small size agencies preferred fresh graduates as against to 53.33 percent of medium size and 73.33 percent of large size advertising agencies preferred experience people. The Table 4.3 further analyzed that the same result as the nature of advertising agencies as clear from χ2 value that the source of recruitment was dependent on nature and size of the agency.

The author concluded that from fresh graduate majority 50 percent went for campus recruitment but their quality of knowledge was very less so the institutes and faculties teaching business management needed to orient their students better for the advertising profession. So, there was a lot to be done in the training of skills right from the academic education stage to training at agency level so as to have good trained personnel at agency level as is evident from the following Tables 5.1, 5.2 and 5.3 on the basis of nature, experience and size respectively.

TABLE 5.1: TRAINING ARRANGEMENTS FOR FRESH APPOINTEES ACROSS ACCREDITATION

Training Facilities	Fully Accredited		Provisionally Accredited	
	No. of Agencies	Percentage	No. of Agencies	Percentage
On the job training	10	25	18	72
Training Schools	10	25	5	20
None *	20	50	2	8
Total	40	100	25	100
χ2 = 16.0693 and T.V. = 5.991 D.F. = 2 at 5% level of significance.				

*They appoint only experienced people.

Table 5.1 indicates that 72 percent of provisionally accredited advertising agencies gave on the job training as against to 50 percent of fully accredited advertising agencies appointed only experienced people. On further analysis, it was found that 25 percent of fully accredited and 20 percent of provisionally accredited agencies also had their training schools. To have in-depth analysis, χ2 test was applied to examine whether training arrangements depends on the nature of advertising agencies, χ2 test was applied. The result inferred that the training arrangements were dependent on nature of the agency.

TABLE 5.2: TRAINING ARRANGEMENTS FOR FRESH APPOINTEES ACROSS AGE

Training Facilities	Old Agencies		New Agencies	
	No. of Agencies	Percentage	No. of Agencies	Percentage
On the job training	3	27.27	25	46.30
Training Schools	2	18.18	13	24.07
None *	6	54.55	16	29.63
Total	11	100	54	100
χ2 = 2.5889 and T.V. = 5.991 D.F. = 2 at 5% level of significance.				

*They appoint only experienced people.

Table 5.2 shows that 18.18 percent old and 24.07 percent new advertising agencies also had their training schools while 54.55 percent old agencies preferred only experienced people as against to 46.30 percent of new agencies gave on the job training as old agencies felt that it was the wastage of resources and time and even they have to complete the target before the deadline so they appointed only those people who had already worked in some other agency. The result from χ2 value depicted that the training arrangements were not dependent on experience of the agency.

TABLE 5.3: TRAINING ARRANGEMENTS FOR FRESH APPOINTEES ACROSS SIZE

Training Facilities	Small Agencies		Medium Agencies		Large Agencies	
	No. of Agencies	Percentage	No. of Agencies	Percentage	No. of Agencies	Percentage
On the job training	11	55	14	46.67	3	20
Training Schools	8	40	5	16.66	2	13.33
None *	1	5	11	36.67	10	66.67
Total	20	100	30	100	15	100
χ2 = 15.9807 and Tab = 9.488 D.F. = 4 at 5% level of significance.						

*They appoint only experienced people.

Table 5.3 depicts the same results as the value of χ2 regarding nature of agency showed that the training arrangements were dependent on size too as on nature of the agency.

Regarding continuing training the respondent gave the following replies as given in Tables 6.1, 6.2 and 6.3 across nature, experience and size respectively.

TABLE 6.1: IN-SERVICE DEVELOPMENT IN AGENCIES ACROSS ACCREDITATION

In-service Development Faculties	Fully Accredited		Provisionally Accredited	
	No. of Agencies	Percentage	No. of Agencies	Percentage
Conduct–in house Development Programme	3	7.5	2	8
Sponsor for Employees Development Programme	8	20	4	16
Sponsor for Overseas Programme	5	12.5	1	4
All above	10	25	1	4
None	14	35	17	68
Total	40	100	25	100
$\chi 2$ = 8.87364 and Tab = 9.488 D.F. = 4 at 5% level of significance.				

Table 6.1 shows that 35 percent of fully accredited and 68 percent of provisionally accredited advertising agencies had absolutely no in-service training programmes, they did not try to improve the quality of their personnel at all. In contrast, only 25 percent of fully accredited agencies were such that went in for all types of improvement programmes, showing that their personnel had access to the latest changes in technology and techniques. These were those agencies which were probably on the top in the business. The nature of the agency had no impact on the opinion of respondents regarding the in–service development as was obvious from $\chi 2$ value.

TABLE 6.2: IN-SERVICE DEVELOPMENT IN AGENCIES ACROSS AGE

In-service Development Faculties	Old Agencies		New Agencies	
	No. of Agencies	Percentage	No. of Agencies	Percentage
Conduct–in house Development Programme	1	9.09	4	7.41
Sponsor for Employees Development Programme	2	18.18	10	18.51
Sponsor for Overseas Programme	2	18.18	4	7.41
All above	6	54.55	5	9.26
None	0	00.00	31	57.41
Total	11	100	54	100
$\chi 2$ = 18.78212 and Tab = 9.488 D.F. = 4 at 5% level of significance.				

Tables 6.2 regarding in–service development across age showed that the majority (57.41% new) of advertising agencies had absolutely no in-service training programmes, they did not try to improve the quality of their personnel at all as against to 54.55 percent old agencies that had in-service training programmes and went for all types of improvement programmes, showing that their personnel had access to the latest changes in technology and techniques. There were those agencies that were probably on the top in the business. The experience had impact on the opinion of respondents regarding the in–service development as was obvious from $\chi 2$ value.

TABLE 6.3: IN-SERVICE DEVELOPMENT IN AGENCIES ACROSS SIZE

In-service Development Faculties	Small Agencies		Medium Agencies		Large Agencies	
	No. of Agencies	Percentage	No. of Agencies	Percentage	No. of Agencies	Percentage
Conduct – in house Development Programme	1	5	3	10	1	6.67
Sponsor for Employees Development Programme	3	15	6	20	3	20
Sponsor for Overseas Programme	0	0	3	10	3	20
All above	0	0	3	10	8	53.33
None	16	80	15	50	0	0.00
Total	20	100	30	100	15	100
$\chi 2$ = 31.9078 and Tab = 15.507 D.F. = 8 at 5% level of significance.						

Table 6.3 revealed the same pattern as age of the agency that 80 percent of small and 50 percent of medium size advertising agencies had absolutely no in-service training programmes as against to 53.33 percent large size advertising agencies that went for all types of improvement programmes. The size had impact on the opinion of respondents regarding the in–service development as was obvious from $\chi 2$ value.

It can thus be seen that there was too little emphasis on the aspect of training and development in advertising agencies. Majority of advertising agencies only had an on the job training facility. The quality of training needed overhauling and improvement. There was a total lack of concern with regard to inculcation of values, ethics and culture in the training programmes of the agencies. This probably was the main reason why there was such a high personnel turnover rate in advertising agencies. Proper personnel development was an important factor for retaining employees for long periods. When they knew that they were continuously getting a chance of learning new things and were getting exposure to the latest changes, there was better job satisfaction.

Due to fast changing era of technology in the advertising creativity area, the creative department people needed to be updated accordingly. To know the variation in practices regarding what programmes the agencies conducted in order to promote creativity, a question was also raised in this regard during the field survey of the agencies. The survey data in this regard are presented in Tables 7.1, 7.2 and 7.3 across nature, age and size respectively.

TABLE 7.1: PROMOTION OF CREATIVITY ON THE BASIS OF ACCREDITATION

Programs for promotion	Fully Accredited		Provisionally Accredited	
	No. of agencies	Percentage	No. of agencies	Percentage
Sponsor for attending workshops	6	15	1	4
Sponsor for EDP's	7	17.5	2	8
Sponsor for related programme	3	7.5	1	4
Nothing is done	24	60	21	84
Total	40	100	25	100
$\chi 2$ = 4.3115 and Tab = 7.815 D.F. = 3 at 5% level of significance.				

Table 7.1 indicates that (17.5% and 7.5%) fully accredited and (8% and 4%) provisionally accredited advertising agencies sponsored for employee development and related programmes. Similarly, 15 percent of fully accredited and 4 percent provisionally accredited advertising agencies sponsored for attending workshops which helped in the employee's promotion. Further, 60 percent of fully, 84 percent of provisionally accredited advertising agencies had done nothing regarding promotion / improvement of their creative personnel's. This was an area that needed continuous refresher courses. With the fast changing technology and techniques there were great changes taking place in the creativity but this was being neglected by most of the new upcoming advertising agencies. The nature of the agency had no impact on the opinion of the respondents regarding the programmes for promotion of creativity was obvious from $\chi 2$ value.

TABLE 7.2: PROMOTION OF CREATIVITY ACCORDING TO AGE WISE POSITION

Programs for promotion	Old agencies		New agencies	
	No. of agencies	Percentage	No. of agencies	Percentage
Sponsor for attending workshops	1	9.09	4	7.41
Sponsor for EDP's	7	63.64	3	5.56
Sponsor for related programme	3	27.27	2	3.70
Nothing is done	0	0.00	45	83.33
Total	11	100	54	100
$\chi2$ = 36.0058 and Tab = 7.815 D.F. = 3 at 5% level of significance.				

Table 7.2 shows that 63.64 percent of old and 5.56 percent of new advertising agencies sponsored for employee development and related programme. Whereas, 9.09 percent of old and 7.41 percent of new advertising agencies sponsored for attending workshops which helped in the employee's promotion. From $\chi2$ values, it was clear that the experience of the agency had impact on the opinion of the respondents regarding the programmes for promotion of creativity which was vice-versa with respect to nature.

TABLE 7.3: PROMOTION OF CREATIVITY ACROSS SIZE

Programs for Promotion	Small Agencies		Medium Agencies		Large Agencies	
	No. of Agencies	Percentage	No. of Agencies	Percentage	No. of Agencies	Percentage
Sponsor for attending workshops	1	5	2	6.67	4	26.67
Sponsor for EDP's	1	5	1	3.33	7	46.67
Sponsor for related programme	1	5	1	3.33	2	13.33
Nothing is done	17	85	26	86.67	2	13.33
Total	20	100	30	100	15	100
$\chi2$ = 30.2398 and Tab = 12.592 D.F. = 6 at 5% level of significance.						

Similarly, Table 7.3 depicts that the size of the agency had impact on the opinion of the respondents regarding the programmes for promotion of creativity was obvious from $\chi2$ values which was same as to the experience of the advertising agency.

Personnel turnover being quite high in this business, the author inquired what the reason was for this. The respondents gave several factors, as are clear from Tables 8.1, 8.2 and 8.3 across nature, age and size respectively.

TABLE 8.1: FACTORS LEADING TO PERSONNEL TURNOVER ON THE BASIS OF ACCREDITATION

Factors for Personnel Turnover	Fully Accredited		Provisionally Accredited	
	No. of Agencies	Percentage	No. of Agencies	Percentage
Gap in demand–supply	20	50	5	20
Monetary attraction	26	65	1	4
Cannibalization by Agencies	18	45	7	28
High ambitions/Ego problems/ Career Consciousness	22	55	25	100

TABLE 8.2: FACTORS LEADING TO PERSONNEL TURNOVER (AGE – WISE POSITION)

Factors for Personnel Turnover	Old Agencies		New Agencies	
	No. of Agencies	Percentage	No. of Agencies	Percentage
Gap in demand–supply	10	90.91	15	27.78
Monetary attraction	6	54.55	21	38.89
Cannibalization by Agencies	9	81.82	16	29.63
High ambitions/Ego problems/ Career Consciousness	11	100	36	66.67

TABLE 8.3: FACTORS LEADING TO PERSONNEL TURNOVER (SIZE – WISE POSITION)

Factors for Personnel Turnover	Small Agencies		Medium Agencies		Large Agencies	
	No. of Agencies	Percentage	No. of Agencies	Percentage	No. of Agencies	Percentage
Gap in demand–supply	5	25	13	43.33	7	46.67
Monetary attraction	10	50	11	36.67	6	40
Cannibalization by Agencies	6	30	8	26.67	11	73.33
High ambitions/ Ego problems / Career Consciousness	17	85	15	50	15	100

Tables 8.1, 8.2 and 8.3 reveals that the gap in demand and supply of the talents needed is a very important factor and majority of the sampled agencies found this to be a reason for personnel turnover. This proved the author's assumption that there had been better training facilities, the shortage of talent would not be so great. The other factors like monetary attraction, ambitiousness, career consciousness and ego problems could be categorized as one since they all meant the aspiration for better status and amenities. This leaded to the last factor–cannibalization by agencies. Since the personnel could be lured by extra amenities and there was a shortage of talent, the agencies strong baits when they acquired new business.

The survey thus showed that the high rate of growth of advertising business was the foremost reason of high personnel turnover. Due to this the demand of talented people, especially of the creative area, had outstripped the supply of experienced, knowledgeable and capable people who had got some track record. And, this gap between demand and supply was the most important reason for personnel turnover. The agency which had not got a very talented person but had acquired a larger account would offer a fancy salary to lure a creative or servicing person from other agencies. Again, agencies, which were short of talent, were so desperate that they accepted second or even third level creative persons of a more experienced agency, and offered him high designations i.e. what is meant by "cannibalization by agencies". In this general atmosphere of agencies searching for talent, some creative or servicing people, who had one or two clients under their belt, got inflated ideas of them and accepted the job offered. This has been depicted in the above discussed Tables 8.1, 8.2 and 8.3 across nature, experience and size. The most important thing to retain personnel and keep them satisfied the basic management tenets of fairness, equity, sympathetic, motivation, work environment, reward, etc. if the top management can create the feeling of responsiveness in their personnel, it will be the foremost way of controlling turnover.

The second way is to give the personnel exciting and challenging work. The atmosphere of stimulation that comes from challenging brands, good clients, even if they are few, is another way of controlling turnover.

Proper training and development is another important factor. New entries are usually given some sort of an induction programme. But after they have completed two to three years in the agency it is more important to give them proper stimulus. A few agencies do conduct some training programmes periodically and others also sponsor their personnel for Employees Development Programme's. This is necessary especially because every time there is something new coming up in the business of advertising e.g., brand positioning, strategic planning, financial planning, etc., smart agencies do give people some orientation on the latest concept. As far as an ongoing training programme is concerned the author found that no agency has really developed a systematic ongoing programme.

CONCLUSION

A good system of training, induction and familiarization is very powerful in motivating professionals. Hence, it is suggested that training and development should become a part of the agency policy. In other words, agencies should seriously look into the human resource development factors in order to retain their personnel and motivate them to give better job performance thereby improving the working and operation of the agency by adopting these types of strategies in the advertising agencies.

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INDIAN FINANCIAL SECTOR REFORM (1991-2001): MISSING A MANDATORY SOCIAL CONSENSUS

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ABSTRACT

The decision in relation to the line of reform must conform to the choice of the path of economic growth. Any sensible growth strategy for India should focus on what we are good at- If the country can cater to the demand of the poor people helping them becoming more productive, development of unique marketable capabilities that we can sell to the rest of the world is a distinct possibility. An IIMS survey of 2007 reflects that after decades of attempting to channel credit to the poor through bank nationalization, priority sector lending, rural branching, and through subsidized interest rates, 75 percent of the borrowing by 60 percent of our population is from informal sources. Disproportion in the practice of growth and development has worried economists for a long time- It is a general belief that development is bound to be inequitable if it does not take place in every part of an economy simultaneously. Commenting on the need and nature of economic reform, Amartya Sen introduced the concept of three "R"s- Reach, Range, and Reason. Attainment of high economic growth, of course valuable and even crucially important. But The relative solemnity of a high rate of economic growth is not so great compared with what that growth – along with everything, obtain for the people of the nation.

KEYWORDS

Economic capabilities, Financing Infrastructure, Human Development, Social Choice, Social Sector.

INTRODUCTION

The Question of Financial Sector reform has a strong linkage with the strategy of economic growth and stability of the country concerned. But the decision in relation to the line of reform must conform to the choice of the path of economic growth- A country must decide on the locus of growth it should follow. Any sensible growth strategy for India should focus on what we are good at- capabilities in skilled manufacturing, ability in service production. But at the same instance, the economy is conceiving a huge and largely untapped domestic market. If the country can cater to the demand at the bottom of the pyramid and at the same time helping the poor people becoming more productive, development of unique marketable capabilities that we can sell to the rest of the world is a distinct possibility. For instance, if we learn to provide the financial services to the poor people's requirement at a cost they can afford, not only is there a market of hundreds of millions in our country, there is an equal sized market in China, Africa and Latin America. And these are the fastest growing areas in the world today, markets we can tap and capture. (Raghuram Rajan, 2008) On the other hand, by bringing the bottom of the pyramid into the productive mainstream the longstanding dichotomous existence of two conflicting classes in one country, divided on the basis of economic capabilities can be minimized, at least the cleavage will be somewhat lessened. For long our policymakers and academicians are nurturing an intense erroneous concept that the country's financial sector should offer choice only to the cream of the crop but not to the small farmers, slum dwellers, or the landless agricultural laborers and thus notion continues with provisions of subsidies, targets, and governmental support programs. An IIMS survey of 2007 reflects that after decades of attempting to channel credit to the poor through bank nationalization, priority sector lending, rural branching, and through subsidized or capped interest rates, the group, having equal or below an income of Rs 50,000 per year approximately (about 60 percent of the population), 75 percent of the borrowing by this group is from informal sources such as friends and family or moneylenders. From an equity perspective, the distribution of opportunities matters more than the distribution of outcomes. But opportunities, which are potentials rather than actuals, are harder to observe and measure than outcomes. Thus the problems need to be looked with a different vision. This researcher made a modest effort to converse few issues in concern, though not all, obviously.

BACKDROP OF FINANCIAL SECTOR REFORMS

The period immediately after independence came up with significant test to the country's planners. Century old foreign exploitation left the country in a situation with very high levels of socio-economic deprivation in the economy. The Himalayan task of rapid growth with socio-economic justice led the country to adopt the system of planned economic development after independence. The fiscal activism of government followed up with pumping of public expenditures for which not only the revenues of the government were utilized but the government also optioned to borrow at concessional rates, which forced to the constellation of weak financial markets. The growth of fiscal deficit continued unrestricted for years.

Bank Nationalization in the late sixties and early seventies allowed the government to afford a virtually complete control over the direction of the bank credit and the market forces had a very limited role to play. The social indicators like the number of people below poverty line also declined steadily, as desired. But the problem was the growth rate of the economy had been very low, and till late seventies, the growth rate of the GDP was perched around 3.5 per cent per annum. But by the eighties the financial system was considerably lengthened but lack of professionalism and transparency in the functioning of the public sector banks let the non-performance of their assets to force the system to plunge in profound glitches. In the late eighties and early nineties, war in the Middle East made the country to face up to with one of the worst ever foreign exchange situation since independence. The country witnessed the worst shortages of the petroleum products convoyed with High rate of inflation. It was argued that over regulation of four decades is mainly accountable for the collapse of financial system and the trembling economic conditions left the country with no alternative other than acceptance of the conditions for introduction of reforms.

REFORM

Many countries in East Asia achieved high growth through policies which underlined greater export orientation and encouragement of the private sector, when India reached at the threshold of economic reform. Though the country took some steps in the direction of reform in the 1980s, but it was not until 1991 that the government signaled a systemic shift to a more open economy with greater reliance upon market forces, a larger role for the private sector including foreign investment, and a restructuring of the role of government. The average growth rate in the ten year period from 1992-93 to 2001-02 was around 6.0 percent, making India among the fastest growing developing countries in the 1990s. One may argue that this growth record is marginally better than the annual average of 5.7 percent in the 1980s, but it must be noted that the 1980s growth was untenable cushioned with a high buildup of external debt. In sharp contrast, growth in the 1990s was accompanied by remarkable external stability despite the East Asian crisis. But this average growth performance veils that while the economy grew at an impressive 6.7 percent in the first five years after the reforms, it dwindled to 5.4 percent in the next five years- the annual growth of 5.4 percent was much below the targeted 7.5 percent set for the period. Predictably, this greeted some serious doubt about the effectiveness of the reforms. Reviewing the main crux of the Indian reform process it can be visualized that it is broadly classified in regard to policy changes in five major areas: fiscal deficit reduction, industrial and trade policy, agricultural policy, infrastructure development and social sector development.

Fiscal recklessness was seen to have caused the B.O.P. crisis in 1991 and a reduction in the fiscal deficit was therefore a main concern at the beginning of the reforms. After revision of pre-reform highly inefficient Industrial structure, a broad harmony could be found among planners and economists for greater liberalization and consequently the new industrial policy has seen the greatest change, with most central government industrial controls being dismantled.

Industrial licensing by the central government has been almost abolished except for a few hazardous and environmentally sensitive industries. In case of Trade policies, Import licensing was abolished fairly in the early hours for capital goods and intermediates became freely importable in 1993, simultaneously with the switch to a flexible exchange rate regime. Liberalizing FDI was another striking part of financial reforms, with the expectation of increase in the total volume of investment in the economy, improvement of technology for production and wider access to world markets. The government policy now allows 100 percent foreign ownership in a large number of industries and majority ownership in all except banks, insurance companies, telecommunications and airlines. The drop of protection to industry along with the depreciation in the exchange rate, has skewed relative prices in favor of agriculture and helped agricultural exports. The index of agricultural prices relative to manufactured products has increased by almost 30 percent in the time period 1991-2001 (Ministry of Finance, 2002, Chapter 5). The share of India's agricultural exports in world exports of the same commodities increased from 1.1 percent in 1990 to 1.9 percent in1999. Rapid growth in a globalized environment requires a pre-condition of existence of well-functioning infrastructure including especially electric power, road and rail connectivity, telecommunications, air transport, and efficient ports. India lags behind east and south-east Asia in these areas. These services were traditionally provided by public sector monopolies but since the investment needed to expand capacity and improve quality gradually these sectors were opened to private investment, including foreign investment. But the intricacy in creating an offer to make it possible for private investors to enter on reasonable terms to consumers, providing an sufficient enough risk- return profile for investors, was not made resulting lots of false starts and disillusionment. India's social indicators at the start of the reforms in 1991 lagged behind the levels achieved in south-east Asia 20 years earlier, when those countries started to grow rapidly (Dreze and Sen, 1995). For example, India's adult literacy rate in 1991 was 52 percent, compared with 57 percent in Indonesia and 79 percent in Thailand in 1971. The gap in social development needed to be closed, not only to improve the welfare of the poor and increase their income earning capacity, but also to create the preconditions for sustainable economic growth. It is true that the social sector indicators have continued to improve during the reforms. The literacy rate increased from 52 percent in 1991 to 65 percent in 2001, a faster increase in the 1990s than in the previous decade.

ISSUES THAT REFORM FAILED TO NOTICE

Disproportion in the practice of growth and development has worried economists for a long time, from the dawn of classical economics to the recent debates on convergence and globalization. It is a general belief that development is bound to be inequitable as it does not take place in every part of an economy simultaneously. The Indian scenario has also evoked a vigorous discussion on the issue of convergence. One thing worth mentioning in this regard is that most of the studies ignore the causal factors responsible for regional variations in per capita state domestic product. N J Kurian (2000) and Amitabha Sen and Himanshu (2004) have stated, interstate as well as intra-state inequality increased between1993-94 and 2001-02.

The so called philosophical judgementation about the necessities of Indian economic reform is allegedly to be stained with "means centeredness" neglecting the vital consideration of social objectives and values that should occupy in the public policy. Considering reform to be a "goal-independent institutional requirement" that 'must be' pursued notwithstanding the deliberations about how that institutional demand would influence the lives and living of the people involved, is an astonishing oversight.(A. Sen, 2005) Subsidies may or may not be there, but pursuance of ethics-free reform is purely futility. The basic issues before any preferred reform process is simple enough. Some existing provisions appear before the society adjudged to be imperfect, and society seeks to put them right. Dealing with public institutions or policies, the focal point should be to improve the existing institutions and policies for working more efficiently.

Commenting on the need and nature of economic reform, Amartya Sen introduced the concept of three "R"s- Reach, Range, and Reason, more elaborately (1) the REACH of the results to be achieved, (2) the RANGE of the ways and means to be used, and (3) the REASON for choosing the priorities we pursue. Relating to the concept REACH, the underlying ethics has to be *person-related* as well as *even-handed*. Development should not be merely in terms of the enhancement of inert objects of convenience, such as merely raising the GNP (or even personal incomes). Attainment of high economic growth, of course valuable and even crucially important. But the relative weight of having a high rate of economic growth is not so great compared with what that growth – along with everything, does for the people of the nation. The reform must not fail to notice the concerns and freedoms of any group of people, particularly of those who are underprivileged and downtrodden.

Often it appears that these words are so evident that it hardly needs mentioning. But common things are often found to be uncommon in reality. The neglect of this elementary understanding can be seen across the world. Sen has referred the instance of China - in many ways the most successful economic reformer in the world. At the start of economic reform in china in 1979, China was marginally ahead of India in terms of price-adjusted GNP or GDP per capita. China is immensely ahead now in terms of growth rate, despite the fact that India too has grown reasonably fast, on average. In the late 1940s, China had its revolution and India became independent, China and India had about the same life expectancy at birth, well below 40 years. Before the introduction of economic reforms, the Chinese life expectancy, then, was about 68 years, compared with India's 54 years – a gap of almost a decade and a half. But during reform period, despite China's much faster rate of economic growth, life expectancy in India has been growing three times as fast, on the average, as in China. Further, looking at specific points of susceptibility, the infant mortality rate in China has declined very slowly since the economic reforms, whereas it has continued to fall quite sharply in Kerala. While Kerala had roughly the same infant mortality rate as China – 37 per thousand – at the time of the Chinese reforms in 1979, Kerala's present rate, 10 per thousand, as in 2002, is one third of China's 30 per thousand. The sluggish growth in life expectancy in China also relates to the *social and political reach* of the reforms. Detailed discussion on these issues is limited by the content of this paper, but one more significant factor to note is that along with the political change of the economic reform, dwindled social commitment towards public health care is also prevailing.

This researcher is of the strong opinion that it is "Human only" should be the "means" and "ends" of every process of developmental activity. The concept "Range" signifies that not only the under woven philosophy of reform should aim to direct institutional reform and policy change being egalitarian and "as if people matters", but also to be careful that the *means* to pursue them must involve a variety of social institutions. Nothing, eventually, is more significant for reformers than the persisting inquisitiveness about "*why* exactly they are doing what they are doing". But it is obviously difficult especially in the phase of cloud bursting of suggestions and even, criticisms.

At the same time it must be noted while drawing reference of Chinese reform, the democratic system prevailing in India is far more superior (at least have different dimensions!) than that of China. One should not overlook the role of democracy, not formal but substantive as Chomsky said, for guiding the route of economic reform, as few critiques mentioned. Even the point may be raised that Criticizing Indian development through the Chinese experience is 'ahistorical' as the locus of these two civilizations are different altogether. In this regard I will try to incorporate experience of some other countries and even states for better convenience.

FINANCING INFRASTRUCTURE: WITH REFERENCE TO SOCIAL SECTOR REFORM

The discussion on financial sector reforms in any developing country is incomplete without reference to the ways infrastructure finance. It is well accepted that improvement in infrastructure is required to sustain the growth momentum but also for distribution of the benefits of higher growth to a larger population. It has certain demands on the financial system (in terms of scale, tenor, and risk) that are very different from other goods and services. For the most part, until quite recently, India's spending on infrastructure investment was low enough (about 3–5 per cent of GDP) to be financed largely from budgetary allocations and the internal resources of infrastructure-focused government enterprises. Under these conditions, infrastructure financing placed little demands on the financial system. ……At the institutional level, constraints have emerged for all three major classes of domestic financing institutions: Commercial banks, NBFCs and insurance companies. With rapid increase in exposure in recent years, commercial banks are now the predominant financiers of infrastructure. They may not…. primarily due to the fact that long duration infrastructure projects create significant maturity mismatches for banks, given the essentially short-term nature of bank financing. (Planning Commission, 2009)

REFORM IN OLD AGE PENSION POLICY

In the late 1990s, the Ministry of Social Justice and Empowerment set up 'Project OASIS' which led to the New Pension System. The key ideas were the *centralization of recordkeeping, standardization of fund management products and competitive procurement of fund managers*. A Committee on Financial Sector Reforms appointed by Planning Commission opines that financial prudence pronounce clearly that the dominant determinant of investment performance is the asset allocation, and not security selection. This author begs to differ humbly with the planners on that argument that for the sake of diminution of pecuniary charge of the Union Government, sacrificing the internationally accepted values of social security measures is non-conformable. The trend of European and other markets of West worries that there is a danger of significant disinvestment from share markets in the 2020s and 2030s, while increasing numbers of people in many industrialized economies reach retirement age with access to a funded complementary pension. It can be expected that traditional occupational pension funds will need to reduce their exposure to equity markets as their age profile becomes more mature. One more thing to be noted regarding the performance of private fund managers is that as insurance companies and commercial pension funds are more profit-oriented, inclined in selling volumes of business. Naturally they devote huge resources to marketing and to generous compensation packages for salesmen and financial advisers, in turn resulting in commission competition and 'Churning' of customers.

Chile started radical reform of its social security system in 1981, closing down the former defined benefit social security scheme for new entrants and replacing it with a mandatory defined contribution system based on individual accounts. This, in effect, became a funded first and second pillar, although the government guarantees a minimum level of pension for those who have contributed to the funded system for 20 years or more. For those who opted to change to the new system, accrued rights to benefit under the old system, recognized through special "recognition bonds" issued by the government as a promise to pay a defined amount when retirement takes place. Under the New Mexican mandatory individual account social security system, began on 1 July 1997, new entrants to the labour market are required to contribute to the funded system. Existing members of the labour force have retained rights with regard to the former defined benefit social security system and generally continue to be members of that scheme. Prior to Hong Kong becoming a Special Administrative Region of China on 1 July 1997, one legislature from British Administration was passed establishing a Mandatory Provident Fund. This will apply both to employed and self-employed persons, with contributions payable from December 2000. Individuals earning below a threshold (HK$4,000 a month – USD500) will not be obliged to contribute, although their employers must contribute. Volumes of instances can be drawn where the face-off of economic reform is not 'as if people do not matter'!

SOME EMPIRICAL STUDIES: ON HUMAN DEVELOPMENT

TABLE 1: FEW SELECTED COUNTRIES AND THEIR RESPECTIVE HUMAN DEVELOPMENT PARAMETERS

		Human Development Index Trends			Average annual growth rates of HDI (%)			Life Expectancy index	Education index	GDP index
					Long-term	Medium-term	Short-term			
HDI rank	Countries	1990	2000	2007	(1980–2007)	(1990–2007)	(2000–2007)	2007	2007	2007
53	Mexico	0.782	0.825	0.854	0.45	0.52	0.50	0.850	0.886	0.826
66	Malaysia	0.737	0.797	0.829	0.81	0.69	0.56	0.819	0.851	0.819
75	Brazil	0.710	0.790	0.813	0.63	0.79	0.41	0.787	0.891	0.761
92	China	0.608	0.719	0.772	1.37	1.40	1.00	0.799	0.851	0.665
102	Sri Lanka	0.683	0.729	0.759	0.58	0.62	0.57	0.816	0.834	0.626
111	Indonesia	0.624	0.673	0.734	1.26	0.95	1.25	0.758	0.840	0.603
134	India	0.489	0.556	0.612	1.33	1.32	1.36	0.639	0.643	0.553
141	Pakistan	0.449	..	0.572	1.30	1.42	..	0.687	0.492	0.537
146	Bangladesh	0.389	0.493	0.543	1.86	1.96	1.39	0.678	0.530	0.420

Source: Statistical Annex, Human Development Report, 2009

The reference of above table clearly signifies that countries that started economic reform early, had a sluggish rate of average annual growth rate in Long term, medium term as well as in short term, inspite of the fact that they have reasonably good score of Life expectancy Index, Education Index and GDP Index. But the result of Sri Lanka is worth noting as a civil-war torn country, it could manage to attain respectable results of Human Development Indices. There are several causes to these enormous concerts which might be discussed in some other occasion, but it is undoubtedly creditable to be in top position, after Maldives, among the SAARC countries which replicate that being a reformist a country can have the desired 'human face'.

TABLE 2A: ATTAINMENT OF MILLENNIUM DEVELOPMENT GOALS BY FEW DEVELOPING COUNTRIES OF ASIA, 2004-2007

Country	GDP per Capita (PPP US $)		Under-nourished Population (percent)		Net Primary Enrolment Ratio (percent)		Under five Mortality Rate (per thousand live births)	
	2000	2007	2000	2004	2000	2005	2000	2007
Bangladesh	1602 (E)	1241(E)	32 (E)	30(E)	89(M)	94(L)	83(M)	61(M)
China	3976(M)	5383(M)	11(M)	12(M)	93(L)	N.A.	39(M)	22(L)
India	2358(E)	2753(E)	21(M)	20(M)	N.A.	89(M)	88(M)	72(M)
Indonesia	3043(E)	3712(M)	6(L)	6(L)	92(L)	96(L)	51(M)	31(M)
Malaysia	9068 (L)	13518(L)	<3(L)	3(L)	98(L)	95(L)	11(L)	11(L)
Pakistan	1928 (E)	2496(E)	19(M)	24(M)	66(E)	68(E)	110(E)	90(M)
Sri Lanka	3530(M)	4243(M)	25(M)	22(M)	97(L)	97(L)	18(L)	21(L)
Vietnam	1996(E)	2600(E)	19(M)	16(M)	95(L)	88(M)	34(M)	15(L)

Source: Human Development Reports, 2001-09, UNDP and World Development Reports, 2001-09, World Bank

TABLE 2B: **ATTAINMENT OF MILLENNIUM DEVELOPMENT GOALS BY FEW DEVELOPING COUNTRIES OF ASIA, 2004-07**

Country	Population with Sustainable Access to Improved Water Source (percent)		Population with Sustainable Access to Improved Sanitation (percent)		Review of Scores	
	2000	2006	2000	2004	2000	2004-07
Bangladesh	97(L)	80(M)	48 (E)	39(E)	E-3,M-2,L-1	E-3,M-2,L-1
China	75(M)	88(M)	40(E)	44(E)	E-1,M-4,L-1	E-1,M-3,L-1,N.A-1
India	88(M)	89(M)	28(E)	33(E)	E-2,M-3,N.A.-1	E-2,M-4
Indonesia	76(M)	80(M)	55(E)	55(E)	E-2,M-2,L-2	E-1, M-3, L-2
Malaysia	N.A.	99(L)	N.A.	94(L)	L-4, N.A.-2	L-6
Pakistan	88(M)	90(L)	62(E)	59(E)	E-4,M-2	E-3,M-2,L-1
Sri Lanka	83(M)	82(M)	94(L)	91(L)	M-3, L-3	M-3,L-3
Vietnam	56(E)	92(L)	47(E)	61(E)	E-3,M-2,L-1	E-2,M-2, L-2

Note: Extreme, Medium and Low levels of Human Poverty as assessed by the UNDP are indicated as E, M and L respectively in the parentheses.
Source: Human Development Reports, 2001-09, UNDP and World Development Reports, 2001-09, World Bank

In Tables 2A and 2B, there has been an attempt to assess the attainment of Millennium Development Goals in the way of elimination of Human Poverty by few developing countries of Asia. The comparative studies of their scores of such achievements in 2000 and during the period 2004-07 have been shown. It is observed that Malaysia has consistently maintained her record of low level of Human Poverty. The conditions of India, Bangladesh, Sri Lanka and China have remained more or less unchanged while Pakistan, Vietnam and Indonesia have marginally improved. Till now the number of cases of sufferings from extreme Human Poverty out of a total number of six variables as considered by the UNDP, are as follows:
India- 2, Pakistan-3, Bangladesh-3, China-1, Vietnam-2, Indonesia-1. Malaysia does not have any case of extreme Human Poverty. So these countries, excepting Malaysia, have a long way to go for attainment the Millennium Development Goals of eliminating of Human Poverty.
I must mention the performance of reform during initial phase in regard to one significant social parameter- Access to safe drinking water in households in India. The data of Economic Survey, 2007-08 clearly shows that as per 2001 data, the rural access in Punjab is 96.9%, in Chandigarh it is 99.9% but in Maharashtra it is 68.4%. In Bihar, Uttarpradesh it is pitiful –what underlines the fact that economic development and related policies do not ensure the development of social parameters unless the planners are open to some social commitment and compulsion to ensure the betterment of people, specially to those are at the bottom of the pyramid.

CONCLUSION
It is pointless to deny the fact that when Mr. Narasimha Rao introduced neo-liberal economic reforms in 1991, a veritable euphoria had swept the country. An aspiration for something 'different' to work sprawled across all fields of economic activities. But our heavily cursed past excessive spending on higher education have forced some discrete specializations on us, which was not expected to have taken back seats in an attempt to imitate other reforming countries. Historically these specializations can be a boon as the falling costs of international trade in goods and services, incited by improvements in transportation and communications, gives us an unprecedented opportunity to match other developing countries. Again, much of the value in global production is moving to property that is human capital intensive, not physical capital intensive. Reform means development of alternative choices- Economic Development enables people to have these choices-No one can guarantee human joy, and the choices people make are their own concern. But the process of reform should at least create a conducive environment for people, individually and collectively, to develop their full potential and to have a reasonable chance of leading productive and creative lives according to their needs and desires. Human Development concerns more than the formation of human capabilities to the use of these capabilities, be it for work, leisure or political and cultural activities. And if the scales fail to balance the formation and use of human capabilities, it will be an erosion of human potential.
Human freedom is vital for human development. People must be free to exercise their choices in properly functioning markets. Thus it is hard to understand the requirements of reform without sorting out the social objectives and principles of policy design. Recommendations for reform tend to come in the form of aggressive little jingles: "open up the markets", "get rid of the 'licence Raj' and so on. It is often of considerable wisdom and energizing but 'they are really battle *cries*, rather than battle strategies'. Reformers should look for consensus with answers of what kinds of decisions are consistent with different schools of moral philosophy and a 'social choice' is required in this regard. As Clara Burton has mentioned long ago, "*An institution or reform movement that is not selfish, must originate in the recognition of some evil that is adding to the sum of human suffering, or diminishing the sum of happiness*". It is always better to ask "why" before to do and die.

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A STUDY ON CONSUMER BEHAVIOUR IN SELECTING CREDIT CARDS

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ABSTRACT

This is a report on research into consumer behaviour in selecting credit cards it covers the credit card holder's expectation and preference towards selected banks. During the last one decade, there has been an exponential growth in the issue of credit cards and their usage. Today the Indian population feels that a wallet without a card is empty. In the early stages its growth was very slow in terms of numbers and values however in the recent past, the scenario has changed. The number of nationalized and private banks issuing credit cards has increased significantly and credit cards has now become an integral –part of consumer's life.The article suggests the bankers to offer more schemes providing benefit to all income level people. It should take necessary steps to popularize the schemes in rural areas. Customer care services should be improved. The outcomes of research in consumer behaviour gave the preference for brand name and loyalty for selecting credit cards.

KEYWORDS

Credit cards, consumer, bank, behavior, loyalty.

INTRODUCTION TO THE STUDY

Over the past few decades, there has been a notable change in consumer financial services. This has opened the door to usage of credit cards, both for payments and as sources of revolving credit. A credit card is part of a system of payments named after the small plastic card issued to users of the system. Most credit cards are issued by local banks or credit unions, and are the same shape and size as specified by the ISO7810. A credit card is basically plastic card with a magnetic strip invented with the intention to simplify the complicated banking process for an individual in case he/she is short of cash, be it something casual like shopping or something severe like an emergency situation.

Various banks and private financial organization have now started providing credit card facility to their client to offer them better and simpler financial solution to their problems. Many credit card programs these days also include insurance coverage to secure the card holder in cases like theft or fraud.

Every banking and other financial institution has its own company policies and conditions regarding the credit limit as well as the time allowed to pay it back. Both secured and unsecured types of credit cards are issued by the various lender companies and it is your choice on which one you want to opt for. Sometimes, it also depends on your credit rating. It is to buy first and pay later, but paying it back later is a must or you may never come to know when you get trapped in the vicious circle of credit card depts.

Credits cards arrived in India two decades ago Purchases were made on credit, but it was technically a charge card, meaning the bill to be paid in full at the end of each month.

NEED FOR THE STUDY

- The study covers the credit card holder's expectation and preference towards selected banks in Coimbatore city.
- It covers their grievances and the manner of redressal of complaints.

STATEMENT OF THE PROBLEM

Almost all the banks have issued credit cards to the people. Credit cards have been possessed by a large segment of our society. Hence, there arises a need to study the consumer behavior of users of credit cards with various levels. The study is based on the opinion expressed by the respondents which is subject to change. Here, the researchers aim to probe into the reason for possession of cards and the level of selecting credit cards.

OBJECTIVES OF THE STUDY

- To study the consumer's behavior in selecting the credit cards.
- To study about the consumer satisfaction on credit card services.
- To study the consumer, preference and convenience to operate credit card.
- To study the utility of credit card among card holders.
- To give the suggestions on the basis of the study.

HYPOTHESIS

Ho: Brand name, Personal recommendation, Loyalty points all have same rankings in selecting credit cards
H1: Brand name, Personal recommendation, Loyalty points all do not have same rankings in selecting credit cards
Ho: The factor analysis is not valid
H1: The factor analysis is valid

METHODLOGY

The study is intended to analyze customer's behavior towards selecting credit cards.

SAMPLING DESIGN

The study is based on primary data collected with the help of structural questionnaire; the data was collected from 300 respondents, who are using credit cards in Coimbatore city. Secondary information is collected from books, published magazines and various dissertation and their studies.

STATISTICAL TOOLS USED

The collected data had been analyzed by using:

a) Percentage analysis b) Friedman's test c) Factor analysis

CREDIT CARDS-AN OVERVIEW

WHAT IS CREDIT CARD?

The dictionary defines a credit card as 'A card which can be used to obtain cash, goods or services up to a stipulated credit limit. The supplier is later paid by the credit card company which in due course is reimbursed by the credit card holder who will be charged interest at the end of the credit period if money is still owing.'

Everyone carries a credit card these days. A credit card is basically plastic card with a magnetic strip invented with the intention to simplify the complicated banking process for an individual in case he/she is short of cash, be it something casual like shopping or something severe like an emergency situation.

THE HISTORY OF CREDIT CARDS

As far back as the late 1800s, consumers and merchants exchanged good through the concept of credit, using credit coins and charge plates as currency. It wasn't until about half a century ago that plastic payments as we know them today become a way of life. In the early 1900s, oil companies and department stories issued their own proprietary cards, according to Stan Sienkiewicz, in a paper for the Philadelphia federal entitled "credit cards and payment efficiency".

The first bank card, named "chard-it", was introduced in 1946 by john Baggins, a banker in brooking, according to Master card. When a consumer used it for a purchase, the bill was forwarded to Baggins' bank. The bank reimbursed the merchant and obtained payment from the customer. The catches: purchase could only be made locally, and Charge-it cardholders had to have an account at Baggins' bank. In 1951, the first bank credit card appeared in New York's Franklin National Bank for loan customers. It also could be used only by the bank's account holders. By 1951, there were 20,000 Diners Club cardholders. A decade later, the card was replaced with plastic. Diners Club Card. No doubt that after almost a decade of existence, credit cards has finally carved a niche for themselves in the Indian market.

ANALYSIS AND INTERPRETATION

TABLE NO-1 GENERAL PROFILE OF THE CARD HOLDERS

Factors	Classifications	No. of respondents	Percentage
Age	Below 25 years	150	50
	26 to 35 years	70	23.3
	36 to 45 years	70	23.3
	Above 60 years	10	3.3
Gender	Male	180	60
	Female	120	40
Educational Qualification	School level	40	13.3
	Diploma	40	13.3
	Degree	140	46.7
	Post graduate	80	26.7
Occupation	Student	50	16.7
	Employed	110	36.7
	Profession	40	13.3
	Business	100	33.3
Marital Status	Married	140	46.7
	Unmarried	160	53.3
Family Size	Below 3 members	50	16.7
	3 to 5 members	150	50
	5 to 7 members	80	26.7
	Above 7 members	20	6.7
Monthly Income	Below 5000	70	23.3
	5000 to 10000	170	56.7
	1000 to 15000	50	16.7
	Above 15000	10	3.3

INFERENCE

Reference to the personal profile of the customers in the above table shows that 50% respondents belong to the age of the group of below 25 years, 60% of the respondents belong to the Male category, 46.7% of the respondents are degree holders, 36.7% of the respondents are employed, 53.3% of the respondents are single, 50% of the respondents belong to family size of 3 to 5 members, 56.7%of the respondents are in the income group Rs.5000 to Rs.10000.

TABLE NO-2 BANK ACCOUNT

SNO	BANK ACCOUNT	NO OF RESPONDENTS	PERCENTAGE
1	Nationalized Banks	170	56.7
2	Private Banks	90	30
3	Schedule Banks	40	13.3
	TOTAL	300	100

INFERENCE

It is understood from the above table that 56.7% of the respondents have bank account in nationalized banks, 30% of the respondents have account in Private Banks, and 13.3% of the respondents have account in Scheduled banks. Majority of the respondents are having account in nationalized banks.

TABLE NO-3 CLASSIFICATION BASED ON NATURE OF BANK ACCOUNT

SNO	TYPE OF BANK ACCOUNT	NO OF RESPONDENTS	PERCENTAGE
1	Fixed account	50	16.7
2	Saving account	170	56.7
3	Current account	50	16.7
4	Recurring account	30	10
	TOTAL	300	100

INFERENCE

The above table represents that 16.7% of the respondents maintain fixed account, 56.7% of the respondents maintain savings account, 16.7% of the respondents maintain current account, 10% of the respondents maintain recurring deposit. Majority of the respondents maintain saving account in banks.

TABLE NO-4 NUMBER OF CREDIT CARDS

SNO	NO OF CREDIT CARDS	NO OF RESPONDENTS	PERCENTAGE
1	One	210	70
2	Two	50	16.7
3	Three	20	6.7
4	Above four	20	6.7
	TOTAL	300	100

INFERENCE

The above table shows the number of credit cards owned by the respondents 70% of total respondents own one credit card, 16.7% of the respondents own two credit cards, 6.7% of the respondents own three credit cards. Majority of the respondents are using only one credit card.

TABLE NO-5 CLASSIFICATION BASED ON BASIS OF BANKS

SNO	BANK OF CREDIT CARDS	NO OF RESPONDENTS	PERCENTAGE
1	State bank of India	130	43.3
2	Indian bank	50	16.7
3	ICICI Bank	60	20
4	Any other specify	60	20
	TOTAL	300	100

INFERENCE

The above table states about the banks in which the respondents have their credit cards. 43.3% of the respondents belong to State bank of India, 16.7% of the respondents belong to Indian bank, 20% of the respondents belong to ICICI bank, and 20% of the respondents belong to any other. Majority of the respondents are the customers of State Bank of India

TABLE NO-6 PERIOD OF USAGE OF CREDIT CARDS

SNO	TIMING	NO OF RESPONDENTS	PERCENTAGE
1	Below 1 Yrs	130	43.3
2	1 to 3 Yrs	120	40
3	3 to 6 Yrs	30	10
4	Above 6 Yrs	20	6.7
	TOTAL	300	100

INFERENCE

The above table shows the period of usage of credit cards 43.3% of the respondents use credit cards below 1 year, 40% of the respondents use credit respondents the period of 1 to 3 yrs, 10% of the respondents use card of 3 to 6 yrs, 6.7% of the respondents use the card for above 6years Majority of the respondents use the card of below 1 year.

TABLE NO-7 PERIODICAL USAGE OF CREDIT CARDS

SNO	PERIOD	NO OF RESPONDENTS	PERCENTAGE
1	Daily	40	13.3
2	Weekly	30	10
3	Monthly	60	20
4	Whenever necessary	170	56.7
	TOTAL	300	100

INFERENCE

The above table represent the periodical usage of credit cards 13.3% of them, belong daily usage group, 10% of the respondents belong to Weekly usage, 20% of the respondents belong to Monthly usage, 56.7% of the respondents belong necessity usage group.

TABLE NO-8 RESPONDENTS SATISFACTION

SNO	SATISFATION	NO OF RESPONDENTS	PERCENTAGE
1	Yes	300	100
2	No	0	0
	TOTAL	300	100

INFERENCE

The above table represents the respondent's satisfaction of credit cards 100% of the respondents are satisfied with the credit cards. All the respondents are satisfied with the credit cards

TABLE NO-9 CREDIT CARDS USAGE

SNO	OPINION	NO OF RESPONDENTS	PERCENTAGE
1	24 hours usage	40	13.3
2	Emergency	40	13.3
3	Time saving	120	40
4	Safety & Security	100	33.3
	TOTAL	300	100

INFERENCE

The above table represents the total respondents 13.3% of them use 24 hours, 13.3% of the respondents use only during emergency, 40% of the respondents use for time saving, 33.3% of the respondents use card for Safety & Security. Majority of the respondents use credit cards for saving time, safety & security

FRIEDMAN RANK TEST

The Friedman test ranks the scores in each row of the data file independently of every other row. The Friedman chi-square tests the null hypothesis that the ranks of the variables do not differ from their expected value. For a constant sample size, the higher the value of this chi-square statistic, the larger the difference between each variables rank sum and its expected value.

TABLE 10: FRIEDMAN RANK TEST – MEAN RANK FOR SELECTION OF CREDIT CARDS

S.NO.	PREFERENCE OF CREDIT CARDS	MEAN RANK
1	Brand name	2.81
2	Personal recommendation	2.94
3	Loyalty points	3.19

RESULT

The table 10 lists the mean rank of each variable. Low rank corresponds to the higher values of the variables. Here reason for selection of credit cards as "Brand name" and "Personal recommendation" has lower values than the other variables with the mean rank of 2.81 and 2.94 respectively. "Loyalty points" has larger values than the other variables with the mean rank of 3.19. Here respondents gave the preference for brand name for selecting credit cards.

TABLE 11: FRIEDMAN TEST

No of respondents	**300**
Calculated value	**71.336**
Df	**2**
Asymp. Sig.	**.000**

RESULT

The table 11 lists the result of the Friedman test. For these rankings, the chi-square value is 71.336; Degree of freedom is equal to the number of values minus 1. As 3 purchasing options are ranked, there are 5 degrees of freedom. It is clear that the significance level is 0.000 at 5 per cent level of significance. Hence the hypothesis is rejected. At least one of the variables differs from the others.

FACTOR ANALYSIS

Factor Analysis is a set of technique by which analyzing correlations between variables reduces their numbers into fewer factors which explain much of the original data, more economically.

TABLE 12: KMO AND BARTLETTS TEST

Kaiser-Meyer-Olkin Measure of Sampling Adequacy - **0.538**		
Bartlett's test of sphericity	Approx Chi-Square	**71.336**
	Df	**66**
	Sig.	**.000**

TABLE 13: LOADING OF FACTORS FOR SELECTING CREDIT CARDS MEASUREMENT SCALE ITEMS ON EXTRACTED FACTORS

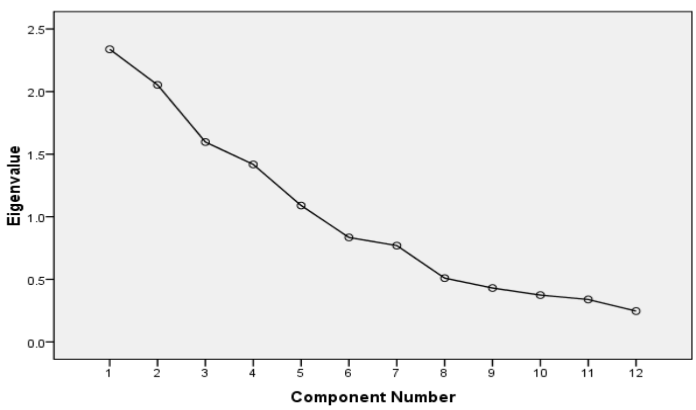
S.NO.	Variables	Factor I	Factor II	Factor III	Factor IV	Factor V
X^1	Good customer care	.540	.075	.380	.094	.020
X^2	Time while transacting	-.605	.509	.328	.279	-.078
X^3	Security while transaction	.667	.272	-.340	-.029	.159
X^4	Insurance benefits	-.169	-.788	-.303	-.035	-.032
X^5	Online operating facilities	-.178	-.507	.351	.475	-.038
X^6	Flexible repayment period	.057	-.429	.314	-.526	.495
X^7	Balance transfer rate	-.134	.203	-.578	-.216	.465
X^8	Monthly service charges	-.556	.278	-.157	.348	.538
X^9	Low interest rate	.449	.098	-.280	.668	.134
X^{10}	Repayment period	.287	.271	.690	.044	.429
X^{11}	Cash back bonus	.708	-.286	-.015	.373	-071
X^{12}	Personal schemes	.245	.607	-.051	.268	-.312
	Eigan values	2.334	2.058	1.597	1.418	1.090
	Variance (in %)	19.481	17.111	13.308	11.814	9.082
	Cumulative Eigan values (in %)	19.481	36.592	49.900	61.714	70.796

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

TABLE 14: COMMUNALITIES

S.NO.	Variables	Initial	Extraction (C^2)
X^1	Good customer care	1.000	.451
X^2	Time while transaction	1.000	.816
X^3	Security while transaction	1.000	.661
X^4	Insurance benefits	1.000	.743
X^5	Online operating facility	1.000	.640
X^6	Flexible repayment rate	1.000	.808
X^7	Balance transfer rates	1.000	.656
X^8	Monthly service charges	1.000	.821
X^9	Low interest rate	1.000	.754
X^{10}	Repayment period	1.000	.818
X^{11}	Cash back bonus	1.000	.727
X^{12}	Personal scheme	1.000	.601

Scree Plot



RESULT

The table no. 12 represents, two tests namely, Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) & Bartlett's Test of Sphericity have been applied to test whether the relationship among the variables has been significant or not.The values of approximate chi-square by Bartlett's test of Sphericity with 66 degree of freedom, which is found to be 71.336. Since this value is significant at the 0.05, so reject the null hypothesis that the population correlation matrix is an identity matrix. This means that there exist correlations among the variables X^1, X^2 ....X^{12}. The value of KMO is found to be 0.538 which is more than 0.5. So, factor analysis is an appropriate technique to analyze the data.

The scree plot is the diagrammatic representation of the total variance explained based on the variance in the Eigen values of the fifteen components using Principal Component Analysis. This chart states the high influence of the one factor based on their Eigen value is greater than one.

FINDINGS

- 50% respondents belong to the age of the group of below 25 years, 60% of the respondents belong to the Male category, 46.7% of the respondents are degree holders, 36.7% of the respondents are employed, 53.3% of the respondents are single, 50% of the respondents belong to family size of 3 to 5 members, 56.7%of the respondents are in the income group Rs.5000 to Rs.10000.
- (56.7%) of the respondents are having account in nationalized banks.
- (56.7%) of the respondents maintain saving account in banks.
- 70% of total respondents own one credit card.
- (43.3%) of the respondents are the customers of State Bank of India
- Majority of the respondents use the card of below 1 year.
- 56.7% of the respondents belong necessity usage group.
- All the respondents are satisfied with the credit cards
- (33.3%) . Majority of the respondents use credit cards for saving time, safety & security
- "Loyalty points" has larger values than the other variables with the mean rank of 3.19. Here respondents gave the preference for brand name for selecting credit cards.
- The values of approximate chi-square by Bartlett's test of Sphericity with 66 degree of freedom, which is found to be 71.336. Since this value is significant at the 0.05, so reject the null hypothesis that the population correlation matrix is an identity matrix. This means that there exist correlations among the variables X^1, X^2 ....X^{12}. The value of KMO is found to be 0.538 which is more than 0.5. So, factor analysis is an appropriate technique to analyze the data. It shows the factors loadings of factors influenced by credit cards purchase.

SUGGESTIONS

- ❖ The credit card should offer more schemes providing benefit to all income level people.
- ❖ Banks should take necessary steps to popularize the schemes in rural areas.
- ❖ Special schemes should be provided to the credit card holders.
- ❖ Bank should have regular communication with the card holders.
- ❖ The customers should clearly be informed about the pros and cons of the credit cards etc.
- ❖ Proper review of the customers helps to avoid various problems like late fees, misuse of credit cards etc.
- ❖ Special offers and discounts should be provided during festive seasons.
- ❖ Customer care services should be improved.

- Necessary actions should be taken to rectify the errors in the statements.
- Proper redressal measures should be taken to process customer complaints

CONCLUSION

The study shows that there are many factors which influence the selection of credit card among consumers. These factors include service offers and promotional offers. These factors were aimed at studying the selection of credit cards. Understanding the factors that explain consumer buying behavior of credit card. Users help in providing essential insights into strategy of financial services, retailers and business. Knowledge of these factors also helps in promoting the use of credit cards. Moreover the consumer credit card market in India. Stage and so, the industry must endeavor to develop marketing strategies that appeal to the changing customer needs in order to promote the usage of credit cards.

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